



Cumberland Valley Electric

A Touchstone Energy Cooperative

June 20, 2014

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

JUN 23 2014

**PUBLIC SERVICE
COMMISSION**

RE: Case No. 2014-00159

Dear Mr. Derouen:

Enclosed for filing with the Commission an original of the Application of Cumberland Valley Electric, Inc. for adjustment of rates and all corresponding material related to the application.

The documents filed electronically for this case are a true representation of the original provided. The documents filed are as follows:

Cover Letter: CVE_Read1st_062014.pdf
Application: CVE_App_Rates_062014.pdf

In accordance with 807 KAR 5:001, Section 8(3)(b), attached to the top of this paper submission is a copy of confirmation of transmission and receipt of the electronic submission. Cumberland Valley's email address for PSC correspondence is psc@cumberlandvalley.coop.

Should you have any question or need further information, please let me know.

Respectfully Submitted,

W. Patrick Hauser

P.O. Box 1900

Barbourville, Kentucky 40906

606-546-3811

phauser@barbourville.com

Attorney for Cumberland Valley Electric, Inc.

Enclosures

MAIN OFFICE:

P.O. Box 440 • Gray, KY 40734

Phone: 606-528-2677 • Fax: 606-523-2698

DISTRICT OFFICE:

P.O. Box C • Cumberland, KY 40823

Phone: 606-589-4421 • Fax: 606-589-5297

RECEIVED

JUN 23 2014

PUBLIC SERVICE
COMMISSION

6-20-2014

MEMO

RE: CASE NO 2014-00159

Due to the notice of intent not indicating an electronic filing, the cover letter is in en. Filed instead are 10 copies and the original.

Cumberland Valley Electric

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Adjustment of Rates)
of Cumberland Valley Electric, Inc)

Case No. 2014-00159

APPLICATION

Cumberland Valley Electric, Inc (herein designated as “Cumberland Valley”) hereby makes application for an adjustment of rates, as follows:

1. Cumberland Valley informs the commission that it is engaged in the business of operation of a retail electric distributions system in portions of nine (9) counties in Kentucky and does hereby propose to adjust rates, effective **July 22, 2014** in conformity with the attached schedule. In this proposed adjustment of rates, Cumberland Valley is proposing to increase its rates by \$1,605,137. [807 KAR 5:0001, Section 14]
2. The name and post office address of the applicant is Cumberland Valley Electric, Inc, PO Box 440 Gray, KY 40734. Cumberland Valley’s email and web addresses are psc@cumberlandvalley.coop and www.cumberlandvalley.coop, respectively. [807 KAR 5:001, Section 14(1)].
3. The Articles of Incorporation and all amendments thereto for Cumberland Valley are as identified in Case No. 7772, Application to Increase Basic Retail Electric Rates, and Case No. 2005-00187, Application for Adjustment of Rates, are on file with the Commission [807 KAR 5:001, Section 14(2)].
4. The application is supported by a twelve month historical test period ending December 31, 2013 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 16(1)(a)1].
5. Cumberland Valley states that the reasons the rate adjustment are required pursuant to 807 KAR Section 16(1)(b)1 are as follows:
 - a. Cumberland Valley’s last filed an increase in rates in Case No. 2005-00187. Since then, Cumberland Valley has incurred increases in the cost of power, materials, equipment, labor, taxes, and other fixed and variable costs.

- b. The financial condition of Cumberland Valley has deteriorated significantly during the test year, and continues on this trend.
 - c. Cumberland Valley had a Times Interest Earned Ratio (“TIER”) of 9.56X [a TIER of 1.21X excluding G&T capital credits], for the test year ending December 31, 2013 and Operating Times Interest Earned Ratio (“OTIER”) of 0.71. The TIER was 6.79X for calendar year of 2012 [a TIER of 1.26X excluding G&T capital credits] and an OTEIR of 0.71 for the same calendar year. Cumberland Valley is required under its mortgage agreement to maintain both a Net TIER of 1.25 and an OTIER of 1.10, based on an average of two of the three most current years.
 - d. Cumberland Valley requests this rate adjustment in order to meet the terms of the mortgage agreement and to maintain its financial stability and integrity.
6. The Board of Directors of Cumberland Valley at its meeting on **March 13, 2014**, received the current financial condition of Cumberland Valley and the need for a rate adjustment to maintain the financial stability and integrity of the Cooperative. The Board of Directors adopted a motion directing the administrative staff and consultants to proceed with the necessary application and filings with the Public Service Commission to adjust the rates of Cumberland Valley. A copy of the motion is attached as Exhibit F.
 7. Cumberland Valley is neither a limited partnership nor a limited liability company [807 KAR 5:001, Section 14(3) and Section 14(4)].
 8. Cumberland Valley files with this application a Certificate of Good Standing dates within 60 days of the date of this application and attached as Exhibit A. [807 KAR 5:001, Section 14(2)].
 9. Cumberland Valley does not conduct business under an assumed name [807 KAR 5:001, Section 16(1)(b)2].
 10. The proposed tariff is attached as Exhibit B in a form that complies with 807 KAR 5:011 with an effective date not less than 30 days from the date of this application [807 KAR 5:001, Section 16(1)(b)3].
 11. The proposed tariff changes, identified in compliance with 807 KAR 5:011, are shown by providing the present and proposed tariffs in comparative form on the same sheet, side by side, or on facing sheets, side by side, as Exhibit C [807 KAR 5:001, Section 16(1)(b)4b].

12. Cumberland Valley has given notice to its members of the filing of this application in accordance with 807 KAR 5:001, Section 17. A copy of the notice is attached as Exhibit D [807 KAR 5:001, Section 16(1)(b)5]
13. Cumberland Valley filed with the Commission a written notice of intent to file a rate application at least 30 days prior to filing this application. The notice of intent stated the rate application would be supported by a historical test period and was served upon the Office of the Attorney General (“OAG”), Utility Intervention and Rate Division is shown as Exhibit E [807 KAR 5:001, Section 16(2) and 807 KAR 5:001, Section 16(2)(a) and Section 16(2)(c)].
14. A complete description and qualified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment, including a Revenue Analysis shown as Exhibit J. [807 KAR 5:001, Section (16)(4)(a)].
15. The prepared testimony of each witness supporting the application are attached as Exhibits H [807 KAR 5:001, Section 16(4)(b)].
16. A statement estimating the effect the new rates will have upon the revenues of Cumberland Valley, including, at a minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increases or decreases and the percentage of the increase or decrease is shown by Exhibit G [807 KAR 5:001, Section 16(4)(d)].
17. The effect upon the average bill for each customer classification to which the proposed rate change will apply is shown by Exhibits I [807 KAR 5:001, Section 16(4)(e)].
18. An analysis of customers’ bills in such detail that revenues from present and proposed rates can be readily determined for each customer class is shown by Exhibit J [807 KAR 5:001, Section 16(4)(g)].
19. A summary of the Cooperative’s determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules is shown by Exhibit K [807 KAR 5:001, Section 16(4)(h)].
20. A reconciliation of the rate base and capital used to determine its revenue requirements is shown by Exhibit L [807 KAR 5:001, Section 16(4)(i)].

21. A current chart of accounts is shown by Exhibit M [807 KAR 5:001, Section 16(4)(j)].
22. The independent auditor's report is attached as Exhibit N [807 KAR 5:001, Section 16(4)(k)].
23. The Federal Energy Regulatory Commission or Federal Communications Commission have not audited Cumberland Valley and no audit reports exist [807 KAR 5:001, Section 16(4)(l)].
24. No Federal Energy Regulatory Commission Form 1 exists for Cumberland Valley [807 KAR 5:001, Section 16(4)(m)].
25. Cumberland Valley performed a depreciation study and is including the study in Exhibit 1 [807 KAR 5:001, Section 16(4)(n)].
26. A list of commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of this application are attached as Exhibit O [807 KAR 5:001, Section 16(4)(o)].
27. No stock or bond offerings have been made by Cumberland Valley [807 KAR 5:001, Section 16(4)(p)].
28. Annual Reports to members for 2013 and 2012 are attached as Exhibit P [807 KAR 5:001, Section 16(4)(q)].
29. The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period are attached as Exhibit Q [807 KAR 5:001, Section 16(4)(r)].
30. No Securities and Exchange Commission Annual Reports exist as to Cumberland Valley because it is not regulated by that regulated body [807 KAR 5:001, Section 16(4)(s)].
31. Cumberland Valley had no amounts charged or allocated to it by an affiliate or general or home office and did not pay monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years [807 KAR 5:001, Section 16(4)(t)].
32. A cost of service study based on a methodology generally accepted within the electric industry and based on current and reliable data for the test period is attached as Exhibit R [807 KAR 5:001, Section 16(4)(u)].

33. Cumberland Valley is not a Local Exchange Carrier or Company as set forth in 807 KAR 5:001, Section 16(4)(v)].
34. A detailed income statement and balance sheet reflecting the impact of all proposed adjustments is attached as Exhibit S [807 KAR 5:001, Section 16(5)(a)].
35. No “proposed pro forma adjustments reflecting plant additions” exist or apply to Cumberland Valley [807 KAR 5:001, Section 16(5)(b) and Section 16(5)(c)].
36. The operating budget for each month of the period encompassing the pro forma adjustments is attached as Exhibit T [807 KAR 5:001, Section (16)(5)(d)].
37. Additional financial exhibits required by 807 KAR 5:001, Section 16, financial information covering twelve (12) month historical test period ending December 31, 2013, and other information required to be filed is attached by exhibits, as follows:

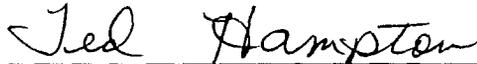
Exhibit U	By-Laws
Exhibit V	Detailed comparative income statement, statement of cash flows and balance sheet
Exhibit W	Schedule showing monthly comparison of balance sheet accounts from test year to preceding year.
Exhibit X	Monthly comparison on income statement accounts from test year to proceeding year
Exhibit Y	Trail Balance at end of test year
Exhibit Z	Capital structure
Exhibit 1	Depreciation Study
Exhibit 2	Adjustments for salaries and wages
Exhibit 3	Adjustments for payroll taxes
Exhibit 4	Adjustment for depreciation
Exhibit 5	Adjustment for long term and short term interest
Exhibit 6	Adjustment for Retirement and Security (R&S)
Exhibit 7	Adjustment for postretirement benefits
Exhibit 8	Adjustment for donations
Exhibit 9	Adjustment for professional fees
Exhibit 10	Adjustment for director expenses
Exhibit 11	Adjustment for miscellaneous expenses
Exhibit 12	Adjustment for rate case costs

Exhibit 13	Adjustment for G&T capital credits
Exhibit 14	Adjustment for purchase power
Exhibit 15	Adjustment for normalized revenue
Exhibit 16	Adjustment for end of year customers
Exhibit 17	Adjustment for CATV
Exhibit 18	KAEC Statistical Comparison
Exhibit 19	Capitalization policies and employee benefits
Exhibit 20	Equity Management Plan
Exhibit 21	Union Contract

WHEREFORE, CUMBERLAND VALLEY ELECTRIC applies and requests approval of the adjustment of rates as set forth in this application and issuance of an order approving and authorizing the new rates at the earliest possible date.

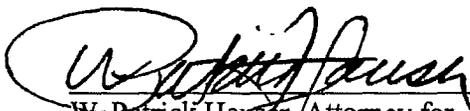
Dated: June 20, 2014.

Cumberland Valley Electric



Ted Hampton, President/CEO

COUNSEL:



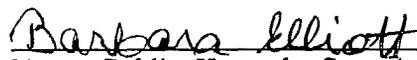
W. Patrick Hausor, Attorney for
Cumberland Valley Electric

I, Ted Hampton, President/CEO, state that the statements contained in the foregoing application are true to the best of my information and belief.



Ted Hampton, President/CEO
Cumberland Valley Electric

Subscribed and sworn to before me by Ted Hampton as President/CEO of Cumberland Valley Electric this 20th day of June, 2014.



Notary Public, Kentucky State At Large

My Commission Expires: 1-24-15



Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 150317
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

CUMBERLAND VALLEY ELECTRIC, INC.

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 272, whose date of incorporation is July 12, 1940 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 30th day of April, 2014, in the 222nd year of the Commonwealth.



Alison Lundergan Grimes
Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
150317/0012671



CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches Schedule 1

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Residential, Schools and Churches.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge	\$10.70 Per month per customer	(1)
ALL KWH	\$0.08563	

MARKETING RATE:

Available to Consumers eligible for Tariff Schedule 1

The electric power and energy furnished under this section shall be separately metered for each point of delivery. This retail marketing rate applies only to programs which are expressly approved by the Commission to be offered under the marketing rate. The current use of this marketing rate is for Electric Thermal Storage Units.

Marketing rate for all KWH per month
\$0.05138 per kWh

This rate is only applicable during the below listed OFF-PEAK hours:

MONTHS	OFF-PEAK HOURS-EPT
OCTOBER thru APRIL	12:00 NOON TO 5:00 P.M. 10:00 P.M. TO 7:00 A.M.
MAY thru SEPTEMBER	10:00 p.m. TO 10:00 A.M.

DATE OF ISSUE June 20, 2014
Month / Date / Year
DATE EFFECTIVE July 22, 2014
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00159 DATED _____

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

All Three Phase Schools and Churches Schedule III

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all public or non-profit private schools and churches whose total energy requirement, including but not limited to heating, air conditioning, lighting and water heating is supplied by electricity furnished by the Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current, three phase service, present facilities permitting and at the following nominal voltages: Three phase, 120/240, 120/208Y, 240/480, 277/480Y volts.

RATE

Customer charge \$40.00 per month per customer	(N)
All KWH	\$0.07915

MINIMUM CHARGE

The minimum annual charge will be not less than \$0.75 per KVA of required transformer capacity as determined by the Cooperative.

TERM OF CONTRACT

Service under this rate schedule will be furnished under an "Agreement for Purchase of Power".

DATE OF ISSUE June 20, 2014
Month / Date / Year
DATE EFFECTIVE July 22, 2014
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00159 DATED _____

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Large Power – Industrial Schedule IV

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers whose kilowatt demand shall exceed 2500 KW for lighting and/or heating and/or power.

CONDITIONS

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

CHARACTER OF SERVICE

The electric service furnished under this Schedule will be 60 cycle alternating current and at available nominal voltage.

RATE

DEMAND CHARGE: Per KW of billing demand \$6.55
CUSTOMER CHARGE: \$50.00 per month per customer (N)
ENERGY CHARGE:
All KWH \$0.05151 (I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for a period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

DATE OF ISSUE June 20, 2014
Month / Date / Year
DATE EFFECTIVE July 22, 2014
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00159 DATED _____

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Outdoor Lighting – Security Lights Schedule VI

AVAILABILITY

Available to all consumers of the Cooperative for dusk to dawn outdoor lighting in close proximity to existing overhead secondary circuits.

RATE PER LIGHT PER MONTH

Mercury Vapor Lamps

1) 175 Watt	\$ 8.78 Per Lamp Per Month	(I)
2) 400 Watt	\$13.07 Per Lamp Per Month	(I)

Other Lamps

1) 100 Watt OPEN BOTTOM	\$ 8.80 Per Lamp Per Month	(I)
2) 100 Watt COLONIAL POST	\$ 9.92 Per Lamp Per Month	(I)
3) 100 Watt DIRECTIONAL FLOOD	\$10.67 Per Lamp Per Month	(I)
4) 400 Watt DIRECTIONAL FLOOD	\$16.98 Per Lamp Per Month	(I)
5) 400 Watt COBRA HEAD	\$16.98 Per Lamp Per Month	(I)

CONDITIONS OF SERVICE

1. The Cooperative shall furnish, install, operate and maintain the outdoor lighting equipment including lamp, luminaire, bracket attachment and control device on an existing secondary pole.
2. The lighting equipment shall remain the property of the Cooperative. The Consumer shall protect the lighting equipment from deliberate damage.
3. The Consumer shall allow authorized representatives of the Cooperative to enter upon the Consumer's premises and to trim trees and shrubs as necessary for maintenance of the lighting equipment and for removal of lighting equipment upon termination of service under this schedule.

DATE OF ISSUE June 20, 2014

Month / Date / Year

DATE EFFECTIVE July 22, 2014

Month / Date / Year

ISSUED BY _____

President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00159 DATED



CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches Schedule 1

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Residential, Schools and Churches.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge	\$5.74	\$10.70 Per month per customer	(I)
ALL KWH	\$0.08563		

MARKETING RATE:

Available to Consumers eligible for Tariff Schedule 1

The electric power and energy furnished under this section shall be separately metered for each point of delivery. This retail marketing rate applies only to programs which are expressly approved by the Commission to be offered under the marketing rate. The current use of this marketing rate is for Electric Thermal Storage Units.

Marketing rate for all KWH per month
\$0.05138 per kWh

This rate is only applicable during the below listed OFF-PEAK hours:

MONTHS	OFF-PEAK HOURS-EPT
OCTOBER thru APRIL	12:00 NOON TO 5:00 P.M.
	10:00 P.M. TO 7:00 A.M.
MAY thru SEPTEMBER	10:00 p.m. TO 10:00 A.M.

DATE OF ISSUE June 20, 2014 ~~June 21, 2013~~
Month / Date / Year

DATE EFFECTIVE July 22, 2014 ~~June 21, 2013~~
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

CUMBERLAND VALLEY ELECTRIC, INC

FOR ALL AREAS SERVED
PSC KY NO. 4
~~SIXTH FIFTH~~ REVISED SHEET NO. 5
CANCELLING PSC KY NO. 4
~~FIFTH FOURTH~~ REVISED SHEET NO. 5

CLASSIFICATION OF SERVICE

Small Commercial and Small Power Schedule II

APPLICABLE

Entire Territory served.

AVAILABILITY OF SERVICE

Available to all commercial and small power service under 50 KW.

TYPE OF SERVICE

SINGLE PHASE

ENERGY CHARGE: Customer charge	\$5.74 \$11.04 per month per customer	(I)
First 3,000 KWH	\$0.09519	
Over 3,000 KWH	\$0.08880	

THREE PHASE WHERE AVAILABLE

DEMAND CHARGE: Per KW of billing demand	\$4.22	
ENERGY CHARGE: Customer charge	\$5.74 \$11.04 per month per customer	(I)
First 3,000 KWH	\$0.09519	
Over 3,000 KWH	\$0.08880	

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the Consumer for any period of 15 consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter.

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$5.00 where 5 KVA or less transformer capacity is required. Each customer who requires more than 5 KVA of transformer capacity shall pay in addition to the above minimum, .75 on each additional KVA or fraction thereof required.

DATE OF ISSUE June 20, 2014~~June 9, 2011~~
Month / Date / Year

DATE EFFECTIVE July 22, 2014~~June 1, 2011~~
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00159~~2010-00499~~ DATED May 31, 2014~~2011~~

CUMBERLAND VALLEY ELECTRIC, INC.

FOR ALL AREAS SERVED
PSC KY NO. 4
~~SIXTH~~FIFTH REVISED SHEET NO. 7
CANCELLING PSC KY NO. 4
~~FIFTH~~FOURTH REVISED SHEET NO. 7

CLASSIFICATION OF SERVICE

All Three Phase Schools and Churches Schedule III

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all public or non-profit private schools and churches whose total energy requirement, including but not limited to heating, air conditioning, lighting and water heating is supplied by electricity furnished by the Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current, three phase service, present facilities permitting and at the following nominal voltages: Three phase, 120/240, 120/208Y, 240/480, 277/480Y volts.

RATE

Customer charge \$40.00 per month per customer	(N)
All KWH	\$0.07915

MINIMUM CHARGE

The minimum annual charge will be not less than \$0.75 per KVA of required transformer capacity as determined by the Cooperative.

TERM OF CONTRACT

Service under this rate schedule will be furnished under an "Agreement for Purchase of Power".

DATE OF ISSUE June 20, 2014~~June 9, 2011~~

Month / Date / Year

DATE EFFECTIVE July 22, 2014~~June 1, 2011~~

Month / Date / Year

ISSUED BY _____

President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00159~~2010-00499~~ DATED May 31, 2014

FOR ALL AREAS SERVED

PSC KY NO. 4

~~SIXTH~~FIFTH REVISED SHEET NO. 12

CANCELLING PSC KY NO. 4

~~FIFTH~~FOURTH REVISED SHEET NO. 12

CUMBERLAND VALLEY ELECTRIC

CLASSIFICATION OF SERVICE

Large Power Rate – 50 KW to 2,500 KW. Schedule IV-A

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers whose kilowatt demand shall exceed 50 KW for lighting and/or heating and/or power up to 2,500 KW.

CONDITIONS

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this Schedule.

CHARACTER OF SERVICE

The electric service furnished under this schedule will be 60 cycle alternating current and at available nominal voltage.

RATE

DEMAND CHARGE: Per KW of billing demand	\$4.22 \$4.32	(I)
CUSTOMER CHARGE:	\$40.00 per month per customer	(N)
ENERGY CHARGE:		
All KWH	\$0.06078	

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for a period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

DATE OF ISSUE June 20, 2014 ~~June 9, 2011~~

Month / Date / Year

DATE EFFECTIVE July 22, 2014 ~~June 1, 2011~~

Month / Date / Year

ISSUED BY _____

President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00159 ~~2010-00499~~ DATED May 31, 2011

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Outdoor Lighting – Security Lights Schedule VI

AVAILABILITY

Available to all consumers of the Cooperative for dusk to dawn outdoor lighting in close proximity to existing overhead secondary circuits.

RATE PER LIGHT PER MONTH

Mercury Vapor Lamps

- | | | |
|-------------|---|-----|
| 1) 175 Watt | \$ 8.25 \$ 8.78 Per Lamp Per Month | (I) |
| 2) 400 Watt | \$ 12.28 \$ 13.07 Per Lamp Per Month | (I) |

Other Lamps

- | | | |
|-------------------------------|---|-----|
| 1) 100 Watt OPEN BOTTOM | \$ 8.27 \$ 8.80 Per Lamp Per Month | (I) |
| 2) 100 Watt COLONIAL POST | \$ 9.32 \$ 9.92 Per Lamp Per Month | (I) |
| 3) 100 Watt DIRECTIONAL FLOOD | \$ 10.03 \$ 10.67 Per Lamp Per Month | (I) |
| 4) 400 Watt DIRECTIONAL FLOOD | \$ 15.95 \$ 16.98 Per Lamp Per Month | (I) |
| 5) 400 Watt COBRA HEAD | \$ 15.95 \$ 16.98 Per Lamp Per Month | (I) |

CONDITIONS OF SERVICE

1. The Cooperative shall furnish, install, operate and maintain the outdoor lighting equipment including lamp, luminaire, bracket attachment and control device on an existing secondary pole.
2. The lighting equipment shall remain the property of the Cooperative. The Consumer shall protect the lighting equipment from deliberate damage.
3. The Consumer shall allow authorized representatives of the Cooperative to enter upon the Consumer's premises and to trim trees and shrubs as necessary for maintenance of the lighting equipment and for removal of lighting equipment upon termination of service under this schedule.

DATE OF ISSUE June 20, 2014 ~~June 2, 2006~~
Month / Date / Year

DATE EFFECTIVE July 22, 2014 ~~June 2, 2006~~
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00159 ~~2005-00187~~ DATED June 2, 2006

CUMBERLAND VALLEY ELECTRIC, INC.
6219 HWY 25E
GRAY, KENTUCKY 40734
WWW.CUMBERLANDVALLEY.COOP

FOR ALL AREAS SERVED
PSC KY NO. 4
FIRST REVISED SHEET NO. 15 SHEET NO. 15
CANCELLING PSC KY NO. 4
ORIGINAL SHEET 15

CLASSIFICATION OF SERVICE

Cable Television Attachment Rate Per Unit Applicability

In all territory served by the company on poles owned and used by the company for their electric plant.

AVAILABILITY

To all qualified CATV operators having the right to receive service

RENTAL CHARGE

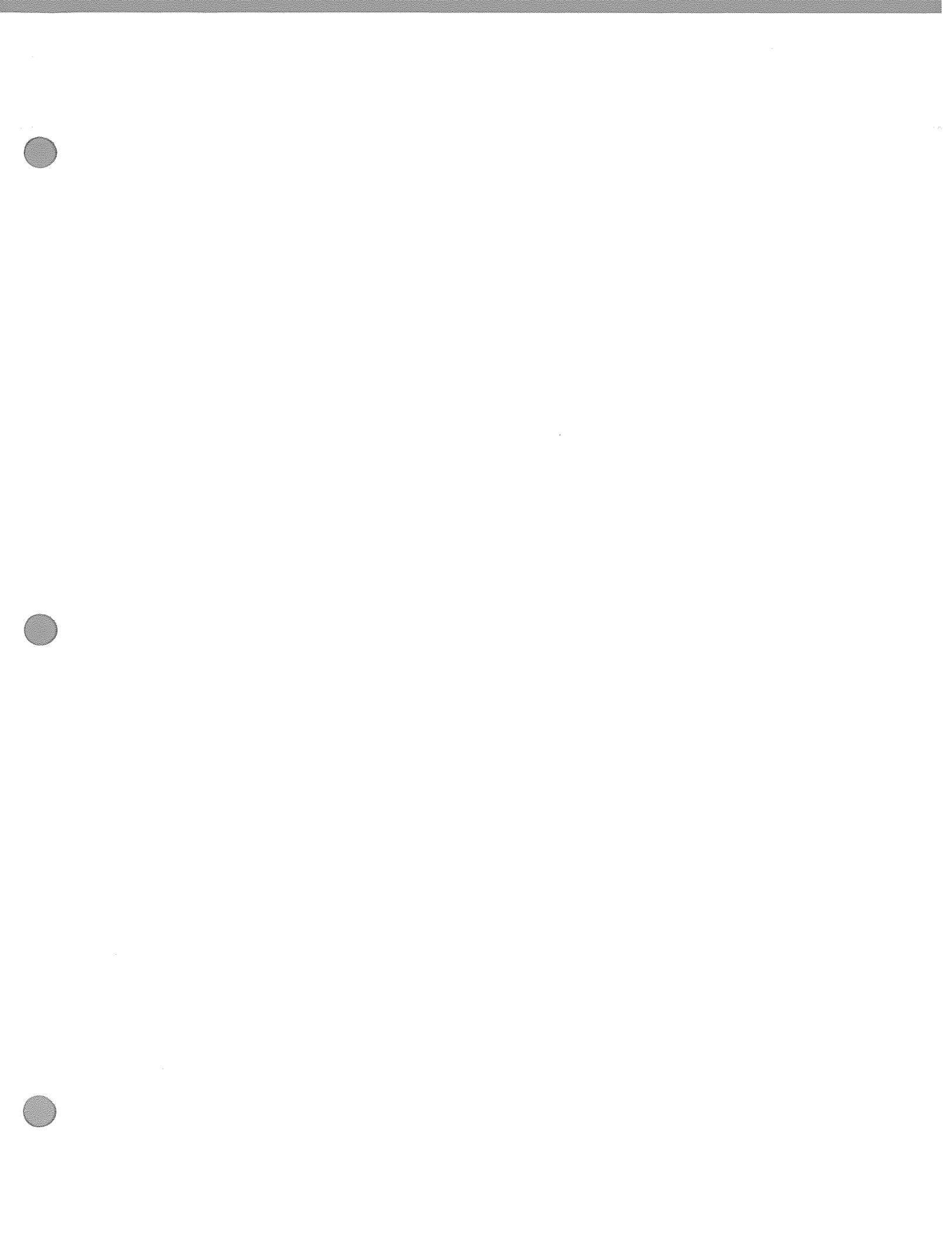
The yearly rent charge shall be as follows:

Two-party pole attachment	\$3.58 \$5.24	(I)
Three-party pole attachment	\$2.98 \$3.97	(I)
Two-party anchor attachment	\$3.58 \$4.43	(N) (I)
Three-party anchor attachment	\$2.36 \$2.92	(N) (I)
Two-party ground attachment	\$0.26 \$0.21	(N) (R)
Three-party ground attachment	\$0.16 \$0.13	(N) (R)

DATE OF ISSUE June 20, 2014 ~~March 1, 2001~~
Month / Date / Year
DATE EFFECTIVE July 22, 2014 ~~March 1, 2001~~
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00159 ~~2000-359~~ DATED Feb. 26, 2001



Official Notice

Cumberland Valley Electric, Inc., with its principal office at Gray, Kentucky and with its address at 6219 North U.S. Hwy 25E , Gray, Kentucky 40734, has filed with the Kentucky Public Service Commission in Case No. 2014-00159 an application to adjust its retail rates and charges. The need for this adjustment is due to an increase in Cumberland Valley's expenses in the areas of wholesale power costs, depreciation, and general operating expenses. Cumberland Valley is proposing to increase its electric revenues by \$1,605,137 or 3.95% and CATV rates by \$23,512 or 34.6%.

The rates are to be filed with the Kentucky Public Service Commission on June 20, 2014 and are effective July 22, 2014. The rates contained in this notice are the rates proposed by Cumberland Valley, Inc., but the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates contained in this notice. In addition, the Kentucky Public Service Commission may change the effective date.

A person may examine this application at the office of Cumberland Valley Electric, Inc. located at 6219 North U.S. Hwy 25E, Gray, Kentucky 40734, Monday through Friday, 7:30 a.m. to 4:00 p.m. or at www.cumberlandvalley.coop. A person may also examine this application at the Kentucky Public Service Commission offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>.

Any comments regarding the application may be submitted to the Public Service Commission through its Web site, <http://psc.ky.gov>, or by mail to Public Service Commission , Post Office Box 615, Frankfort, Kentucky 40602. A person may submit a timely written request for intervention to the Public Service Commission Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication of the notice, the commission may take final action on the application.

Cumberland Valley Electric, Inc.
6219 North U.S. Hwy 25 E
PO Box 440
Gray, Kentucky 40734
606-528-2677
www.cumberlandvalley.coop

The requested dollar amounts and percentage change for Cumberland Valley Electric, Inc. are listed below:

<u>Rate Class</u>	<u>Increase Dollar</u>	<u>Percent</u>
Schedule I		
Residential, Schools and Churches	\$ 1,315,615	4.77%
Marketing Rate	\$ -	0.00%
Schedule II		
Small Commercial	\$ 82,855	5.74%
Small Commercial, w/ Demand	\$ 9,153	1.12%
Schedule III		
3-Phase Schools and Churches	\$ 21,920	1.63%
Schedule IV		
Large Power >2500 kW	\$ 29,741	1.38%
Schedule IV-A		
Large Power 50 -2500 kW	\$ 62,958	1.05%
Schedule VI		
Outdoor Lighting	\$ 83,604	6.43%
CATV		
CATV Pole Attachments	\$ 23,512	34.61%

The present and proposed rate structure of Cumberland Valley Electric, Inc. are listed below:

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<u>Schedule I - Residential, Schools and Churches</u>		
Customer charge	\$ 5.74	\$ 10.70
Energy Rate per kWh	\$ 0.08563	\$ 0.08563
<u>Schedule I - Marketing Rate</u>		
Energy Rate per kWh	\$ 0.05138	\$ 0.05138
<u>Schedule II - Small Commercial No Demand</u>		
Customer charge	\$ 5.74	\$ 11.04
Energy Rate per kWh up to 3000 kWh	\$ 0.09519	\$ 0.09519
Energy Rate per kWh over 3000 kWh	\$ 0.08880	\$ 0.08880
<u>Schedule II - Small Commercial w/ Demand</u>		
Customer charge	\$ 5.74	\$ 11.04
Energy Rate per kWh up to 3000 kWh	\$ 0.09519	\$ 0.09519
Energy Rate per kWh over 3000 kWh	\$ 0.08880	\$ 0.08880
Demand Rate per kW	\$ 4.22	\$ 4.22
<u>Schedule III - 3 Phase Schools and Churches</u>		
Customer charge	\$ -	\$ 40.00
Energy Rate per kWh	\$ 0.07915	\$ 0.07915
<u>Schedule IV - Large Power >2500</u>		
Customer charge	\$ -	\$ 50.00
Energy Rate per kWh	\$ 0.05058	\$ 0.05151
Demand Rate per kW	\$ 6.55	\$ 6.55
<u>Schedule IV-A - Large Power 50 - 2500</u>		
Customer charge	\$ -	\$ 40.00
Energy Rate per kWh	\$ 0.06078	\$ 0.06078
Demand Rate per kW	\$ 4.22	\$ 4.32
<u>Schedule VI - Outdoor Lighting</u>		
175W MV	\$ 8.25	\$ 8.78
400W MV	\$ 12.28	\$ 13.07
100W Open Bottom	\$ 8.27	\$ 8.80
100W Colonial Post	\$ 9.32	\$ 9.92
100W Direct. Flood	\$ 10.03	\$ 10.67
400W Direct. Flood	\$ 15.95	\$ 16.98
400W Cobra Head	\$ 15.95	\$ 16.98
<u>CATV</u>		
2 Party Pole	\$ 3.58	\$ 5.24
3 Party Pole	\$ 2.98	\$ 3.97
2 Party Anchor	\$ 3.58	\$ 4.43
3 Party Anchor	\$ 2.36	\$ 2.92
2 Party Ground	\$ 0.26	\$ 0.21
3 Party Ground	\$ 0.16	\$ 0.13

The effect of the proposed rates on the average monthly bill by rate class along with average usage are listed below:

<u>Rate Class</u>	<u>Average kWh Usage</u>	<u>Current</u>		<u>Proposed</u>	
		<u>Dollar Amount of Average Usage</u>	<u>Dollar Amount of Average Usage</u>	<u>Increase Dollar</u>	<u>Percent</u>
Schedule I					
Residential, Schools and Churches	1,146	\$ 103.88	\$ 108.84	\$ 4.96	4.8%
Marketing Rate	1,001	\$ 56.74	\$ 56.74	\$ -	0.0%
Schedule II					
Small Commercial, No Demand	926	\$ 92.29	\$ 97.59	\$ 5.30	5.7%
Small Commercial, w/ Demand	4,098	\$ 475.16	\$ 480.46	\$ 5.30	1.1%
Schedule III					
3-Phase Schools and Churches	31,003	\$ 2,453.86	\$ 2,493.86	\$ 40.00	1.6%
Schedule IV					
Large Power >2500 kW	915,327	\$ 65,481.27	\$ 66,382.53	\$ 901.25	1.4%
Schedule IV-A					
Large Power 50 -2500 kW	87,269	\$ 6,494.66	\$ 6,562.87	\$ 68.21	1.1%
Schedule VI					
Outdoor Lighting	84	\$ 9.49	\$ 10.10	\$ 0.61	6.4%
CATV					
CATV Pole Attachment	-	\$ 3.06	\$ 4.12	\$1.06	34.6%





Cumberland Valley Electric

A Touchstone Energy Cooperative

May 2, 2014

Jeff Derouen, Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

Dear Mr. Derouen:

This is to advise, in accordance with the Commission's Administrative Regulation 807 KAR 5:001, Section 16(2), that, after 30 days from May 2, 2014, Cumberland Valley Electric, Inc. intends to file an application for an increase in its retail rates based on a historical test year ending December 31, 2013.

If there are any questions concerning this matter, please contact me at your convenience.

Respectfully submitted,

Robert Tolliver
Office Manager

Copy to:

Attorney General
Utility Intervention and Rate Division
Emailed in PDF Format To: rateintervention@ag.ky.gov

MAIN OFFICE:

P.O. Box 440 • Gray, KY 40734

Phone: 606-528-2677 • Fax: 606-523-2698

DISTRICT OFFICE:

P.O. Box C • Cumberland, KY 40823

Phone: 606-589-4421 • Fax: 606-589-5297

Steve L. Beshear
Governor

David L. Armstrong
Chairman

Leonard K. Peters
Secretary
Energy and Environment Cabinet

James Gardner
Vice Chairman



Commonwealth of Kentucky
Public Service Commission

211 Sower Blvd.
P.O. Box 615
Frankfort Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Linda Breathitt
Commissioner

May 06, 2014

Robert Tolliver, Officer Manager
Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

RE: Case No. **2014-00159**

Cumberland Valley Electric, Inc.
(General Rates)
Notice of Intent to File Application for an Increase in Retail Rates

This letter is to acknowledge receipt of notice of intent to file an application in the above case. The notice was date-stamped received May 06, 2014 and has been assigned Case No. 2014-00159. In all future correspondence or filings in connection with this case, please reference the above case number.

All documents submitted to the Commission in this proceeding must comply with the rules of procedure adopted by the Commission found in 807 KAR 5:001. Any deviation from these rules must be submitted in writing to the Commission for consideration as required by 807 KAR 5:001 (22). Additionally, confidential treatment of any material submitted must follow the requirements found in 807 KAR 5:001 (13).

Materials submitted to the Commission which do not comply with the rules of procedure, or that do not have an approved deviation, are subject to rejection by Commission pursuant to 807 KAR 5:001 (3). In order to insure cases are processed in a timely manner and accurate reliable records are created, please make sure that the rules of procedure are followed. Should you have any questions, please contact the Division of Filings.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

JD/rs

Robert D. Tolliver

From: Hans, Jennifer (KYOAG) <jennifer.hans@ag.ky.gov> on behalf of rateintervention <rateintervention@ag.ky.gov>
Sent: Thursday, May 08, 2014 11:14 AM
To: Robert D. Tolliver
Cc: Angela Goad; Cook, Larry (KYOAG)
Subject: RE: Cumberland Valley Electric Intent to file Rate Application

Dear Mr. Tolliver:

We thank you for the notice of intent to file a rate application. We would appreciate a copy of the rate application upon filing. Our decision regarding intervention is still pending. If you have any questions prior to filing, please do not hesitate to contact our division.

Regards,

Jennifer Black Hans

Executive Director
Office of Rate Intervention
Office of the Attorney General
1024 Capital Center Drive
Frankfort, KY 40601
(502) 696-5453 (Rate Intervention)
(502) 696-5408 (Direct)
Fax: 502-573-1009
jennifer.hans@ag.ky.gov

NOTICE OF CONFIDENTIALITY

This message is intended only for the use of the individual or entity to which it is addressed and may contain confidential information that is legally privileged and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify this office by telephone and return this message to the Office of the Attorney General immediately. Thank you.

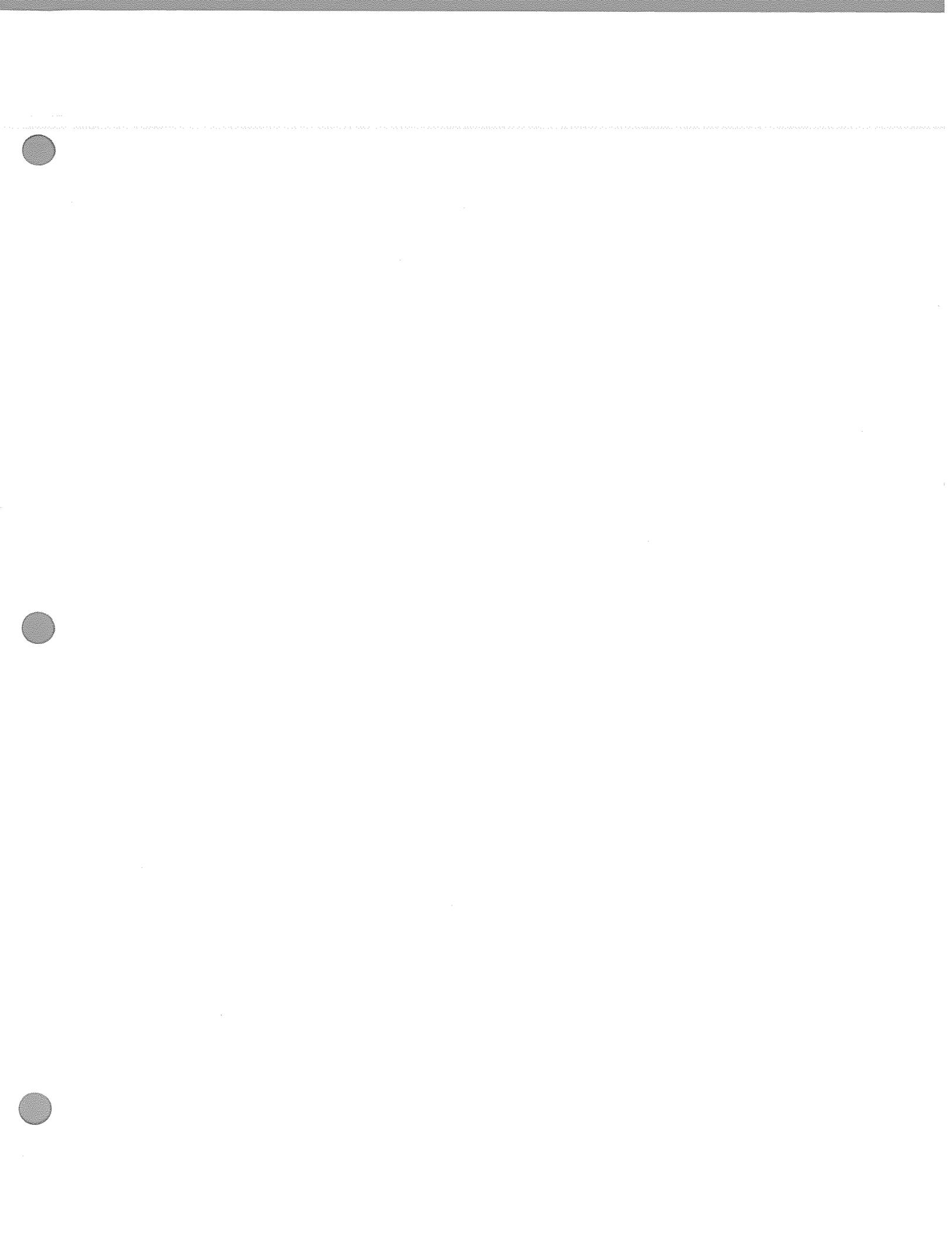
Under Kentucky Rule of Evidence 503, this communication is confidential and not intended to be disclosed to third persons other than those to whom disclosure is made in furtherance of the rendition of professional legal services to or on behalf of the Office of the Attorney General.

From: Robert D. Tolliver [<mailto:Robert.Tolliver@cumberlandvalley.coop>]
Sent: Friday, May 02, 2014 8:08 AM
To: rateintervention
Subject: Cumberland Valley Electric Intent to file Rate Application

Please find attached Cumberland Valley Electric, Inc. letter of intent to file application for increase in its retail rates.

Thank you,

Robert Tolliver
Office Manager



**CUMBERLAND VALLEY ELECTRIC
BOARD RESOLUTION**

**AUTHORIZATION TO THE PRESIDENT & CEO TO FILE FOR
A RATE INCREASE WITH THE
KENTUCKY PUBLIC SERVICE COMMISSION**

WHEREAS, to provide its members with a reliable source of power it is the opinion of the Board of Directors of Cumberland Valley Electric that a rate increase is necessary to maintain Cumberland Valley Electric in a sound financial condition, and

WHEREAS, the Board of Directors of Cumberland Valley Electric hereby authorizes and directs its President & CEO, Ted Hampton, to file with the Kentucky Public Service Commission for a rate increase,

NOW, THEREFORE BE IT RESOLVED, that this resolution was properly authorized by the Board of Directors during a monthly Board of Directors meeting held on March 13, 2014.

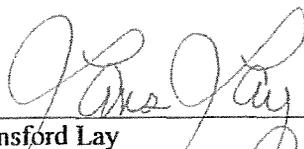


Vernon Shelly

ATTEST:

Certificate of Secretary

I, Lansford Lay, secretary for Cumberland Valley Electric, do hereby certify that the above is a true and correct copy of the resolution, as adopted by the Board of Directors of the Cooperative, at their meeting on March 13, 2014, and that said resolution now appears in the record of the Cooperative's minutes without changes or alterations.



Lansford Lay



**CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159
REVENUE ANALYSIS
TWELVE MONTHS ENDING DECEMBER 31, 2013**

Sched.	Description	kWh Usage	Test Year Revenue	Percent of Total	Proposed Revenue	Percent of Total	Increase	
							Amount	Percent
I	Residential, Farm and Church	303,996,144	\$ 27,553,696	67.77%	\$ 28,869,311	68.30%	\$ 1,315,615	4.77%
IA	Marking Rate - ETS	838,809	\$ 43,098	0.11%	\$ 43,098	0.10%	\$ -	0%
II	Small Commercial - SinglePhase	14,478,749	\$ 1,442,770	3.55%	\$ 1,525,625	3.61%	\$ 82,855	5.74%
II	Small Commercial - Three Phase	7,078,107	\$ 820,602	2.02%	\$ 829,755	1.96%	\$ 9,153	1.12%
III	Three Phase Schools and Churches	16,989,450	\$ 1,344,715	3.31%	\$ 1,366,635	3.23%	\$ 21,920	1.63%
IV	Large Power Greater than 2,500 kW	30,205,800	\$ 2,160,882	5.31%	\$ 2,190,623	5.18%	\$ 29,741	1.38%
IV-A	Large Power - 50 - 2,500 kW	80,549,209	\$ 5,994,568	14.74%	\$ 6,057,525	14.33%	\$ 62,958	1.05%
VI	Outdoor Lighting	11,103,122	\$ 1,300,158	3.20%	\$ 1,383,762	3.27%	\$ 83,604	6.43%
	Rounding				\$ (709)		\$ (709)	
		465,239,391	\$ 40,660,489	100%	\$ 42,265,626	100%	\$ 1,605,137	3.95%

Fuel Adjustment Clause		-231,335	-231,335	
Environmental Surcharge		4,590,171	4,590,171	
		<u>45,019,324</u>	<u>46,624,461</u>	1,605,137 3.57%



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE ADJUSTMENT)
OF RATES OF CUMBERLAND VALLEY) CASE NO. 2014-00159
ELECTRIC. INC.)

PREPARED TESTIMONY OF JAMES R. ADKINS

- Q1. State your name and business address.
- R1. I am James R. Adkins and my business address is 2189 Roswell Dr., Lexington, KY 40513-1811.
- Q2. What has been your role in this application?
- R2. My role in this application has been to assist Cumberland Valley Electric ("CVE") in the development of this application through the determination of the total revenue requirement, through the completion of the Cost of Service Study ("COSS") and the developing the proposed rate design in this application.
- Q3. What is your professional experience in the area of electric utility rate-making?
- R3. I have spent the last thirty-seven plus years dealing with electric utility rates. I was employed by EKPC as its Pricing Manager for almost twenty-five years. I spent a little over one year with the Prime Group, LLC and I have been self-employed for the last twelve years. Prior to my electric utility career, I was employed in the finance and accounting areas of the medical care field for close to eight years. I also served in the U.S. Army as an infantryman in the Republic of Vietnam in the late 1960s and I am a disabled veteran of that war.

Q4. What is your educational background?

R4. I received a Bachelor Degree in Commerce with a major in banking and finance in 1971 and a Master of Science in Accounting in 1976. Both of my degrees were granted by the University of Kentucky. Since then, I have attended many seminars, conferences and courses on rate-making as well as a presenter at many conferences and seminars on electric utility rate-making, cost of service studies, and rate design.

Q5. Have you ever appeared as a witness before this Commission?

R5. I have appeared as a witness before this Commission many times in utility rate applications, applications for certificates of public convenience and necessity, fuel adjustment clause hearings, and administrative cases. I have testified on the behalf of East Kentucky Power Cooperative ("EKPC") and for all of EKPC's member cooperatives and for other distribution cooperatives.

Q6. Why has CVE filed this application for an adjustment of its rates?

R6. CVE has filed this rate application because of its deteriorated financial condition. For the last two calendar years, CVE has not met its mortgage requirements by having an Operation Times Interest Earned Ration ("OTIER") less than required. For these two calendar years, 2012 and 2013, CVE has an OTIER of .71. Other reasons for this rate application are the need for improved cash flow, increased equity and for the ability to pay capital credits consistent with its equity management policies.

Q7. Why has CVE waited this long to file this application?

R7. CVE has waited this long to file this rate application for two main reasons. The first reason is that CVE did not expect its financial performance of 2012 to be repeated in 2013. A review was conducted early of the second quarter of 2013 by CVE staff and with its rate consultant. It was expected that CVE's financial condition in 2013 would be better than in experienced in 2012. The recommendation at that time was for CVE monitor its financial performance and condition very closely for the duration of 2013. CVE started 2013 with very good monthly margins. It did experience some deterioration of its margins in the late summer and early fall of 2013 but still with the expectation that margins for the complete year would still be above its mortgage requirements. However, monthly margins for the last quarter of 2013 were severe losses and completely unexpected. The above is the reason for the application at this time.

Q8. Please explain the current situation at CVE for revenue requirements and rate-making circumstances?

R8. The current financial situation at CVE is a very unique one and completely unexpected from a rate application perspective. CVE has experience a decline in its annual interest expense while it continued to increase its debt during the period of 2008 through 2013. Provided below is a table which reflects the interest expense and year end long term debt for the period of 2008-2013.

INTEREST EXPENSE AND LONG TERM DEBT		
Year	Interest Expense	Year End Long Term Debt
2008	\$ 1,097,400	\$ 36,034,733
2009	\$ 715,609	\$ 34,433,777
2010	\$ 567,377	\$ 35,722,364
2011	\$ 449,190	\$ 37,526,041
2012	\$ 427,212	\$ 37,921,171
2013	\$ 354,342	\$ 42,813,061

CVE has done a remarkable job of minimizing its annual interest expense on long term debt and should be commended for its efforts. CVE has utilized these most unusual short term interest rates to accomplish this significant decrease in its annual interest expense on long term debt. As most are aware, it is readily apparent that this situation will not last forever and that the use of the Times Interest Earned Ratio ("TIER") as a basis for establishing margins with these very low interest expenses would not be a prudent one. A couple of different approaches have been reviewed and evaluated that are more appropriate in this situation. CVE has chosen an approach based on longer term interest rates that existed during the preparation phase of this application.

- Q9. What has been the approach that CVE has chosen to determine its revenue requirements?
- R9. CVE has taken the traditional approach to the determination of its revenue requirements with one exception. The standard process of normalizing expenses has been followed in regards to wages, salaries, benefits, property taxes, depreciation, revenues from CATV rates, year-end customer levels and other additional expense areas.
- Q10. Is CVE proposing an adjustment somewhat different than the normal approach for expense adjustments for determining revenue requirements?
- R10. CVE is using a different approach to the normalization of interest expense in the determination of its revenue requirements. CVE is using a different approach because its average cost of debt for the test year was 0.88% which is an extremely low rate. This extremely low cost of debt is based on the use of very short term loans and will not last. It is believed that revenue requirements should

be developed upon the basis of longer term rates. CVE is proposing to determine the cost of all of its debt at the Federal Financing Bank's ("FFB") seven year rate that existed in mid-April of 2.17% even though some of CVEs current debt is fixed at rates somewhat higher than this rate for a longer term. Provided below is the average cost of debt that CVE has experienced for the most recent five calendar years.

Year	Average Cost of Debt.
2009	2.03%
2010	1.62%
2011	1.23%
2012	1.13%
2013	0.88%

This table provides proof of the most commendable accomplishment that CVE has been able to do in minimizing its interest expense and also provides a sound basis that a method different from interest expense should be used to determine an appropriate level of margins for CVE.

Q11 Should margins be based on a TIER measurement when interest rates are low?

R11. The current TIER measurement for rate-making purposes is a 2.0X basis and results in a margin amount equal to annual interest expense and I do not believe that this is a reasonable amount in this situation. However, if the Commission would accept the interest normalization proposed in this application, the use of a TIER of 2.0X is reasonable. CVE is proposing margins based on a TIER of 2.0X based on its method of normalizing interest for this application.

Q12. What would the amount of the increase in revenue that CVE might be requesting if it had used the more traditional approach to the interest expense adjustment?

- R12. CVE would have requested an increase in revenue that would equate to approximately \$500,000.
- Q13. What are the actual returns on the equity capitalization ratio and the proforma returns from the proposed increases?
- R13. Provided below is the actual equity capitalization ratios for the test year and the proforma results based on the requested increase.

Capital Structure						
			Actual Test Year		Proforma Test Year	
	Amount		Return	%	Return	%
Debt	\$ 42,813,061	Interest Exp	\$ 354,342	0.828%	\$ 896,650	2.09%
Equity	\$ 19,517,122	Margins	\$ 74,837	0.383%	\$ 896,650	4.59%
	\$ 62,330,183		\$ 429,179	0.689%	\$ 1,793,300	2.88%

It is readily apparent from the above table that CVE's use of a proforma interest expense adjustment and a margin based on a TIER measure on the basis of the same interest adjustment results in a very reasonable measure. A return of 2.92% on total capital and a return of 4.67% on equity are most reasonable.

- Q14. What have been the primary reasons for the decline in margins that have necessitated the filing of a rate application by CVE?
- R14. Attached as JRA Exhibit I to this testimony is a table providing the statement of operations for CVE for the period of 2008 through 2013. This exhibit indicates the trend in revenues and expenses that CVE has experienced for the above stated period. Revenues, expenses, gross margins and distribution expenses have been relatively stable over this period of time. However, the most significant item from this exhibit has been the trend of increasing revenue per

kWh, increasing purchased power costs per kWh, increasing gross margins per kWh and increasing distribution costs per kWh. This is primarily a result of the trend of decreasing sales of electric power especially in the last two years.

Q15. What has been the primary cause of this decrease in energy sales?

R15. The main reasons for this decrease in energy sales has the overall economy for the decrease in residential energy sales and the decline in the demand for Eastern Kentucky coal for the decline in energy sales for the industrial customers greater than 1,000 kW. The decline for the industrial sector has had a greater impact upon CVE than the decline of energy sales in the other rate classes.

Q16. When does CVE anticipate that its energy sales may revert back to the levels it experienced in the period of 2008-2010?

R17, CVE's management is not sure if or when its energy sales may increase from its current levels to the level it obtained in 2008-2010.

Q18. Are you responsible for Exhibit R, the Cost of Service Study filed in this rate Application and please explain its results?

R18. I am responsible for the Cost of Service Study ("COSS") filed in this rate application. The results of the cost of service study are provided in summary form in Exhibit JRA-2 of this testimony. This exhibit provides the results of the cost of service study by indicting

- the revenue requirements by rate class,
- the type of revenue requirements by rate class,
- the revenues from rates for each rate class, and
- The over or under recovery of revenue requirements by rate class

- The amount of other revenues assigned to each rate class.

Four rate classes have rate revenue that is under recovering and these rate classes are identified below:

1. Schedule I – Residential, Schools and Churches
2. Schedule I – Marketing Rate for ETS units
3. Schedule IV-A – Large Power – 50-2,500 kW
4. Schedule VI – Outdoor Lighting

Q19. Was the results of the Cost of Service Study was utilized in the development of increase proposed for each rate class and in the proposed rate design for each class?

R19. The COSS was utilized in the determination of the proposed increase and the proposed rate design for each rate class. The management of CVE had established specific rate design criteria before preparation of this rate application. CVE had decided that it wanted to place most of the increase upon the customer charge component of its rate structure. CVE's current rate structure provides for one of the lowest customer charges for those rate classes with a customer charge and also has a significant number of rate classes with no customer charge. In other words, CVE proposed to increase the customer charge for those rate classes with a customer charge and to establish a customer charge for those rate classes that currently do not have a customer charge. Based on the results of the COSS and the direction of management to place most of the increase upon the customer charge, the following increase amounts were developed.

CUMBERLAND VALLEY ELECTRIC COOPERATIVE				
SUMMARY OF PROPOSED RATE INCREASE BY RATE CLASS				
Sched	Rate Class	Base Rate Revenue	Increase Amount	Percent Increase
I	Residential, Farm & Church	\$ 27,553,696	1,315,615	4.77%
I	Marketing Rate - ETS	\$ 43,098	-	0.00%
II	Small Commercial - Energy	\$ 1,442,770	82,855	5.74%
II	Small Commercial w/Demand	\$ 820,602	9,153	1.12%
III	3 Phase Schools & Churches	\$ 1,344,715	21,920	1.63%
IV	Large Power > 2500 kW	\$ 2,160,882	29,741	1.38%
IV-A	Large Power - 50-2500 kW	\$ 5,994,568	62,958	1.05%
VI	Outdoor Lighting	\$ 1,300,158	83,604	6.43%
	Rounding		(709)	
		\$ 40,660,489	\$ 1,605,137	3.95%

Q20. It appears some proposed rate increases are a result of solely on the basis of an increase in the customer charge and an implementation of a customer charge.

R20. That is a true statement. A prime example of that situation is the increases for the small commercial – Schedule II rate class for both the single phase and the three phase customers. It is also similar for Schedules III – Three Phase Schools and Churches and Schedule IV – Large Power – Over 2,500 kW.

Q21. How does the proposed customer charges for each rate class match up with the customer-related costs from the COSS?

R21. The proposed customer charges in this application are a much better match with the customer-related revenue requirements from the COSS than are the customer charge amounts in the current rates. Provided below is a table

that provides the current customer charge, the proposed customer charge and customer-related costs from the cost of service study.

CUSTOMER CHARGE INFORMATION				
<u>Sched</u>	<u>Description</u>	<u>Current Customer Charge</u>	<u>Proposed Customer Charge</u>	<u>Customer- Related Revenue Requirements</u>
I	Residential, farm & Church	\$ 5.74	\$ 10.70	23.41
II	Small Commercial - Energy	\$ 5.74	\$ 11.04	25.06
II	Small Commercial w/Demand	\$ 5.74	\$ 11.04	51.24
III	3 Phase Schools & Churches	\$ -	\$ 40.00	48.89
IV	Large Power > 2500 kW	\$ -	\$ 50.00	53.81
IV-A	Large Power - 50-2500 kW	\$ -	\$ 40.00	51.34

From the above table, it is very apparent that the proposed customer charges for the appropriate rate structures are reasonable based on the fact all proposed are less than the customer-related revenue requirements from the COSS.

- Q22. It appears that a significant basis for the amount of increase is the longer term interest rate that has been applied to CVE's current debt level at the end of the test year. If the more traditional method of a TIER of 2.0X were used as the basis for margins, the requested increase would be significantly less. What would be the requested increase if the more traditional method were used?
- R22. The amount of increase that is justified using the 2.0X TIER approach would result in an increase request of \$491, 631 which is less than requested. Attached as Exhibit JRA-3 to this testimony is a Statement of Operations that shows the results using a TIER of 2.0X.

Q.23 What else has CVE evaluated to justify the requested amount of increase?

R23. CVE has looked at two other approaches as to what would be the proper amount of increase. These two approaches are these: one, review what the Kentucky Public Service Commission (“KPSC”) allowed in CVE’s last rate application and two, evaluate what the Capital Growth Method (“CGM”) might provide.

In CVE’s last rate case, the KPSC allowed CVE a return on equity of 9.57%. If CVE + used this return on equity as the basis for its margins for ratemaking purposes, then an increase of \$2,005,946 is justified. The table provided below provides the details on this calculation.

Case No, 2005-00187				
Capital		Return		
Debt	27,259,902	Interest Exp	1,387,433	5.09%
Equity	14,490,998	Margins	1,387,433	9.57%
	41,750,900		2,774,866	6.65%

Applied to This Casse				
Equity	Return	Margin	Adj. TY Margins	Increase
19,517,122	9.57%	\$ 1,868,657	(137,289)	\$ 2,005,946

If CVE had used the CGM, margins and increase amounts that are slightly higher are justified. The results of the CGM approach are contained in Exhibit JRA-4 to this testimony.

Q24. If CVE is justified in seeking increase amounts greater than what it is requesting, why did CVE not seek an increase amount greater than it is requesting?

R24. CVE is not requesting the larger amount because CVE’s management desired to keep its overall increase in revenue at percent less than 4% of total base rate revenue.

Q25. Does this conclude your testimony.

R25. Yes, it does.

Affiant, James R. Adkins, states that the answers given by him in the foregoing questions are true and correct to the best of his knowledge and belief.


James R. Adkins

Subscribed and sworn to before me by the affiant, James R. Adkins, this
13th day of June, 2014.


Notary Public, Kentucky State at Large.

My Commission Expires 1-24-15

DIRECT TESTIMONY OF JAMES R. ADKINS

JRA Exhibit I

	2008	2009	2010	2011	2012	2013
Operating Revenue	\$ 45,121,883	\$ 45,254,910	\$ 49,315,164	\$ 48,941,151	\$ 46,861,246	\$ 46,665,845
Purchase Power	34,464,697	33,866,739	36,844,796	37,560,882	36,085,688	35,772,176
Gross Margins	10,657,186	11,388,171	12,470,368	11,380,269	10,775,558	10,893,669
Operating & Maintenance Expenses	6,332,936	7,098,126	7,339,226	7,133,009	7,397,903	7,460,561
Fixed Charges	3,752,771	3,458,065	3,443,961	3,446,232	3,500,858	3,534,900
Total Distribution Expenses	10,085,707	10,556,191	10,783,187	10,579,241	10,898,761	10,995,461
Operating Margins	571,479	831,980	1,687,181	801,028	(123,203)	(101,792)
Other Income or Expenses	679,576	1,867,424	1,777,939	2,886,944	2,596,650	3,133,648
Net Income	\$ 1,251,055	\$ 2,699,404	\$ 3,465,120	\$ 3,687,972	\$ 2,473,447	\$ 3,031,856
Net Margins for Rate-Making	\$ 801,704	\$ 1,130,713	\$ 1,951,642	\$ 987,909	\$ 109,187	\$ 74,837
OTIER (Mortgage Requires 1.10X)	1.52	2.16	3.97	2.78	0.71	0.71
TIER (Mortgage Requires 1.25X)	2.14	4.77	7.11	9.21	6.79	9.56
Rate Making TIER	1.73	2.58	4.44	3.20	1.26	1.21
kWh Purchases	538,572,196	529,043,899	568,837,293	529,439,880	497,705,944	489,975,525
kWh Sales	516,468,439	503,499,901	545,156,016	507,250,621	473,161,995	465,239,391
Revenue per kWh sold	\$ 0.08737	\$ 0.08988	\$ 0.09046	\$ 0.09648	\$ 0.09904	\$ 0.10031
Purchased Power per kWh sold	\$ 0.06673	\$ 0.06726	\$ 0.06759	\$ 0.07405	\$ 0.07626	\$ 0.07689
Gross margin per kWh sold	\$ 0.02063	\$ 0.02262	\$ 0.02287	\$ 0.02244	\$ 0.02277	\$ 0.02342
Distribution expenses per kWh sold	\$ 0.01953	\$ 0.02097	\$ 0.01978	\$ 0.02086	\$ 0.02303	\$ 0.02363

Cumberland Valley Electric						Exhibit H
Case No. 2014-00159						Page 15 of 16
Statement of Operations, Adjusted						JRA EXHIBIT III
	Actual	Normalized	Normalized	Proposed	Proposed	
	Test Year	Adjustments	Test Year	Increase	Test Year	
Operating Revenues:						
Base rate	40,660,488	-	40,660,488	491,631	41,152,119	
Fuel and oil	4,358,835	(4,358,835)	-		-	
Other electric	1,646,522	7,507	1,654,029		1,654,029	
	46,665,845	(4,351,328)	42,314,517	491,631	42,806,148	
Operating Expenses:						
Cost of power:						
Base rate	31,377,744	-	31,377,744		31,377,744	
Fuel and oil	4,394,432	(4,394,432)	-		-	
Distribution	1,404,991	12,781	1,417,772		1,417,772	
Distribution	2,660,031	34,373	2,694,404		2,694,404	
Consumption	1,871,976	35,711	1,907,687		1,907,687	
Customer	153,670	2,620	156,290		156,290	
Sales	-	-	-		-	
Administrative	1,369,893	(81,792)	1,288,101		1,288,101	
	43,232,737	(4,390,738)	38,841,999	-	38,841,999	
Depreciation	3,115,270	262,207	3,377,477		3,377,477	
Taxes - current	51,441	-	51,441		51,441	
Interest - current	354,342	-	354,342		354,342	
Interest - deferred	3,176	-	3,176		3,176	
Other depreciation	10,671	(10,671)	-		-	
	46,767,637	(4,139,202)	42,628,435	-	42,628,435	
Utility cost	(101,792)	(212,126)	(313,918)	491,631	177,713	
Nonoperating	121,888	-	121,888		121,888	
Nonoperating	-	-	-		-	
G & T capital	2,957,019	(2,957,019)	-		-	
Other capital	54,741	-	54,741		54,741	
	3,031,856	(3,169,145)	(137,289)	491,631	354,342	
Net Margin	9.56		0.61		2.00	
TIER, total						

DIRECT TESTIMONY OF JAMES R. ADKINS

JRA EXHIBIT IV

CAPITAL GROWTH METHOD APPLIED TO CUMBERLAND VALLEY ELECTRIC

Formula

$ROR = (Rng + Rbe + Rep)$

Rng=Normal rate of capital growth

Rbe=rate of growth required to build equity

Rep=Rate of Equity payout

Capital

Equity \$ 19,517,122

Debt 42,813,061

Total Capital \$ 62,330,183

Results - Margins

$Rbe = (1 + Rng)(A/E)^{1/n} - 1$

A= Target Equity as decimal

I= Current Dollar Amount of total Ca

n= years to achieve target equity

E= Current dollar Amount of Equity

Equity Target & Time Line	Rbe	Rng	Rep	Total	Margins
40% - 10 yr	0.0555	0.030	0.0300	0.1155	\$ 2,254,856
40% - 20 Yr	0.0427	0.030	0.0300	0.1027	\$ 2,004,173
35% - 10 Yr	0.0415	0.030	0.0300	0.1015	\$ 1,981,597
35% - 20 Yr	0.0357	0.030	0.0300	0.0957	\$ 1,868,756
35% - 15 Yr	0.0377	0.030	0.0300	0.0977	\$ 1,906,307
40% - 15 yr	0.0470	0.030	0.0300	0.1070	\$ 2,087,410

Results - Increase Amount

Equity Target & Time Line	TIER	Normalized TY Margins	Amount of Increase	0	0
40% - 10 yr	7.36	(137,289)	2,392,145		
40% - 20 Yr	6.66	(137,289)	2,141,462		
35% - 10 Yr	6.59	(137,289)	2,118,886		
35% - 20 Yr	6.27	(137,289)	2,006,045		
35% - 15 Yr	6.38	(137,289)	2,043,596		
40% - 15 yr	6.89	(137,289)	2,224,699		



AVERAGE BILL FOR SCHEDULE I - RESIDENTIAL, FARM & CHURCH

	Present	Proposed
Customer Charge	\$ 5.74	\$ 10.70
Energy Charge	\$ 0.08563	\$ 0.08563

kWh Usage	Present	Proposed	Increase	
	Rates	Rates	Amount	Increase
0	\$ 5.74	\$ 10.70	\$ 4.96	86.4%
25	7.88	12.84	4.96	62.9%
50	10.02	14.98	4.96	49.5%
75	12.16	17.12	4.96	40.8%
100	14.30	19.26	4.96	34.7%
150	18.58	23.54	4.96	26.7%
200	22.87	27.83	4.96	21.7%
250	27.15	32.11	4.96	18.3%
300	31.43	36.39	4.96	15.8%
350	35.71	40.67	4.96	13.9%
400	39.99	44.95	4.96	12.4%
450	44.27	49.23	4.96	11.2%
500	48.56	53.52	4.96	10.2%
600	57.12	62.08	4.96	8.7%
700	65.68	70.64	4.96	7.6%
800	74.24	79.20	4.96	6.7%
900	82.81	87.77	4.96	6.0%
1,000	91.37	96.33	4.96	5.4%
1100	99.93	104.89	4.96	5.0%
1200	108.50	113.46	4.96	4.6%
1300	117.06	122.02	4.96	4.2%
1400	125.62	130.58	4.96	3.9%
1500	134.19	139.15	4.96	3.7%
1600	142.75	147.71	4.96	3.5%
1700	151.31	156.27	4.96	3.3%
1800	159.87	164.83	4.96	3.1%
1900	168.44	173.40	4.96	2.9%
2000	177.00	181.96	4.96	2.8%
2250	198.41	203.37	4.96	2.5%
2500	219.82	224.78	4.96	2.3%
Average Monthly Usage				
1146	103.87	108.83	4.96	4.8%



Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule 1	Customer Charge	-						
Marketing Rate Power	Energy kWh	838,809	\$ 0.05138	\$ 43,098		\$ 0.05138	\$ 43,098	\$ -
Fuel Adjustment Clause				-459				
Environmental Surcharge				4,908				
				<u>\$ 47,547</u>				
Average Customer	Amount					\$	56.74	
	Increase						0	
	Percent						0	

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule II	Customer Charge	15,633	\$ 5.74	\$ 89,733	6.22%	\$ 11.04	\$ 172,588	\$ 82,855
Commercial & Small	Energy kWh							
Power Single Phase	First 3000	10,535,754	0.09519	\$ 1,002,898	69.51%	0.09519	\$ 1,002,898	\$ -
	Over 3000	3,942,995	0.08880	\$ 350,138	24.27%	0.0888	\$ 350,138	\$ -
				\$ 1,442,770	100.00%		\$ 1,525,625	\$ 82,855
Fuel Adjustment Clause				-7,074				
Environmental Surcharge				173,407				
				\$ 1,609,103				
Average Customer	Amount						\$ 92.29	
	Increase						5.30	
	Percent						5.74%	

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule II Commercial & Small Power Three Phase	Customer Charge	1,727	\$ 5.74	9,912.98	1.21%	\$ 11.04	19,066.08	9,153.10
	Demand Charge	38,733	4.22	163,454.56	19.92%	4.22	163,454.56	-
	Energy kWh							
	First 3000	2,926,272	0.09519	278,551.83	33.94%	0.09519	278,551.83	-
	Over 3000	4,151,835	0.08880	368,682.95	44.93%	0.08880	368,682.95	-
				<u>820,602.32</u>	100.00%		<u>829,755.42</u>	9,153.10
Fuel Adjustment Clause				-3,417				
Environmental Surcharge				83,043				
				<u>\$ 900,228</u>				
Average Customer	Amount						\$ 475.16	
	Increase						5.30	
	Percent						1.12%	

CUMBERLAND LEY ELECTRIC
CASE NO. 2014-00159
REVENUE ANALYSIS

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule III	Customer Charges	548	\$ -	\$ -		\$ 40.00	\$ 21,920	\$ 21,920
Three Phase Schools and Churches	Energy kWh	16,989,450	0.07915	\$ 1,344,715	100%	0.07915	\$ 1,344,715	\$ -
				\$ 1,344,715	100%		\$ 1,366,635	\$ 21,920
Fuel Adjustment Clause				-10,926				
Environmental Surcharge				151,546				
				\$ 1,485,334				
Average Customer	Amount						\$ 2,454	
	Increase						40.00	
	Percent						1.63%	

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule IV	Customer Charges	33	\$ -	\$ -	0.00%	50	\$ 1,650	\$ 1,650
Large Power -	Demand kW	96,652	6.55	633,073	29.30%	6.55	\$ 633,073	\$ -
Industrial	Energy kWh	30,205,800	0.05058	1,527,809	70.70%	0.05151	\$ 1,555,901	\$ 28,091
				<u>\$ 2,160,882</u>	100.00%		<u>\$ 2,190,623</u>	\$ 29,741
Fuel Adjustment Clause				-9,022				
Environmental Surcharge				<u>221,335</u>				
				<u>\$ 2,373,195</u>				
Average Customer	Amount						\$ 65,481	
	Increase						901.25	
	Percent						1.38%	

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule IV-A	Customer Charges	923	\$ -	\$ -	0.00%	40	\$ 36,920	\$ 36,920
Large Power - Industrial	Demand kW	260,376	4.22	1,098,787	18.33%	4.32	\$ 1,124,824	26,037.60
	Energy kWh	80,549,209	0.06078	4,895,781	81.67%	0.06078	\$ 4,895,781	-
				5,994,568	100.00%		6,057,525	\$ 62,958
Fuel Adjustment Clause				-47,276				
Environmental Surcharge		269,419		720,187				
				<u>6,667,479</u>				
Average Customer	Amount						\$ 6,495	
	Increase						68.21	
	Percent						1.05%	

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule VI	175W MV	95,468	8.25	787,611	60.58%	8.78	838,209	50,598
Outdoor Lights -	400W MV	11,572	12.28	142,104	10.93%	13.07	151,246	9,142
Security Lights	100W Open Bottom	13,712	8.27	113,398	8.72%	8.8	120,666	7,267
	100W Colonial Post	0	9.32	-	0.00%	9.92	-	-
	100W Direct. Flood	327	10.03	3,280	0.25%	10.67	3,489	209
	400W Direct. Flood	505	15.95	8,055	0.62%	16.98	8,575	520
	400W Cobra Head	15,405	15.95	245,710	18.90%	16.98	261,577	15,867
		136,989		1,300,158	100.00%	-	1,383,762	83,604
Fuel Adjustment Clause				-4,661				
Environmental Surcharge				1,633				
				<u>1,297,130</u>				
Average Customer	Amount						\$	9.49
	Increase							0.61
	Percent							6.43%
		11,103,122						

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule V	Customer Charges	0	\$ 614.67	\$ -				
Large Power Rate 1,000 to 1,500 kW	Contract Demand kW	0	6.19	\$ -				
	Excess Demand kW	0	8.98	\$ -				
	Energy kWh	0	0.05639	\$ -				
Fuel Adjustment Clause								
Environmental Surcharge								
Average Customer	Amount							
	Increase							
	Percent							

Rate Class	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
Schedule V-A	Customer Charges	0	\$ 1,227.79		0			
Large Power -Industrial 2,500 kW and greater	Contract Demand kW	0	6.19		0			
	Excess Demand kW	0	8.98		0			
	Energy kWh	0	0.04908		0			
Fuel Adjustment Clause								
Environmental Surcharge								
Average Customer	Amount							
	Increase							
	Percent							

SUMMARY

	Billing Determinants		Actual Test Year			Proposed Test Year		
	Type	Amount	Rates	Revenue	Percent	Rates	Revenue	Increase
TOTALS								
kWh		465,239,391						
Rounding							(709)	
Base Rates				\$ 40,660,489		\$ 42,265,626	\$ 1,605,137	
Fuel Adjustment Clause				-231,335				
Environmental Surcharge				4,590,171				
				<u>\$ 45,019,324</u>				3.95%

Cumberland Valley Electric
Case No. 2014-00159
Computation of Rate of Return
December 31, 2013

	<u>Actual Test Year</u>	<u>Adjusted Test Year</u>
Net margins	\$ 3,031,856	\$ 911,094
Non-cash patronage dividends	(2,957,019)	-
Interest on long-term debt	<u>354,342</u>	<u>911,094</u>
Total	<u>\$ 429,179</u>	<u>\$ 1,822,188</u>
Net rate base	<u>\$ 64,147,015</u>	<u>\$ 83,763,823</u>
Rate of return	<u>0.67%</u>	<u>2.18%</u>
Equity Capitalization	<u>\$ 76,315,082</u>	<u>\$ 54,197,064</u>
Rate of return	<u>0.56%</u>	<u>3.36%</u>

Cumberland Valley Electric
Case No. 2014-00159
Determination of Rate Base
December 31, 2013

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$ 95,868,118	\$ 95,868,118
Material and supplies (13 months average for test year)	740,992	740,992
Prepayments (13 months average for test year)	175,484	175,484
Working capital: 12.5% of operating expense less cost of power	932,570	911,086
	97,717,163	97,695,679
Deductions from rate base:		
Accumulated depreciation	33,482,599	13,844,307
Consumer advances	87,549	87,549
Net rate base	\$ 64,147,015	\$ 83,763,823

	<u>Material</u>	<u>Prepayments</u>
December	700,215	46,119
January	727,988	144,873
February	780,466	137,255
March	783,170	129,630
April	791,792	278,691
May	883,306	276,023
June	863,355	267,683
July	882,933	255,477
August	934,890	242,395
September	821,512	193,680
October	464,235	144,608
November	502,353	95,169
December	496,675	69,683
Average	740,992	175,484

Cumberland Valley Electric
Case No. 2014-00159
Computation of Rate of Return
December 31, 2013

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Test Year	Calendar Year					
	1st	2nd	3rd	4th	5th	
2013	2012	2011	2010	2009	2008	
Net margins	\$3,031,856	\$606,340	\$1,717,963	\$1,224,225	(\$241,782)	(\$345,378)
Interest on long-term debt	354,342	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
Total	3,386,198	1,613,032	2,884,540	2,453,125	1,129,080	1,141,772
Net rate base	64,147,015	51,390,110	50,926,496	49,038,702	47,875,588	45,571,764
Rate of return	<u>5.28%</u>	<u>3.14%</u>	<u>5.66%</u>	<u>5.00%</u>	<u>2.36%</u>	<u>2.51%</u>

Test Year	Calendar Year					
	1st	2nd	3rd	4th	5th	
2013	2012	2011	2010	2009	2008	
Return excluding G & T patronage dividends:						
Net margins	\$3,031,856	\$606,340	\$1,717,963	\$1,224,225	(\$241,782)	(\$345,378)
G & T patronage dividends	2,957,019	2,957,019	776,855	825,375	240,385	0
Interest on long-term debt	354,342	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
Total	429,179	(1,343,987)	2,107,685	1,627,750	888,695	1,141,772
Net rate base	64,147,015	51,390,110	50,926,496	49,038,702	47,875,588	45,571,764
Rate of return, excluding G & T	<u>0.67%</u>	<u>-2.62%</u>	<u>4.14%</u>	<u>3.32%</u>	<u>1.86%</u>	<u>2.51%</u>

Cumberland Valley Electric
Case No. 2014-00159
Determination of Rate Base
December 31, 2013

Test Year	Calendar Year					
	1st	2nd	3rd	4th	5th	
2013	2012	2011	2010	2009	2008	
Gross rate base:						
Total electric plant	\$95,868,118	\$63,417,416	\$61,475,447	\$58,164,465	\$55,788,564	\$52,788,081
Material and supplies (13 mo. ave test year)	740,992	267,444	362,153	564,598	406,964	353,230
Prepayments (13 mo. ave test year)	175,484	46,979	44,070	43,323	7,198	44,863
Working capital:						
12.5% of operating expense						
less cost of power	932,570	918,415	820,285	780,681	731,577	682,357
	97,717,163	64,650,254	62,701,955	59,553,067	56,934,303	53,868,531
Deductions from rate base:						
Accumulated depreciation	33,482,599	13,018,327	11,589,710	10,326,218	8,873,809	8,116,177
Consumer advances	87,549	241,817	185,749	188,147	184,906	180,590
Net rate base	\$64,147,015	\$51,390,110	\$50,926,496	\$49,038,702	\$47,875,588	\$45,571,764

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Cumberland Valley Electric
Case No. 2014-00159
TIER and DSC Calculations
December 31, 2013

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	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
TIER:		
Margins, excluding G&T capital credits	\$74,837	\$911,094
Interest on long term debt	354,342	911,094
TIER	1.21	2.00
DSC:		
Margins, excluding G&T capital credits	\$74,837	\$911,094
Depreciation expense	3,115,270	2,982,872
Interest on long term debt	354,342	911,094
Principal payment on long term debt	2,108,110	2,108,110
DSC	1.44	1.59

DSC =

Cumberland Valley Electric
Case No. 2014-00159
TIER and DSC Calculations
December 31, 2013

Test Year	Calendar Year							
	1st	2nd	3rd	4th	5th	6	7	
2013	2012	2011	2010	2009	2008	2007	2006	
<u>TIER calculations:</u>								
Margins, excluding G&T capital credits	74,837	(2,350,679)	941,108	398,850	(482,167)	(345,378)	1,306,875	1,231,132
Interest on long term debt	354,342	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150	1,404,391	1,536,005
Modified TIER	1.21	(1.34)	1.81	1.32	0.65	0.77	1.93	1.80
Margins, including G&T capital credits	3,031,856	606,340	1,717,963	1,224,225	(241,782)	(345,378)	1,306,875	1,231,132
Interest on long term debt	354,342	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150	1,404,391	1,536,005
TIER	9.56	1.60	2.47	2.00	0.82	0.77	1.93	1.80
<u>DSC calculations:</u>								
DSC = ((Margins + depreciation + interest) / (interest + principal payments))								
Margins, excluding G&T capital credits	74,837	(2,350,679)	941,108	398,850	(482,167)	(345,378)	1,306,875	1,231,132
Depreciation expense	3,115,270	2,889,514	2,735,736	2,293,879	1,596,675	1,529,112	2,023,252	772,795
Interest on long term debt	354,342	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150	1,404,391	1,536,005
Principal payment on long term debt	2,108,110	1,419,538	1,359,625	1,331,253	1,170,651	958,715	2,023,252	772,795
Modified DSC	<u>1.44</u>	<u>0.64</u>	<u>1.92</u>	<u>1.53</u>	<u>0.98</u>	<u>1.09</u>	<u>1.38</u>	<u>1.53</u>
Margins, including G&T capital credits	3,031,856	606,340	1,717,963	1,224,225	(241,782)	(345,378)	1,306,875	1,231,132
Depreciation expense	3,115,270	2,889,514	2,735,736	2,293,879	1,596,675	1,529,112	2,023,252	772,795
Interest on long term debt	354,342	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150	1,404,391	1,536,005
Principal payment on long term debt	2,108,110	1,419,538	1,359,625	1,331,253	1,170,651	958,715	2,023,252	772,795
DSC	<u>2.64</u>	<u>1.86</u>	<u>2.22</u>	<u>1.85</u>	<u>1.07</u>	<u>1.09</u>	<u>1.38</u>	<u>1.53</u>

Cumberland Valley Electric
Case No. 2014-00159
TIER and DSC Calculations
December 31, 2013

	8	9	10	11	12	13	14	15
	2005	2004	2003	2002	2001	2000	1999	1998

TIER calculations:

Margins, excluding G&T

capital credits 1,582,741 1,269,802 1,138,484 400,751 1,156,863 1,205,193 938,655 546,389

Interest on long term debt 1,586,100 1,499,454 1,325,488 1,219,580 1,043,979 1,015,690 959,725 807,272

Modified TIER 2.00 1.85 1.86 1.33 2.11 2.19 1.98 1.68

Margins, including G&T

capital credits 1,582,741 1,269,802 1,138,484 400,751 1,156,863 1,205,193 938,655 546,389

Interest on long term debt 1,586,100 1,499,454 1,325,488 1,219,580 1,043,979 1,015,690 959,725 807,272

TIER 2.00 1.85 1.86 1.33 2.11 2.19 1.98 1.68

DSC calculations:

DSC = ((Margins + depreciation + interest)
/ (interest + principal payments))

Margins, excluding G&T

capital credits 1,582,741 1,269,802 1,138,484 400,751 1,156,863 1,205,193 938,655 546,389

Depreciation expense 696,986 627,027 546,526 499,231 488,541 488,149 450,404 439,712

Interest on long term debt 1,586,100 1,499,454 1,325,488 1,219,580 1,043,979 1,015,690 959,725 807,272

Principal payment on

long term debt 696,986 627,027 546,526 499,231 488,541 488,149 450,404 439,712

Modified DSC 1.69 1.60 1.61 1.23 1.75 1.80 1.67 1.44

Margins, including G&T

capital credits 1,582,741 1,269,802 1,138,484 400,751 1,156,863 1,205,193 938,655 546,389

Depreciation expense 696,986 627,027 546,526 499,231 488,541 488,149 450,404 439,712

Interest on long term debt 1,586,100 1,499,454 1,325,488 1,219,580 1,043,979 1,015,690 959,725 807,272

Principal payment on

long term debt 696,986 627,027 546,526 499,231 488,541 488,149 450,404 439,712

DSC 1.69 1.60 1.61 1.23 1.75 1.80 1.67 1.44

Cumberland Valley Electric
Case No. 2014-00159
Equity Capitalization
December 31, 2013

	Proposed	Test Year 2013	Calendar Year					
			2012	2011	2010	2009	2008	
<u>Equity Capitalization:</u>								
<u>without G&T patronage capital</u>								
Total margins and equities	17,976,154	40,094,172	18,367,048	17,875,000	16,325,302	16,774,260	17,144,018	19,208,836
Less G&T Patronage capital	7,592,151	7,592,151	7,592,151	6,815,296	5,989,921	5,749,536	5,749,536	5,749,536
	10,384,003	32,502,021	10,774,897	11,059,704	10,335,381	11,024,724	11,394,482	13,459,300
Long-term debt	43,813,061	43,813,061	37,842,536	36,262,074	34,621,700	35,952,952	31,663,602	38,956,192
Total	54,197,064	76,315,082	48,617,433	47,321,778	44,957,081	46,977,676	43,058,084	52,415,492
Equity capitalization ratio	<u>19%</u>	<u>43%</u>	<u>22%</u>	<u>23%</u>	<u>23%</u>	<u>23%</u>	<u>26%</u>	<u>26%</u>
<u>Equity Capitalization:</u>								
<u>with G&T patronage capital</u>								
Total margins and equities	17,976,154	40,094,172	18,367,048	17,875,000	16,325,302	16,774,260	17,144,018	19,208,836
Long-term debt	43,813,061	43,813,061	37,842,536	36,262,074	34,621,700	35,952,952	31,663,602	38,956,192
Total	61,789,215	83,907,233	56,209,584	54,137,074	50,947,002	52,727,212	48,807,620	58,165,028
Equity capitalization ratio	<u>29%</u>	<u>48%</u>	<u>33%</u>	<u>33%</u>	<u>32%</u>	<u>32%</u>	<u>35%</u>	<u>33%</u>
<u>Equity to Total Assets:</u>								
<u>with G&T patronage capital</u>								
Total margins and equities	17,976,154	40,094,172	18,367,048	17,875,000	16,325,302	16,774,260	17,144,018	19,208,836
Total assets	65,489,842	94,207,169	66,307,439	65,216,973	62,876,518	59,502,658	55,798,163	61,916,128
Equity to total asset ratio	<u>27%</u>	<u>43%</u>	<u>28%</u>	<u>27%</u>	<u>26%</u>	<u>28%</u>	<u>31%</u>	<u>31%</u>

Cumberland Valley Electric
Case No. 2014-00159
Equity Capitalization
December 31, 2013

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
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	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<u>Equity Capitalization:</u>										
<u>without G&T patronage capital</u>										
Total margins and equities	18,470,849	17,766,967	16,851,711	15,651,417	14,893,784	14,209,771	14,448,356	13,637,844	12,549,250	11,967,312
Less G&T Patronage capital	5,749,536	5,749,536	5,749,536	5,749,536	5,749,536	5,749,536	5,749,536	5,749,536	5,749,536	5,749,536
	12,721,313	12,017,431	11,102,175	9,901,881	9,144,248	8,460,235	8,698,820	7,888,308	6,799,714	6,217,776
Long-term debt	36,164,171	36,959,909	32,372,777	29,048,712	25,740,740	24,287,265	20,656,473	18,820,514	18,620,664	16,939,007
Total	48,885,484	48,977,340	43,474,952	38,950,593	34,884,988	32,747,500	29,355,293	26,708,822	25,420,378	23,156,783
Equity capitalization ratio	<u>26%</u>	<u>25%</u>	<u>26%</u>	<u>25%</u>	<u>26%</u>	<u>26%</u>	<u>30%</u>	<u>30%</u>	<u>27%</u>	<u>27%</u>

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<u>Equity Capitalization:</u>										
<u>with G&T patronage capital</u>										
Total margins and equities	18,470,849	17,766,967	16,851,711	15,651,417	14,893,784	14,209,771	14,448,356	13,637,844	12,549,250	11,967,312
Long-term debt	36,164,171	36,959,909	32,372,777	29,048,712	25,740,740	24,287,265	20,656,473	18,820,514	18,620,664	16,939,007
Total	54,635,020	54,726,876	49,224,488	44,700,129	40,634,524	38,497,036	35,104,829	32,458,358	31,169,914	28,906,319
Equity capitalization ratio	<u>34%</u>	<u>32%</u>	<u>34%</u>	<u>35%</u>	<u>37%</u>	<u>37%</u>	<u>41%</u>	<u>42%</u>	<u>40%</u>	<u>41%</u>

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<u>Equity to Total Assets:</u>										
<u>with G&T patronage capital</u>										
Total margins and equities	18,470,849	17,766,967	16,851,711	15,651,417	14,893,784	14,209,771	14,448,356	13,637,844	12,549,250	11,967,312
Total assets	58,600,742	58,265,269	52,243,971	48,193,455	43,820,838	41,678,530	37,635,992	35,134,408	34,036,218	31,069,920
Equity to total asset ratio	<u>32%</u>	<u>30%</u>	<u>32%</u>	<u>32%</u>	<u>34%</u>	<u>34%</u>	<u>38%</u>	<u>39%</u>	<u>37%</u>	<u>39%</u>



Cumberland Valley Electric
Case No. 2014-00159
Reconciliation of Rate Base and Capital
December 31, 2013

Reconciliation of Rate Base and Capital used to determine revenue requirements are as follows:

Equity Capitalization, with G&T capital credits	\$	82,907,233
G&T capital credits		<u>(7,592,151)</u>
Equity, excluding G&T capital credits		75,315,082
Reconciling items:		
Capital credits from associated organizations (Allocated but unpaid)		(14,619,109)
Working capital requirements		932,570
Material and supplies, 13 month average		740,992
Prepayments, 13 month average		175,484
Cash and temporary investments		(1,514,221)
Accounts receivable		(5,635,829)
Material and supplies		(496,675)
Prepayments		(79,310)
Deferred charges		(884,355)
Accumulated operating provisions		3,324,752
Accounts payable		3,968,442
Short term borrowings		-
Consumer deposits		1,348,825
Accrued expenses		<u>1,570,368</u>
Net Rate Base	\$	64,147,015



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General Ledger
Chart of Accounts

Div	Account	Description
0	107.2	CONST WORK IN PROGRESS
0	107.53	WK IN PROG-RADIO TOWER @ ROCKHOLD
0	107.75	WK IN PROG-OFFICE REMODEL @ GRAY
0	107.8	WK IN PROG-GRAY OFFICE ADDITION
0	108.6	ACCUM PROV-DEPR OF DIST PT
0	108.7	ACCUM PROV-DEPR OF TRANS
0	108.71	ACCUM PROV-DEPR OF COMMUN EQUI
0	108.72	ACCUM PROV-DEPR OR GRAY OFF
0	108.73	ACCUM PROV-DEPR FOR OTHER
0	108.8	RETIREMENT WORK IN PROGRESS
0	123.11	PATRON CAPITAL-EAST KY RECC
0	123.12	PATRON CAPITAL-KY RECC-KAEC
0	123.14	PATRON CAPITAL-STATEWIDE RECC-UUS
0	123.15	PATRON CAPITAL-ASSOC COOP-CFC
0	123.16	PATRON CAPITAL-NISC
0	123.17	PATRON CAPITAL-FEDERATED INS
0	123.18	PATRON CAPITAL-COBANK
0	123.22	INVEST IN CAP TERM CERT CFC
0	123.23	OTHER INVEST IN ASSOC ORGAN
0	123.24	INVEST-ENVISION
0	123.26	INVEST-ASSOC COMP E KY MEMBER
0	123.3	INVEST-CFC MBR CAP SECURITIES
0	128.0	OTHER SPEC FDS-DEFERR COMP
0	128.1	SPEC FDS RESERVE-DEFERR COMP
0	131.12	CASH-GENERAL COMMERCIAL
0	131.13	CASH-COMMERCIAL BANK CUMBERLAND
0	131.15	CASH-E ACCOUNT-COMMERCIAL BANK
0	131.25	CASH-CAPITAL CREDITS COMMERCIAL
0	134.0	SPECIAL DEPOSITS
0	134.1	SPEC DEPOSIT-WATER DEPOSIT TOTZ
0	135.0	WORKING FUNDS
0	136.0	TEMPORARY CASH INVESTMENTS
0	142.0	CONSUMER ACCOUNTS
0	143.0	OTHER ACCOUNTS RECEIVABLE
0	144.2	ACCUM PROV UNCOLL CONS ACCTS
0	144.21	ACCURAL OF BAD DEBTS
0	154.0	MATERIALS-SUPPLIES-ELEC
0	154.1	MATERIALS-SUPPLIES-FUEL
0	165.12	PREP INS BARB INS AGCY VARIOUS
0	165.13	PREP INS BARB INS AGCY AUTO
0	165.14	PREPAID INS-DIRECTORS LIA
0	165.4	PREPAID GPS FOR TRUCKS
0	165.5	PREPAID FOR UNIFORMS
0	171.0	INT AND DIVIDEND RECEIC CFC

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General Ledger

Chart of Accounts

Div	Account	Description
0	186.3	MISC DEF DEBITS-RS PREPAYMENT
0	200.1	MEMBERSHIPS ISSUES
0	201.1	PATRONS CAPITAL CREDITS
0	208.0	DONATED CAPITAL
0	215.0	ACCUM OTHER COMPREHENSIVE INCOME
0	217.0	Capital Credit Unclaimed
0	217.1	Capital Credit Retire No check
0	219.1	OPERATING MARGINS
0	219.2	NONOPERATING MARGINS
0	224.14	OTHER LONG TERM DEBT-NCSC
0	224.15	OTHER LONG TERM DEBT-COBANK
0	224.3	LONG-TERM DEBT-CONST NOTE EXEC
0	224.35	L-T DEBT-FFB CONST NOTE EXEC
0	224.45	FFB NOTES EXECUTED-CONST DEBIT
0	224.6	ADV PMTS UNAPPLIED - L-T DEBT
0	228.3	ACCUM PROV FOR PENS & BEN
0	232.1	ACCOUNTS PAYABLE-GENERAL
0	232.37	ACCTS PAYABLE-FLOWER FUND
0	235.0	CONSUMER DEPOSITS
0	235.1	CONSUMER DEPOSITS-CATV
0	236.1	ACC PROPERTY TAXES
0	236.2	ACC US SOC SEC TAX-UNEMPLO
0	236.4	ACC ST SS TAX-UNEMPLOYMENT
0	236.5	ACC ST SALES TAX-CONSUMERS
0	236.51	ACC STATE SALES TAX-OTHER
0	236.54	ACCR FRANCHISE TAX-CUMBERLAND
0	236.65	ACCR SCHOOL TAX
0	237.1	INT ACC-REA CONST OBLIGATION
0	237.25	INTEREST ACCRUED NCSC
0	237.6	ACC INT ON CONSUMER DEPOSITS
0	241.1	TAX COLL PAYABLE-STATE INC
0	241.15	TAX COLL PAYABLE-WHITLEY OCCUP
0	241.17	TAX COLL PAYABLE-LESLIE OCCUP
0	241.2	TAX COLL PAYABLE-KNOX OCCUP
0	242.31	OTH CURR-ACC LIAB=SICK LEAVE
0	242.32	OTH CURR-ACC LIAB - VACATION
0	252.3	ADV CONST REFUNDABLE
0	253.3	OTH DEFERR CR-ADV FOR CONST
0	253.5	ADV FOR CONST-LONNIE COLLETT DEC'13-10
0	360.1	LAND RIGHTS
0	362.0	STATION EQUIPMENT
0	362.01	TS2 STATION EQUIPMENT
0	364.0	POLES-TOWERS-FIXTURES
0	365.0	OVERHEAD COND AND DEVICES

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General Ledger

Chart of Accounts

Div	Account	Description
0	367.0	UNDERGROUND COND AND DEVICES
0	368.0	LINE TRANSFORMERS
0	369.0	SERVICES
0	370.0	METERS
0	370.1	TURTLES
0	370.11	TURTLE II
0	370.12	METER W/DISCONNECT SWITCH
0	370.15	REMOTE SERVICE SWITCHES
0	371.0	INSTALL ON CONSUMERS PREMISES
0	389.1	LAND RTS-GEN PLT-OFF SITE GRA
0	389.2	LAND CUMBERLAND OFFICE
0	390.0	STRUCTURES CUMBER. RADIO SHACK
0	390.1	STRUCTURES-IMPROVE-GRAY OFF
0	390.15	STRUCTURES-IMPROVE-GRAY ENG
0	390.17	STRUCT-IMPROV GRAY TRANS BLDG
0	390.18	STRUCT-IMPROV GRAY TRANS #2 BLDG
0	390.19	STRUCT-GENERATOR BLDG-GRAY
0	390.2	STRUCTURES CUMBERLAND OFFICE
0	390.21	STRUCTURES CUMBERLAND GARAGE
0	391.0	OFFICE FURN AND EQUIP
0	392.0	TRANSPORTATION EQUIPMENT
0	394.0	TOOLS-SHOP-GARAGE EQUIP
0	395.0	LABORATORY EQUIPMENT
0	396.0	POWER OPERATED EQUIPMENT
0	397.0	COMMUNICATIONS EQUIPMENT
0	398.0	MISCELLANEOUS EQUIPMENT
0	403.6	DEPT EXP-DISTRIBUTION PLANT
0	403.7	DEPT EXP-GENERAL PLANT
0	408.0	TAXES-OTHER THAN INCOME TAXES
0	419.3	INT DIV INCOME-P AND P INVEST
0	419.4	INTEREST AND DIVIDEND INC CFC
0	423.0	GEN-TRANS COOP CAPITAL CREDITS
0	424.0	OTH CAP CR-PATRON CAP ALLOC
0	426.1	DONATIONS
0	426.11	DONATIONS-SCHOLARSHIPS
0	426.12	DONATIONS-MEMBERSHIPS, DUES
0	427.1	INT ON REA CONST LOAN
0	427.15	INT ON FFB CONST LOAN
0	427.2	INT ON OTHER LONG TERM DEBT CFC
0	427.25	INT ON OTHER LONG TERM DEBT NCSC
0	427.26	INT ON OTHER LONG TERM DEBT-COBANK
0	431.0	INTEREST EXP-OTHER
0	431.1	INT EXP-CFC LINE OF CREDIT
0	440.1	RESIDENTIAL SALES-RURAL FARM

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General Ledger

Chart of Accounts

Div	Account	Description
0	440.11	RESIDENTIAL SALES-ENVIROWATTS
0	442.1	COMM-INDUST SALE-SMALL
0	442.2	COMM-INDUST SALES-LARGE
0	450.0	FORFEITED DISCOUNTS
0	451.0	MISC SERVICE REVENUES
0	454.0	RENT FROM ELECTRIC PROPERTY
0	456.0	OTHER ELEC REVENUES
0	555.0	PURCHASED POWER
0	582.0	STATION EQUIPMENT
0	583.0	OVERHEAD LINE EXPENSE
0	584.0	UNDERGROUND LINE EXP
0	586.0	METER EXPENSES
0	587.0	CONSUMER INSTALL EXPENSES
0	588.0	MISC DISTRIBUTION EXPENSE
0	589.0	RENTS
0	593.0	MAINT OF OVERHEAD LINES
0	593.01	RIGHT OF WAY CUTTING
0	593.02	RIGHT OF WAY MATERIALS
0	593.03	RIGHT-OF-WAY BUSHHOGGING
0	595.0	MAINT OF LINE TRANSFORMERS
0	597.0	MAINTENANCE OF METERS
0	597.1	MAINT OF METERS-METER TEST FEE
0	598.0	MAINT OF MISC DISTR PLANT
0	902.0	METER READING EXPENSES
0	903.0	CONSUMER RECORDS-COLLECT EXP
0	903.1	CONS REC-COLL EXP-OVER-UNDER
0	904.0	UNCOLLECTIBLE ACCOUNTS
0	908.0	CUSTOM ASSIST EXP
0	909.0	INFO AND INST ADV EXP
0	920.0	ADMIN AND GENERAL SALARIES
0	921.0	OFFICE SUPPLIES AND EXPENSES
0	923.0	OUTSIDE SERVICES EMPLOYED
0	929.0	DUPLICATE CHARGES
0	930.1	MISC GENERAL EXP-DIRECTORS EXP
0	930.11	GENERAL ADVERTISING EXP
0	930.2	MISC GENERAL EXPENSE-OTHER
0	930.3	MISC GEN EXP-CAPITAL CREDITS
0	930.4	MISC GEN EXP-ANNUAL MEETING
0	932.0	MAINT OF GEN PLANT
0	998.1	Profit Clearing Operating
0	998.2	Profit Clearing Non Operating



Kentucky 57
Cumberland Valley Electric
Gray, Kentucky
Audited Financial Statements
May 31, 2013 and 2012

Alan M. Zumstein
Certified Public Accountant
1032 Chetford Drive
Lexington, Kentucky 40509

C O N T E N T S

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MEMBER
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• INDIANA SOCIETY OF CPA'S
• AICPA DIVISION FOR FIRMS

Independent Auditor's Report

To the Board of Directors
Cumberland Valley Electric
Gray, Kentucky

Report on the Financial Statements

I have audited the accompanying financial statements of Cumberland Valley Electric, which comprise the balance sheets as of May 31, 2013 and 2012, and the related statements of revenue and comprehensive income, changes in equities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cumberland Valley Electric as of May 31, 2013 and 2012, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated August 6, 2013, on my consideration of Cumberland Valley Electric's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Alan M. Zumstein

Alan M. Zumstein, CPA
August 6, 2013

ALAN M. ZUMSTEIN
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Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Cumberland Valley Electric

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cumberland Valley Electric, which comprise the balance sheets as of May 31, 2013 and 2012, and the related statements of revenue and comprehensive income, members' equities and cash flows for the years then ended, and related notes to the financial statements, and have issued my report thereon dated August 6, 2013.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Cumberland Valley's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cumberland Valley's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Cumberland Valley's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined previously.

To the Board of Directors
Cumberland Valley Electric
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumberland Valley's financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Rural Utilities Service, and supplemental lenders, and is not intended to be and should not be used by anyone other than these specified parties.

Alan M. Zumstein
Alan M. Zumstein, CPA
August 6, 2013

Cumberland Valley Electric
Balance Sheets, May 31, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Electric Plant, at original cost:		
In service	\$ 92,575,223	\$ 88,137,134
Under construction	1,339,667	602,410
	<u>93,914,890</u>	<u>88,739,544</u>
Less accumulated depreciation	33,392,540	31,667,980
	<u>60,522,350</u>	<u>57,071,564</u>
Investments in Associated Organizations	<u>19,254,797</u>	<u>16,861,441</u>
Current Assets:		
Cash and cash equivalents	1,869,020	2,794,101
Accounts receivable, less allowance for 2013 of \$210,844 and 2012 of \$177,175	3,374,559	3,541,250
Other receivables	72,316	123,131
Material and supplies, at average cost	883,306	692,941
Other current assets	697,849	631,225
	<u>6,897,050</u>	<u>7,782,648</u>
Accelerated Pension Payments	<u>914,847</u>	<u>-</u>
Total	<u>\$ 87,589,044</u>	<u>\$ 81,715,653</u>
<u>Members' Equities and Liabilities</u>		
Members' Equities:		
Memberships	\$ 430,680	\$ 428,615
Patronage capital	36,296,899	34,276,878
Other equities	2,223,418	1,985,731
Accumulated other comprehensive income	(907,424)	(960,044)
	<u>38,043,573</u>	<u>35,731,180</u>
Long Term Debt	<u>38,242,743</u>	<u>34,839,683</u>
Accumulated Postretirement Benefits	<u>3,269,677</u>	<u>3,147,531</u>
Current Liabilities:		
Accounts payable	3,160,437	3,035,281
Current portion of long term debt	2,000,000	2,000,000
Consumer deposits	1,328,650	1,397,010
Accrued expenses	1,476,939	1,481,241
	<u>7,966,026</u>	<u>7,913,532</u>
Consumer Advances	<u>67,025</u>	<u>83,727</u>
Total	<u>\$ 87,589,044</u>	<u>\$ 81,715,653</u>

The accompanying notes are an integral part of the financial statements.

Statements of Revenue and Comprehensive Income
for the years ended May 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Sale of electric energy	\$ 46,017,581	\$ 46,687,233
Other electric revenues	1,664,499	1,493,322
	<u>47,682,080</u>	<u>48,180,555</u>
Operating Expenses:		
Cost of power	36,835,475	36,690,158
Distribution - operations	1,286,428	1,398,571
Distribution - maintenance	2,815,620	2,589,412
Consumer accounts	1,863,503	1,852,920
Customer services	203,305	122,817
Administrative and general	1,289,879	1,257,081
Depreciation, excluding \$278,449 in 2013 and \$261,699 in 2012 charged to clearing account	3,027,045	2,908,404
Taxes	52,902	47,235
	<u>47,374,157</u>	<u>46,866,598</u>
Operating margins before interest charges	<u>307,923</u>	<u>1,313,957</u>
Interest Charges:		
Long-term debt	394,376	428,906
Other	9,761	78,067
	<u>404,137</u>	<u>506,973</u>
Operating margins after interest charges	<u>(96,214)</u>	<u>806,984</u>
Nonoperating Margins		
Interest income	123,477	161,975
Others	(9,305)	48,627
	<u>114,172</u>	<u>210,602</u>
Patronage Capital Credits	<u>2,416,008</u>	<u>2,756,387</u>
Net Margins	2,433,966	3,773,973
Other comprehensive income		
Accumulated postretirement benefits	<u>52,620</u>	<u>52,620</u>
Net Comprehensive Income	<u>\$ 2,486,586</u>	<u>\$ 3,826,593</u>

The accompanying notes are an integral part of the financial statements.

**Statement of Changes in Members' Equity
for the years ended May 31, 2013 and 2012**

	<u>Memberships</u>	<u>Patronage Capital</u>	<u>Other Equity</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Members' Equity</u>
Balance - Beginning of year	\$ 428,025	\$ 30,502,864	\$ 1,985,976	\$ (1,012,664)	\$ 31,904,201
Comprehensive income:					
Net margins		3,773,973			3,773,973
Postretirement benefit obligation					
Amortization				52,620	
Adjustments				-	52,620
Total comprehensive income					3,826,593
Net change in memberships	590				590
Refunds of capital credits					-
Other equities		41	(245)		(204)
Balance - May 31, 2012	428,615	34,276,878	1,985,731	(960,044)	35,731,180
Comprehensive income:					
Net margins		2,433,966			2,433,966
Postretirement benefit obligation					
Amortization				52,620	
Adjustments				-	52,620
Total comprehensive income					2,486,586
Net change in memberships	2,065				2,065
Refunds of capital credits		(413,945)			(413,945)
Other equities			237,687		237,687
Balance - May 31, 2013	\$ 430,680	\$ 36,296,899	\$ 2,223,418	\$ (907,424)	\$ 38,043,573

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows
for the years ended May 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net margins	\$ 2,433,966	\$ 3,773,973
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation:		
Charged to expense	3,027,045	2,908,404
Charged to clearing accounts	278,449	261,699
Patronage capital credits assigned	(2,416,008)	(2,756,387)
Accumulated postretirement benefits	174,766	166,938
Past service pension costs	(914,847)	68,781
Change in assets and liabilities:		
Receivables	217,506	(135,070)
Material and supplies	(190,365)	(49,939)
Other assets	(66,624)	(19,426)
Payables	125,156	37,336
Consumer deposits and advances	(85,062)	323,029
Accrued expenses	(4,302)	103,231
	<u>2,579,680</u>	<u>4,682,569</u>
Cash Flows from Investing Activities:		
Plant additions	(6,436,369)	(4,668,463)
Plant removal costs	(422,023)	(434,016)
Salvage recovered from retired plant	102,112	139,160
Receipts from other investments, net	22,652	15,991
	<u>(6,733,628)</u>	<u>(4,947,328)</u>
Cash Flows from Financing Activities:		
Net increase in memberships	2,065	590
Increase in other equities	237,687	(245)
Refund of capital credits	(413,945)	41
Advances of long term debt	5,340,000	4,000,000
Payments on long term debt	(1,874,964)	(1,920,004)
Advance payments on long term debt	(61,976)	(87,533)
	<u>3,228,867</u>	<u>1,992,849</u>
Net increase in cash	(925,081)	1,728,090
Cash and cash equivalents, beginning of year	<u>2,794,101</u>	<u>1,066,011</u>
Cash and cash equivalents, end of year	<u>\$ 1,869,020</u>	<u>\$ 2,794,101</u>
Supplemental cash flows information:		
Interest paid on long-term debt	\$ 393,359	\$ 432,073

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Cumberland Valley Electric (“Cumberland Valley”) maintains its records in accordance with the policies prescribed or permitted by the Kentucky Public Service Commission (“PSC”) and the United States Department of Agriculture, Rural Utilities Service (“RUS”), which conform in all material respects with generally accepted accounting principles. The more significant of these policies are as follows:

Electric Plant Electric plant is stated at original cost, which is the cost when first dedicated to public service. Such amount includes applicable supervisory and overhead cost including any construction period interest and taxes. There was no interest required to be capitalized during the year.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to electric plant. The units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation for distribution plant. Gain or loss is recognized on disposition of general plant items. Electric plant consists of:

	<u>2013</u>	<u>2012</u>
Distribution plant	\$85,492,778	\$81,411,114
General plant	<u>7,082,445</u>	<u>6,726,020</u>
Total	<u>\$92,575,223</u>	<u>\$88,137,134</u>

Depreciation Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. Depreciation rates range from 2.33% to 5.44%, with a composite rate of 3.37% for distribution plant. General plant rates are as follows:

Structures and improvements	2.5%
Transportation equipment	11.3%
Office furniture and equipment	5.0%
Other general plant	4.0% - 6.0%

Cash and Cash Equivalents Cumberland Valley considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Off Balance Sheet Risk Cumberland Valley has off-balance sheet risk in that they maintain cash deposits in financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) at various time during the month. These financial institutions have strong credit ratings and management believes that the credit risk related to the accounts is minimal. Cumberland Valley’s primary bank deposits in excess of the FDIC limits are 100% secured with collateral from the financial institution.

Revenue Cumberland Valley records revenue as billed to its consumers based on monthly meter-reading cycles. All consumers are required to pay a refundable deposit, however, it may be waived under certain circumstances. Cumberland Valley’s sales are concentrated in an eight county area of southeastern Kentucky. Consumers must pay their bill within 20 days of billing, then are subject to disconnect after another 10 days. Accounts are written off when they are deemed to be uncollectible. The allowance for uncollectible accounts is based on the aging of receivables. There were no customers whose individual account balance exceeded 10% of outstanding accounts receivable at May 31, 2013 or 2012.

Cumberland Valley is required to collect, on behalf of the Commonwealth of Kentucky, sales taxes based on 6 percent of gross sales from non-residential consumers, a 3 percent school tax from certain counties on most gross sales, and franchise fees in certain cities. Cumberland Valley’s policy is to exclude sales tax from revenue when collected and expenses when paid and instead, record collection and payment of sales taxes through a liability account.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies, continued

Cost of Power Cumberland Valley is one of sixteen (16) members of East Kentucky Power Cooperative ("East Kentucky"). Under a wholesale power agreement, Cumberland Valley is committed to purchase its electric power and energy requirements from East Kentucky until 2051. The rates charged by East Kentucky are subject to approval of the PSC. The cost of purchased power is recorded monthly during the period in which the energy is consumed, based upon billings from East Kentucky. The power bill includes a fuel adjustment and environmental surcharge component that is passed on to Cumberland Valley's customers using a methodology prescribed by the Commission.

Fair Value Measurements The Fair Value Measurements and Disclosures Topic of the FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous, market for the asset or liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements Topic establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs when possible. The three levels of inputs used to measure fair value are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3: Prices or valuations that require inputs that are both significant to the fair value measure and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of Cumberland Valley's cash and cash equivalents, other receivables, investments, inventories, other assets, trade accounts payable, accrued expenses and liabilities, and other liabilities approximate fair value due to their short maturity. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in associated organizations. Other assets are not considered financial instruments because they represent activities specifically related to Cumberland Valley. Long term debt cannot be traded in the market, and is specifically for electric cooperatives and, therefore, a value other than its outstanding principal cannot be determined.

Cumberland Valley may, and also does, invest idle funds in local banks and in National Rural Utilities Cooperative Finance Corporation ("CFC") commercial paper. These investments are classified as held-to-maturity in accordance with provisions of the *Financial Instruments Topic* of FASB ASC 320. Held-to-maturity securities are presented at amortized cost. The fair value of held-to-maturity securities approximates cost at 2013 and 2012.

Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the financial statements.

Advertising Cumberland Valley expenses advertising costs as incurred.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies, continued

Risk Management Cumberland Valley is exposed to various forms of losses of assets associated with, but not limited to, fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, workers compensation, etc. Each of these areas is covered through the purchase of commercial insurance.

Income Tax Status Cumberland Valley is exempt from federal and state income taxes under provisions of Section 501(c)(12). Accordingly, the financial statements for Cumberland Valley include no provision for income taxes. Cumberland Valley's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Management believes Cumberland Valley has no uncertain tax positions resulting in an accrual of tax expense or benefit. Cumberland Valley recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Cumberland Valley did not recognize any interest or penalties during the years ended May 31, 2013 and 2012.

Comprehensive Income Comprehensive income includes both net margin and other comprehensive income. Other comprehensive income represents the change in funded status of the accumulated postretirement benefit obligation.

Subsequent Events Management has evaluated subsequent events through August 6, 2013, the date the financial statements were available to be issued. There were no significant subsequent events to report.

Note 2. Investments in Associated Organizations

Investments in associated organizations consist of:

	<u>2013</u>	<u>2012</u>
East Kentucky, patronage capital	\$17,620,031	\$15,255,770
CFC, patronage capital	189,530	183,560
CFC, CTC's	850,942	851,836
Others	594,294	570,275
Total	<u>\$19,254,797</u>	<u>\$16,861,441</u>

Cumberland Valley records patronage capital assigned by associated organizations in the year in which such assignments are received. The Capital Term Certificates ("CTCs") of CFC are recorded at cost. The CTCs were purchased from CFC as a condition of obtaining long-term financing. The CTCs bear interest at 3% and 5% and are scheduled to mature at varying times from 2020 to 2080.

Note 3. Patronage Capital

Patronage capital consisted of:

	<u>2013</u>	<u>2012</u>
Assigned to date	\$38,755,362	\$36,281,915
Assignable margins	1,018,741	1,058,222
Retirements to date	<u>(3,477,204)</u>	<u>(3,063,259)</u>
Total	<u>\$36,296,899</u>	<u>\$34,276,878</u>

Notes to Financial Statements

Note 3. Patronage Capital, continued

Under provisions of the long-term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total equities and margins to be less than 30% of total assets, except that distributions may be made to estates of deceased patrons. The debt agreement provides, however, that should such distributions to estates not exceed 25% of the net margins for the next preceding year, Cumberland Valley may distribute the difference between 25% and the payments made to such estates. At May 31, 2013, the equities and margins were 44% of total assets.

Note 4. Long Term Debt

All assets, except vehicles, are pledged as collateral on the long term debt to RUS, Federal Financing Bank (FFB), National Bank for Cooperatives (CoBank), CFC, and National Cooperative Services Corporation (NCSC) which is an affiliate of CFC, under a joint mortgage agreement. First mortgage notes consist of:

	<u>2013</u>	<u>2012</u>
RUS, 0.25% to 5.375%	\$3,523,655	\$3,645,106
Advance payments	<u>(1,280,488)</u>	<u>(1,218,512)</u>
	2,243,167	2,426,594
FFB, 0.073%	<u>32,768,804</u>	<u>28,519,394</u>
CoBank, 1.86% to 3.68%	<u>2,814,313</u>	-
CFC, 4.50% to 6.45%	<u>-</u>	<u>3,025,939</u>
NCSC, 1.85% to 4.30%	<u>2,416,459</u>	<u>2,867,756</u>
	40,242,743	36,839,683
Less current portion	<u>2,000,000</u>	<u>2,000,000</u>
Long term portion	<u><u>\$38,242,743</u></u>	<u><u>\$34,839,683</u></u>

The long term debt payable is due in quarterly and monthly installments of varying amounts through 2039. During November 2010, \$3,839,834 of RUS loans were refinanced with lower interest rate notes from NCSC. During 2013 the notes due CFC were refinanced with funds from CoBank. Cumberland Valley has loan funds available from FFB in the amount of \$14,608,000 at May 31, 2013. These funds will be used for future plant additions. RUS assesses a fee of 25 basis points to administer the FFB loans.

As of May 31, 2013, annual current principal due for the next five years are as follows: 2014 - \$1,900,000; 2015 - \$2,000,000; 2016 - \$2,000,000; 2017 - \$2,100,000; 2018 - \$2,100,000.

Note 5. Short Term Borrowings

Cumberland Valley has executed short term line of credit agreements with both CFC and CoBank in the amount of \$5,000,000 each. At May 31, 2013 Cumberland Valley had repaid all advances against this line of credit.

Notes to Financial Statements

Note 6. Pension Plan

All eligible employees of Cumberland Valley participate in the NRECA Retirement and Security Plan ("R&S Plan"), a defined benefit pension plan qualified under section 401 and tax exempt under section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The Plan sponsor's identification number is 53-0116145 and the Plan Number is 333. A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Cumberland Valley's contributions to the R&S Plan in 2013 and 2012 represent less than 5 percent of the total contributions made to the plan by all participating employers. Cumberland Valley made contributions to the plan of \$338,436 in 2013 and \$302,308 in 2012. There have been no significant changes that affect the comparability of 2013 and 2012.

In the R&S Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act ("PPA") of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the R&S Plan was between 65 percent and 80 percent funded at January 1, 2012 and 2011 based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the R&S Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Cooperatives participating in the NRECA R&S plan were allowed to make an Accelerated Funding Payment ("prepayment") and receive an immediate reduction in their current contribution requirement equal to approximately 25% of their 2013 billing rate. Although the new (reduced) billing rate can change over time, the relative value of the reduction will continue to benefit prepaying cooperatives in future years, potentially for as many as 10-15 years or longer. During May, 2013, Cumberland Valley made an accelerated payment to NRECA in the amount of \$914,847. The amount was recorded as a deferred debit and is being amortized over 15 years through the benefits matrix.

Cumberland Valley also sponsors a Retirement Savings Plan available to all eligible employees. The plan allows participants to make contributions by salary reduction, pursuant to Section 401(k) of the Internal Revenue Code. Cumberland Valley makes contributions of 10% for non-salaried employees and 5% for salaried employees of the participant's base compensation. Contributions for both plans were \$249,474 for 2013 and \$246,676 for 2012.

Note 7. Postretirement Benefits

Cumberland Valley sponsors a defined benefit plan that provides medical insurance coverage for retired employees and their spouses. Cumberland Valley pays all the premiums for retirees and their dependents. For measurement purposes, an annual rate of increase of 8.0% in 2009, then decreasing by 0.5% per year until 5% per year, in the per capita cost of covered health care benefit was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 6.0% in 2013 and 2012.

The funded status of the plan is as follows:

	<u>2013</u>	<u>2012</u>
Projected benefit obligation	(\$3,269,677)	(\$3,147,531)
Plan assets at fair value	-	-
Total	<u><u>(\$3,269,677)</u></u>	<u><u>(\$3,147,531)</u></u>

Notes to Financial Statements

Note 7. Postretirement Benefits, continued

The components of net periodic postretirement benefit cost are as follows:

	<u>2013</u>	<u>2012</u>
Benefit obligation at beginning of year	<u>\$3,147,531</u>	<u>\$3,033,213</u>
Components of net periodic benefit cost:		
Service cost	9,366	37,958
Interest cost	<u>214,014</u>	<u>185,422</u>
Net periodic benefit cost	223,380	223,380
Benefits paid	(101,234)	(109,062)
Actuarial gain/loss	-	-
Benefit obligation at end of year	<u><u>\$3,269,677</u></u>	<u><u>\$3,147,531</u></u>

Projected retiree benefit payments for the next five years are expected to be as follows: 2014 - \$109,333; 2015 - \$107,661; 2016 - \$105,034; 2017 - \$88,817; 2018 - \$79,452.

Note 8. Related Party Transactions

Several of the Directors of Cumberland Valley and its President & CEO are on the Boards of Directors of various associated organizations.

Note 9. Commitments

Cumberland Valley has various other agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, or on an as needed basis. The duration of these contracts are one to two years.

Note 10. Environmental Contingency

Cumberland Valley from time to time is required to work with and handle PCBs, herbicides, automotive fluids, lubricants, and other hazardous materials in the normal course of business. As a result, there is the possibility that environmental conditions may arise which would require Cumberland Valley to incur cleanup costs. The likelihood of such an event, or the amount of such costs, if any, cannot be determined at this time. However, management does not believe such costs, if any, would materially affect Cumberland Valley's financial position or its future cash flows.

Note 11. Labor Force

Approximately 80% of Cumberland Valley's labor force is subject to a collective bargaining agreement. A four (4) year agreement was negotiated and approved for the period starting September, 2012 between Cumberland Valley and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union.

Note 12. Contingencies

Cumberland Valley, on occasion, is involved in litigation arising in the normal course of business. Presently, there are no such litigations pending.

* * * * *

ALAN M. ZUMSTEIN
CERTIFIED PUBLIC ACCOUNTANT

1032 CHETFORD DRIVE
LEXINGTON, KENTUCKY 40509
(859) 264-7147
zumstein@windstream.net

MEMBER
• AMERICAN INSTITUTE OF CPA'S
• KENTUCKY SOCIETY OF CPA'S
• INDIANA SOCIETY OF CPA'S
• AICPA DIVISION FOR FIRMS

To the Board of Directors
Cumberland Valley Electric

I have audited the financial statements of Cumberland Valley Electric for the year ended May 31, 2013, and have issued my report thereon dated August 6, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on audits of the Rural Utilities Service (RUS) Borrowers. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of the Cooperative for the year ended May 31, 2013, I considered its internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that I consider to be a material weakness.

7 CFR Part 1773.3 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions and other additional matters. I have grouped my comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, I performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, material control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.3(d)(1) related transactions, depreciation rates, a schedule of deferred debits and credits and a schedule of investments, upon which I express an opinion. In addition, my audit of the financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. My Objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, I express no opinion thereon.

No reports, other than my independent auditor's report, and my independent auditor's report on internal control over financial reporting and compliance and other matters, all dated August 6, 2013, or summary of recommendations related to my audit have been furnished to management.

To the Board of Directors
Cumberland Valley Electric – 2

My comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions and other additional matters as required by 7 CFR Part 1773.33 are presented below.

Comments on Certain Specific Aspects of the Internal Control Over Financial Reporting

I noted no matters regarding the Cooperative's internal control over financial reporting and its operation that I consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records;
- the process for accumulating and recording labor, material and overhead costs, and the distribution of these costs to construction, retirement, and maintenance and other expense accounts, and;
- the material controls.

Comments on Compliance with Specific RUS Loan and Security Instrument Provisions

At your request, I have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, and contracts. The procedures I performed are summarized as follows:

- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of property, or for the use of mortgaged property by others for the year ended May 31, 2013, of the Cooperative.
 1. The Cooperative has not entered into any contract during the year for the operation or maintenance of its property, or for the use of its property by others as defined in 1773.33(e)(1)(i).
- Procedures performed with respect to the requirement to submit RUS *Financial and Operating Report, Electric Distribution* to RUS:
 1. Agreed amounts reported in RUS *Financial and Operating Report, Electric Distribution* to the Cooperative's records as of December 31, 2012.

The results of my tests indicate that, with respect to the items tested, the Cooperative complied in all material respects, with the specific RUS loan and security instrument provisions referred to below. With respect to items not tested, nothing came to my attention that caused me to believe that the Cooperative had not complied, in all material respects, with those provisions. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- The borrower has submitted its RUS *Financial and Operating Report, Electric Distribution* to RUS and the RUS *Financial and Operating Report, Electric Distribution*, as of December 31, 2012, represented by the borrower as having been submitted to RUS appears to be in agreement with its audited records in all material respects.
- During the period of this review, the Cooperative received no long term advances from CFC on loans controlled by the RUS/CFC Mortgage and Loan Agreement.

Comments on Other Additional Matters

In connection with my audit of the Cooperative, nothing came to my attention that caused me to believe that the Cooperative failed to comply with respect to:

- The reconciliation of continuing property records to controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);

To the Board of Directors
Cumberland Valley Electric – 3

- The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);
- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4);
- Approval of the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR Part 1773.33(c)(5);
- The disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standard No. 57, Related party Transactions, for the year ended May 31, 2013, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f);
- The depreciation rates addressed at 7 CFR Part 1773.33(g);
- The detailed schedule of deferred debits and deferred credits; and
- The detailed schedule of investments.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of deferred debits and deferred credits required by 7 CFR Part 1773(h) and provided below is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The deferred debits are as follows:

Accelerated pension payments	<u>\$914,847</u>
------------------------------	------------------

The deferred credits are as follows:

Consumer advances for construction	<u>\$67,025</u>
------------------------------------	-----------------

This report is intended solely for the information and use of the Board of Directors, management, RUS, and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

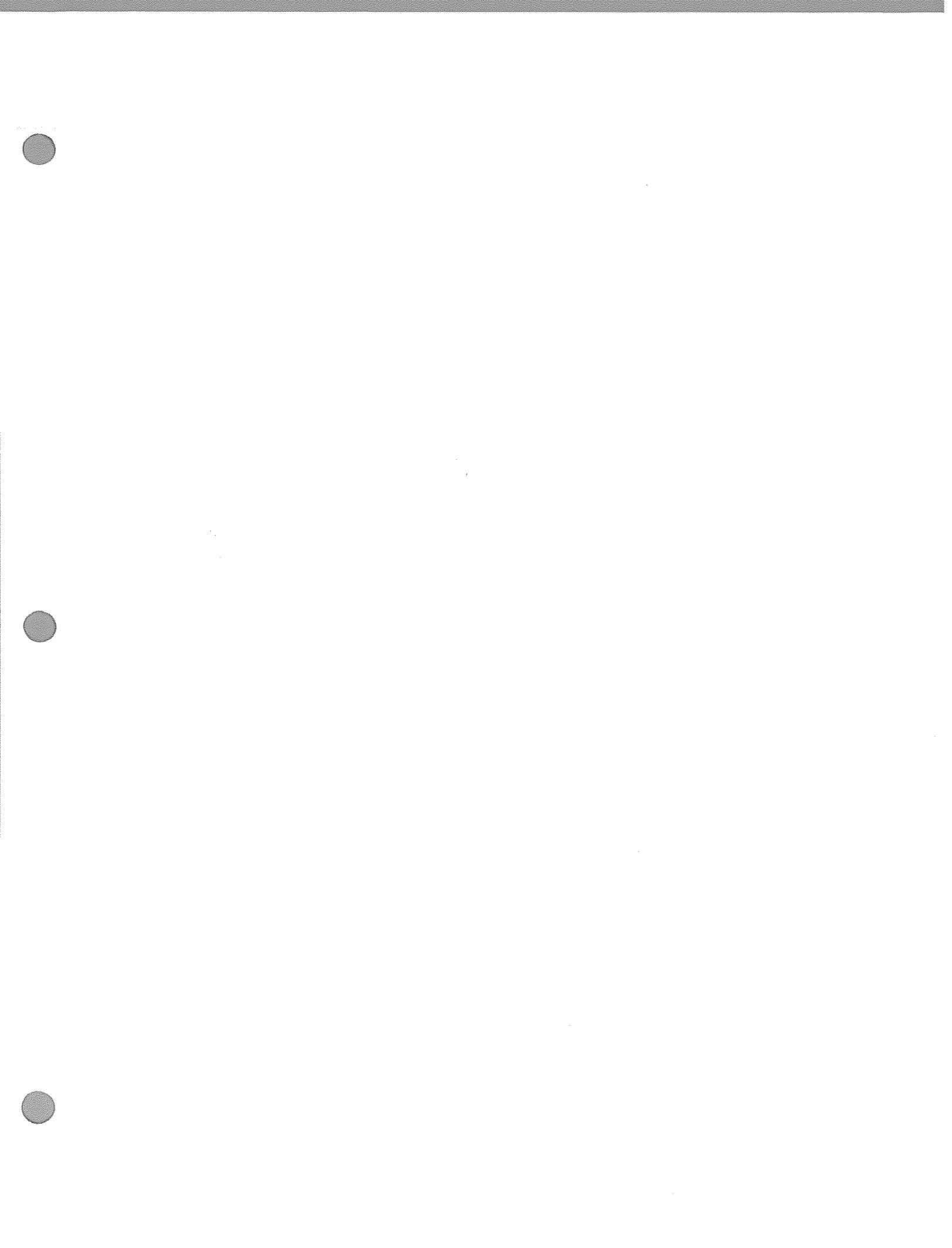
Alan M. Zumstein
Alan M. Zumstein, CPA
August 6, 2013

CUMBERLAND VALLEY ELECTRIC INC
CASE NO. 2014-00159

Exhibit O
Page 1 of 1
Witness: Jim Adkins

COMPUTER SOFTWARE PROGRAMS

Cumberland Valley has used Microsoft Excel, Microsoft Word, and Adobe Acrobat in preparation of this Application.



Cumberland Valley Electric
Case No. 2014-00159
Annual Meeting Information
December 31, 2013

The most recent Cumberland Valley Electric annual meeting was held June 7, 2013. The minutes of that annual meeting are attached, along with the information given to the members attending the annual meeting.

Data for the last five (5) annual meetings are as follows:

<u>Year</u>	<u>Members Attending</u>	<u>Members Voting</u>		<u>Cost</u>
2013	454	-	\$	46,238
2012	473	-	\$	28,715
2011	379	-	\$	40,549
2010	759	-	\$	32,617
2009	1,125	-	\$	32,777

Cumberland Valley Electric
Case No. 2014-00159
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Vernon Shelby
Chairman



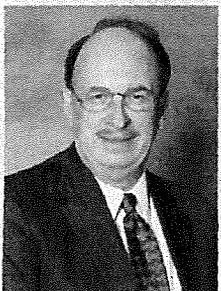
Roger B. Yarnover
Vice Chairman



Ted Hampton
President/CEO



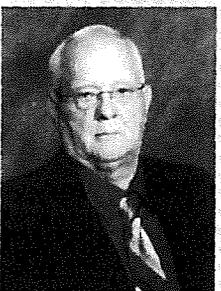
Lansford Lay
Secretary-Treasurer



Chester Davis



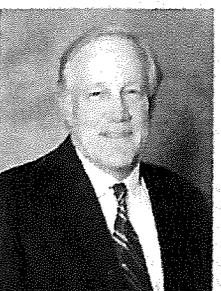
Elbert Hampton



Kermit Creech



Kevin Moses



W. Patrick Hauser
Attorney



Cumberland Valley Electric, Inc.

A Tennessee Energy Cooperative

Official Business Meeting Agenda

ANNUAL MEETING OF MEMBERS

Cumberland Valley Electric Cooperative

Where: Knox Central Middle School Gym

When: Friday, June 8

Registration Time: 5:30 p.m.

Business Meeting Time: 6:30 p.m.

The annual membership meeting of this co-op organizes to take action on the following matters:

1. Report on the number of members present in person in order to determine the existence of a quorum
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be
3. Reading of approved meeting of the members and the taking of necessary action thereon
4. Presentation and consideration of reports of officers, trustees, and committees
5. Unfinished business
6. New business
7. Adjournment

OFFICIAL NOTICE OF ANNUAL MEETING

Knox Central Middle School Gym

June 8, 2012

Registration Time 5:30 p.m.

Business Meeting Time 6:30 p.m.

The Cumberland Valley Electric will conduct an Annual Membership Meeting, Friday, June 8, 2012, at 6:30 p.m. The meeting will be held at the Knox Central Middle School Gym in Barbourville, Kentucky. The registration of Cumberland Valley Electric's membership will begin at 5:30 p.m.

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 8, 2012, at the Knox Central Middle School Gym in 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.

Thank you,

Cumberland Valley Electric
Lansford Lay, Secretary



Cumberland Valley Electric

A Touchstone Energy Cooperative

MEMBERS SERVED IN 2011

Bell County	856
Clay County	25
Harlan County	2,098
Knox County	8,759
Laurel County	234
Leslie County	407
Letcher County	1,141
McCreary County	438
Whitley County	9,630
Campbell County, TN	10
Claiborne County, TN	73

TOTAL ACCOUNTS BILLED

2011.....23,671

Average Kilowatt-hour Use (Residential per month)

2011.....1,191.12

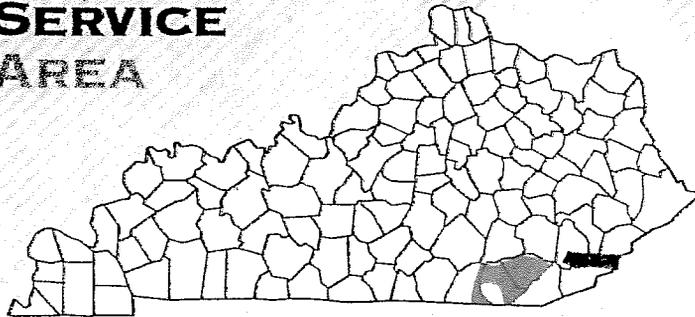
Miles of Line

2011.....2,613.91

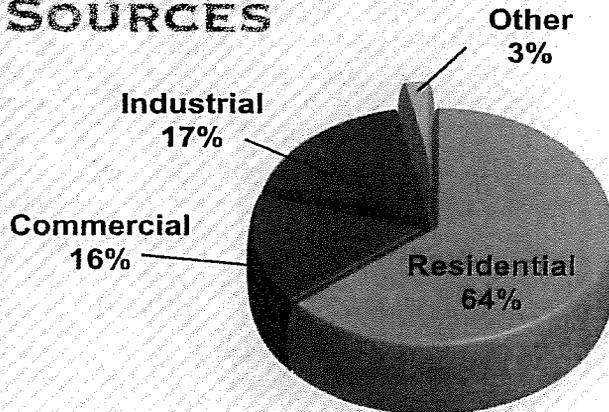
Consumers Per Mile

2011.....9.06

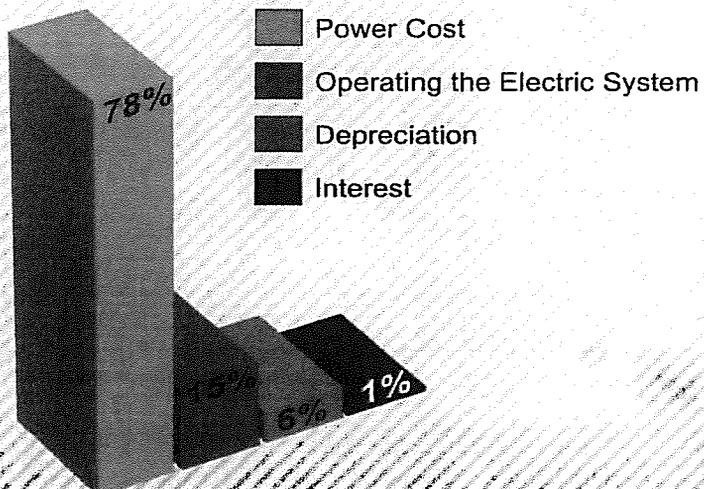
SERVICE AREA



REVENUE SOURCES



MAJOR COSTS



STATEMENT OF OPERATIONS

For the Year Ending December 31, 2011

Operating Revenue	\$48,941,151
Operating Expense	
Purchased Power	\$37,560,882
Operating System	7,133,009
Depreciation	2,868,087
Taxes	47,235
Interest on Loans	449,190
Other Deductions	81,720
Total Cost of Electric Service	\$48,140,123
Operating Margins	801,028
Non-Operating Margins	131,287
G & T Capital Credits	2,700,063
Other Capital Credits	55,594
Patronage Capital and Margins	3,687,972

BALANCE SHEET

For the Year Ending December 31, 2011

ASSETS	
Total Utility Plant	\$87,488,900
Less Depreciation	30,851,298
Net Utility Plant	\$56,637,602
Investment in Assoc. Organization	\$16,848,070
Cash	2,115,579
Accounts Receivable	5,791,899
Inventory	587,895
Expenses Paid in Advance	42,743
Deferred Debits and Other Assets	9,627
Total Assets	\$82,033,415
LIABILITIES	
Consumer Deposits	1,386,985
Membership and Other Equities	34,652,023
Long-Term Debt	35,635,566
Notes and Accounts Payable	7,142,809
Other Current Liabilities	3,162,520
Noncurrent Liabilities	53,512
Total Liabilities	\$82,033,415



Vernon Shelley
Chairman



Roger D. Vanover
Vice Chairman



**Cumberland Valley
Electric, Inc.**

A Touchstone Energy Cooperative

Official Business Meeting Agenda Annual Meeting of Members Cumberland Valley Electric Cooperative

Where: Knox Central Middle School Gym

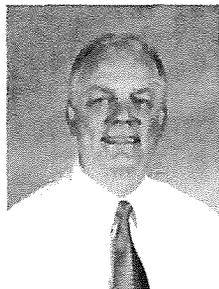
When: Friday, June 7

Registration Time: 5:30 p.m.

Business Meeting Time: 6:30 p.m.



Ted Hampton
President/CEO



Lansford Lay
Secretary-Treasurer

The annual membership meeting of this co-op organizes to take action on the following matters:

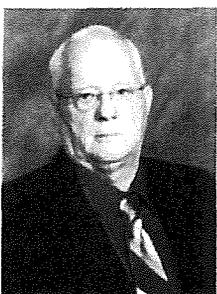
1. Report on the number of members present in person in order to determine the existence of a quorum
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be
3. Reading of approved meeting of the members and the taking of necessary action thereon
4. Presentation and consideration of reports of officers, trustees, and committees
5. Report on the election of board members
6. Election of Directors
7. Unfinished business
8. New business (or other business if properly raised)
9. Adjournment



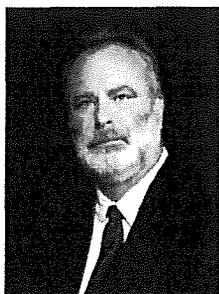
Chester Davis



Elbert Hampton



Kermit Creech



Kevin Moses

OFFICIAL NOTICE OF ANNUAL MEETING

Knox Central Middle School Gym

June 7, 2013

Registration Time 5:30 p.m. Business Meeting Time 6:30 p.m.

The Cumberland Valley Electric will conduct an Annual Membership Meeting, Friday, June 7, 2013, at 6:30 p.m. The meeting will be held at the Knox Central Middle School Gym in Barbourville, Kentucky. The registration of Cumberland Valley Electric's membership will begin at 5:30 p.m.

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.

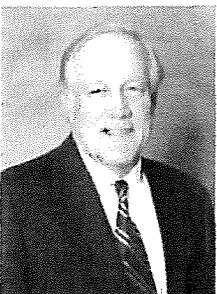
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A good place to learn more about your co-op is by attending the Annual Meeting, June 7, 2013, at the Knox Central Middle School Gym in Barbourville, Kentucky.

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.

Thank you,

Cumberland Valley Electric
Lansford Lay, Secretary



W. Patrick Hauser
Attorney

MEMBERS SERVED IN 2012

Bell County.....	847
Clay County	25
Harlan County.....	2,065
Knox County.....	8,753
Laurel County.....	237
Leslie County.....	400
Letcher County.....	1,148
McCreary County.....	443
Whitley County.....	9,657
Campbell County TN.....	9
Claibourne County TN .	74
Total.....	23,658

ACCOUNTS BILLED

2012.....23,658

Average Kilowatt-hour Use (Residential per month)

2012..... 1,135.34

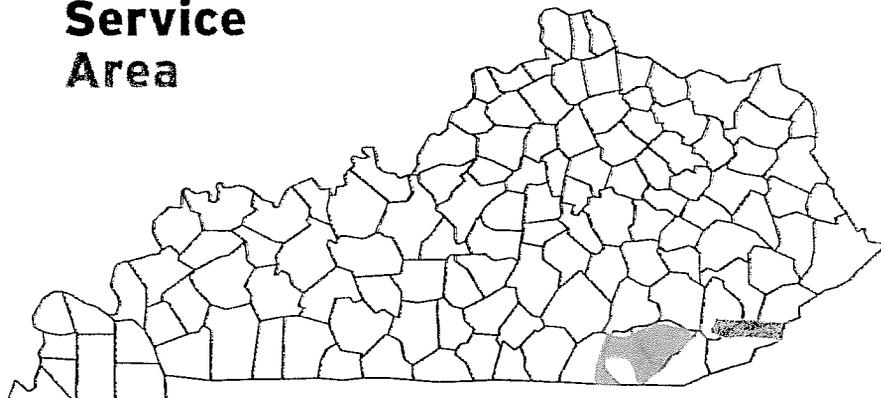
Miles of Line

2012..... 2,625.70

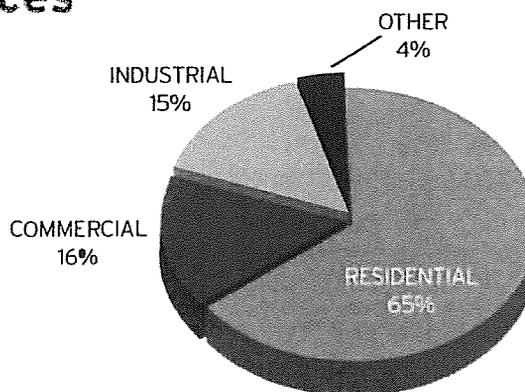
Consumers Per Mile

2012.....9.01

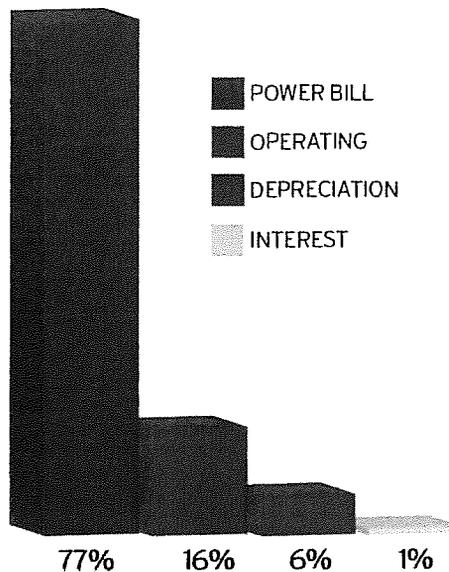
Service Area



Revenue Sources



Major Costs



Statement of Operations

For the Year Ending December 31, 2012

Operating Revenue	\$46,861,246
Operating Expense	
Purchased Power	\$36,085,688
Operating System	\$7,397,903
Depreciation	\$2,968,519
Taxes	\$52,902
Interest on Loans	\$427,212
Other Deductions	\$52,225
Total Cost of Electric Service	\$46,984,449
Operating Margins	-\$123,203
Non-Operating Margins	\$187,527
G & T Capital Credits	\$2,364,260
Other Capital Credits	\$44,863
Patronage Capital and Margins	\$2,473,447

Balance Sheet

For the Year Ending December 31, 2012

ASSETS	
Total Utility Plant	\$91,907,099
Less Depreciation	\$32,589,402
Net Utility Plant	\$59,317,697
Investment in Assoc. Organization	\$19,240,128
Cash	\$962,292
Accounts Receivable	\$5,445,319
Inventory	\$700,215
Expenses Paid in Advance	\$46,119
Deferred Debits and Other Assets	\$9,600
Total Assets	\$85,721,370
LIABILITIES	
Consumer Deposits	\$1,371,450
Membership and Other Equities	\$37,000,392
Long-Term Debt	\$35,972,056
Notes and Accounts Payable	\$8,104,556
Other Current Liabilities	\$3,218,822
Noncurrent Liabilities	\$54,094
Total Liabilities	\$85,721,370



Cumberland Valley
Electric, Inc.

A Truist Energy Company

CUMBERLAND

Cumberland Valley Electric

Currents

BYLAWS OF CUMBERLAND VALLEY ELECTRIC, INC. Gray, Kentucky Revised November 2004

CUMBERLAND VALLEY ELECTRIC

The aim of Cumberland Valley Electric is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERS

SECTION 1. Qualifications and Obligations. Any person, firm, corporation or political body may become a member of Cumberland Valley Electric by:

- (a) paying the membership fee hereinafter specified,
- (b) agreeing to purchase from Cumberland Valley Electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of Cumberland Valley Electric and these bylaws and any amendments hereto and such rules and regulations as may from time-to-time be adopted by the Board of Directors, provided, however, that no person, firm, corporation or political body shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members. No firm, person, corporation or political body may own more than one (1) membership in Cumberland Valley Electric.

A husband and wife shall be considered a joint member and their application for membership may be accepted in accordance with the foregoing provisions of the above subdivisions (a), (b) and (c).

SECTION 2. Membership Fee. The membership fee shall be fixed by the Board of Directors.

SECTION 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from Cumberland Valley Electric all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time-to-time be fixed by the Board of Directors; provided however, that the Board of Directors may limit the amount of electric energy which Cumberland Valley Electric shall be required to furnish to any member. It is expressly understood that the amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall pay to Cumberland Valley Electric such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time-to-time. Each member shall also pay all amounts owed by him to Cumberland Valley Electric as and when the same shall become due and payable.

SECTION 4. Non-liability for Debts of Cumberland Valley Electric. The private property of the members of Cumberland Valley Electric shall be exempt from execution for the debts of Cumberland Valley Electric and no member shall be individually liable or responsible for any debts or liabilities of Cumberland Valley Electric.

SECTION 5. Expulsion of Members. The Board of Directors of Cumberland Valley Electric may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cumberland Valley Electric or these bylaws for any rules and regulations adopted from time-to-time by the Board of Directors.

SECTION 6. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to Cumberland Valley Electric and upon compliance with such terms and conditions as the Board of Directors may prescribe.

SECTION 7. Transfer and Termination of Membership.

- (a) Membership in Cumberland Valley Electric and a certificate representing the same shall not be transferable, except as hereinafter provided, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and the certificate of membership of such member shall be surrendered forthwith to Cumberland Valley Electric.
- (b) A membership by a husband and a wife, considered a joint membership and upon the death of either joint member shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and, upon the recording of such death on the books of Cumberland Valley Electric, the Certificate may be reinsued to and in the name of such survivor; provided however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cumberland Valley Electric.

ARTICLE II MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The Annual Meeting of the members shall be held at any such time and place designated by the Board of Directors, as shall be designated in the notice of the meeting, for the purpose of

announcing the election of directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any four (4) board members, or 500 or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Board of Directors shall designate the place at which the special meeting shall be held in a county served by Cumberland Valley Electric.

SECTION 3. Notice of Members' Annual Meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered not less than seven (7) days nor more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the Annual Meeting, to each member. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of Cumberland Valley Electric, with postage thereon prepaid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both members. The failure of any member to receive notice of an Annual Meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. 100 of the membership present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case of a joint membership, the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time-to-time without further notice.

SECTION 5. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at, or in conjunction with, a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation of Cumberland Valley Electric, or these bylaws, and except that voting for members of the Board of Directors shall be by mail, in accordance with Article III of these bylaws. Husband and wife are deemed to hold a joint membership, and they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote.

SECTION 6. Proxies prohibited. Voting by proxy is prohibited by these bylaws.

SECTION 7. Agenda. No proposal from a member or group of members shall be voted upon at the annual meeting or any special meeting unless it has been placed on the agenda at least sixty (60) days prior to the date of such meeting. Such proposal may be placed on agenda by a petition signed by one hundred (100) members, by filing a copy of the proposal with the secretary within time allowed.

SECTION 8. Order of Business. The order of business at the Annual Meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Announcement of the election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III DIRECTORS

SECTION 1. Number and General Powers. The business and affairs of Cumberland Valley Electric shall be managed by a Board currently consisting of seven (7) directors, which shall be reduced to five (5) directors effective with the Annual Meeting in 2015, as provided in Article III, Section 2 of these bylaws. The Board shall exercise all of the powers of Cumberland Valley Electric except such as are by law or by Cumberland Valley Electric's Articles of Incorporation or bylaws conferred upon or reserved to the members.

SECTION 2. Districts. To insure the distribution of Board members throughout the area served by Cumberland Valley Electric, the territory served or to be served by it shall be divided into districts from which Board members shall be elected from time to time as provided for in these bylaws. The original districts and the number of directors to be elected from each are:

1	Whitley & McCreary counties	3
2	Knox, Bell & Laurel counties	3

3	Knox, Bell & Laurel counties	1
4	Madison, Leslie & Letcher counties	1
5	Madison, Leslie & Letcher counties	1
6	Whitney & McCree counties	1
7	Co-op Wide	1

Effective with the 2005 Annual Meeting, Districts 5 and 7 shall be eliminated, and District 6 shall be re-designated as District 5. After the 2007 Annual Meeting, the districts shall be as follows:

District Number	Counties in District	Number of Directors
1	Whitney & McCree counties	1
2	Knox, Bell & Laurel counties	1
3	Knox, Bell & Laurel counties	1
4	Madison, Leslie & Letcher counties	1
5	Whitney & McCree counties	1

SECTION 3. Qualifications. Any active member in good standing above the age of eighteen (18) years who is a high school graduate, as evidenced by high school diploma, shall be eligible to be a director, provided, however, that no member shall be eligible to become or remain a director, or to hold any position of trust who is not a bona fide resident of the area served by Cumberland Valley Electric at the time he is elected a director. Any director, who is so elected, may remain a director until the expiration of the term to which he is elected, subject to the approval of the Board. No member shall be elected a director, who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to Cumberland Valley Electric, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to members of Cumberland Valley Electric, or who is doing business with Cumberland Valley Electric, and no person shall take or hold office as a director who is the incumbent or candidate for an elective public office in connection with which a salary is paid. When a membership is held jointly by a husband or wife, either one, but not both, may be elected a director; provided however, that neither one shall be eligible to become a director or to remain a director, or to hold position of trust in Cumberland Valley Electric unless both shall meet the qualifications herein above set forth. Nothing in this section contained shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4. Election-Tenure. Board members shall be elected by the members at large and announced at the Annual Meeting of members. Board members elected prior to 2005 shall complete terms of three (3) years, ending with the third annual meeting following their election, and except for members from districts eliminated in 2005, until their successors shall have been elected, declared qualified and seated. Board members elected in 2005 and thereafter, shall serve for terms of four (4) years each, ending with the fourth annual meeting following their election, and until their successors shall have been elected, declared qualified and seated. The seating of a new director shall occur at the next regular scheduled meeting of the Board of Directors. Board members for Districts 1, 3 and 5 shall be elected in 2005 and each fourth year thereafter. Board members for Districts 2 and 4 shall be elected in 2006 and each fourth year thereafter.

Board members whose terms are expiring are eligible for re-election.

The election of Board members shall be by mailed ballot. The ballots shall list the candidates nominated according to districts, giving their names and addresses. Each member of Cumberland Valley Electric shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected a board member.

Should the committee on nominations nominate only one candidate to run for the office of director to fill each vacancy caused by the expiration of a director's term, and should no candidate be nominated from the membership by written petition as set forth in Article III, Section 5, of the bylaws, then the secretary of the Board shall certify to the Board that no petition has been filed pursuant to the bylaws, and that the candidates nominated by the committee on nominations are therefore officially without opposition; thereupon, the candidates nominated by the committee on nomination shall be deemed elected to the Board without the necessity of mailing official ballots through United States mail and following the election procedures as set forth in these bylaws, and the Secretary of the board will so announce, or cause to be announced at the Annual Membership Meeting candidates elected to the Board of Directors. All of the remaining provisions of Article III not in conflict herewith shall remain in full force and effect.

The Chairman of the Board shall appoint a certified public accountant, licensed in Kentucky, as provost, who shall take charge of the director elections and shall be responsible for the duties specified herein. It shall be the duty of the provost to see that the official ballots are mailed to each active and qualified member at his or her last address shown on the Cooperative records. Only actual members of record at the close of business thirty (30) days prior to the scheduled Annual Meeting date are qualified for the purpose of voting in the election of the directors. Ballots will be mailed not less than fourteen (14) days prior to said annual meeting.

The official ballot shall be inscribed with instructions by the provost of the Cooperative as to how many candidates may be voted for on each official ballot by the members and with instructions that all official ballots must be returned to the Cooperative only by U. S. mail and received by the Cooperative not later than 9:00 a.m. on the morning of the third (3rd) day prior to the said Annual Meeting.

The duties of the provost regarding votes and counting shall be as follows:

1. No later than 10:00 a.m. on the morning of the third day prior to the annual meeting of the members the provost shall remove the ballots from the ballot box and examine each ballot to ascertain if the ballot has been voted in accordance with the rules as outlined on the ballot under instruction for voting and these bylaws;
2. Any and all official ballots which are deemed invalid by the provost for reasons set forth in the aforementioned rules or these bylaws shall not be counted and shall immediately be placed in a ballot box for rejected ballots and shall be retained by the provost of the Cooperative in safekeeping until sixty (60) days after the date of the completion of the counting of the ballots.

The following ballots shall not be counted:

1. A ballot marked for a greater number of candidates than there are vacancies to be filled;
2. Ballots other than the Official Ballot;
3. Ballots not received through the United States mail;
4. Ballots received by the Cooperative after 9:00 a.m. on the morning of the third day prior to the date of Annual Meeting;
5. Ballots with the certification on outer envelope not signed by member, or authorized agent;
6. Ballots from members voting more than one ballot.
7. Ballots containing write-in votes.

The reason for rejection of a ballot shall be noted thereon and such ballot shall be placed in the ballot box containing rejected ballots;

When the ballots are found to meet the requirements as set out in the instruction for voting and in conformity with the provisions and requirements of these bylaws, said ballot shall be declared an official ballot and all valid votes cast thereon shall be tabulated.

The provost shall count the ballots as expeditiously as may be possible following the placement in his hands of said ballots. During the counting of the ballots no persons other than the provost or the candidates or their duly authorized representative may be

present in the counting room other than the President & CEO of the Cooperative, the Cooperative's Legal Counsel, and any other Cooperative personnel the provost deems necessary to assist with the counting of the ballots. After the ballots have been duly counted the result of such election shall be announced at the subsequent Annual Meeting of the members.

For safekeeping all official and valid ballots which have been counted shall be placed in the hands of the provost for (60) days from the date of the completion of the official counting and tabulation.

The provost shall promptly upon completion of the counting of the membership votes, certify in writing to the secretary of the Cooperative the names of the candidates receiving the highest number of votes taking into account the number of vacancies to be filled.

In the case of a tie, this fact shall be certified in writing by the provost to the secretary of the Cooperative. The tie shall be broken and winner determined by a coin toss conducted by Cooperative Legal Counsel. If a candidate requests a recount or contests the election results, he or she shall submit a written request to the Cooperative's Legal Counsel before noon of the next business day. A detailed explanation for the request must be included. The decision of the Cooperative's Legal Counsel shall be final.

SECTION 5. Nominations. It shall be the duty of the Board of Directors to appoint, not less than ninety (90) days before the date of the Annual Meeting of the members in conjunction with which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than seven (7) members who shall be selected so as to give equitable representation on the committee to the geographical areas served, or to be served by Cumberland Valley Electric. No officer or member of the Board of Directors shall be appointed a member of such committee. The nominating committee will report to the Board of Directors ninety (90) days prior to such Annual Meeting their list of nominations for directors. The committee shall prepare and post at the principal office of Cumberland Valley Electric at least twenty (20) days before the meeting a list of nominations for directors. (But 500 or more members may make other nominations in writing, over their signatures, not less than ninety (90) days prior to the meeting, and the Secretary shall post the nominations made by petition, if any at the same place where the nominations committee's list of nominations is posted. However, no write-in votes shall be permitted in the election of members of the Board of Directors.

SECTION 6. Vacancies. Vacancies occurring for any reason in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the term of office to which he has been elected expires.

SECTION 7. Compensation. Compensation for Directors shall be determined by the Board. If authorized by the Board, Board Members may also be reimbursed for expense actually and necessarily incurred carrying out Cumberland Valley Electric business, or granted a reasonable per diem allowance in lieu of detailed accounting of these expenses.

SECTION 8. Directors' Liability and Indemnification. A director of Cumberland Valley Electric shall not be personally liable to Cumberland Valley Electric or its shareholders for monetary damages for breach of his duties as a director, provided that this position shall not eliminate or limit the liability of a director for the following: (i) for any transaction in which the director's personal financial interest is in conflict with the financial interests of Cumberland Valley Electric or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; (iii) for any vote for or assent to an unlawful distribution to shareholders as prohibited under KRS 271B.8-330; or (iv) for any transaction from which the director derived an improper personal benefit. This Section 8 shall continue to be applicable with respect to any such breach of duties by a director of duties by a director of Cumberland Valley Electric as a director notwithstanding that such director thereafter ceased to be a director and shall inure to the personal benefit of heirs, executors and administrators. Cumberland Valley Electric may purchase insurance and otherwise indemnify the director against liability, including court costs and attorney fees, to the extent that their acts or omissions constituting the grounds for and alleged liability were performed in their official capacity and, if actionable, were based on good faith business judgments in the belief that the acts or omissions were in the best interest of Cumberland Valley Electric.

SECTION 9. Rules and Regulations. the Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of the business affairs of Cumberland Valley Electric.

SECTION 10. Accounting System and Reports. The Board of Directors shall cause to be established and maintained, a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body shall conform to such accounting system as may from time-to-time be designated by the Administrator of the Rural Utilities Service of the United States of America. All accounts of Cumberland Valley Electric shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall also within thirty (30) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of Cumberland Valley Electric at the of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

SECTION 11. Director Emeritus and Management Advisory Council. Policy Statement Numbers 62 and 63, adopted by the Board of Directors, February 17, 1983, and which became effective on that date, as amended on October 17, 1985, which policies deal with Directors Emeritus and Management Advisory Council shall not apply to any member of the present Board of Directors unless a present member of the board of Directors elects to come within the purview of said policy.

SECTION 12. Removal of Director. Any member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by thirty per centum (30%) of the members, requesting the removal of the director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director whom such charges have been brought shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 13. Employment of Directors' Relatives Prohibited. No member of the immediate family of a

Director elected to the Board of Directors after January 1, 2005 shall be eligible for employment by Cumberland Valley Electric. For the purpose of this Section 13, the term "immediate family" shall include children, step children, grandchildren, siblings, step siblings, half siblings, spouses, parents, step parents, grandparents, aunts, uncles, nieces, nephews, first cousins, brothers-in-law, sisters-in-law, daughters-in-law, sons-in-law, mothers-in-law, and fathers-in-law of the Director or of the spouse of the Director. This section shall not apply to the immediate family of Directors serving as of January 1, 2005, unless such Director becomes a Director of Directors and is subsequently re-elected.

ARTICLE IV MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall be held monthly at such time and place in Knox County, Kentucky, as said Board may provide by resolution. Such regular meetings may be held without notice other than such resolutions fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two (2) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Knox County, Kentucky), for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least two (2) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time-to-time without further notice.

SECTION 5. Manner of Action. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V OFFICERS

SECTION 1. Number. The officers of Cumberland Valley Electric shall be a President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may determine from time-to-time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Terms of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the members or until his or she shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of Cumberland Valley Electric will be served thereby.

SECTION 4. Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors at the unexpired portion of the term.

SECTION 5. President. The President:

- (a) shall be the principal executive officer of Cumberland Valley Electric and shall preside at all meetings of the members and of the Board of Directors;
- (b) shall sign, with the Secretary certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any checks, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of Cumberland Valley Electric, or shall be required by law to be otherwise signed or executed; and,
- (c) in general, shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time-to-time.

SECTION 6. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time-to-time may be assigned to him by the Board of Directors.

SECTION 7. Secretary. The Secretary shall:

- (a) keep the minutes of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notes are duly given in accordance with these bylaws or as required by law;
- (c) be custodian of Cumberland Valley Electric records and of the seal of Cumberland Valley Electric and see that the seal of Cumberland Valley Electric is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of Cumberland Valley Electric under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;
- (f) have general charge of the books of Cumberland Valley Electric in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the bylaws of Cumberland Valley Electric containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of Cumberland Valley Electric forward a copy of the bylaws and of all amendments thereto each member; and,
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time-to-time may be assigned to him by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of Cumberland Valley Electric;
- (b) receive and give receipts for moneys due and payable to Cumberland Valley Electric from any source whatsoever, and deposit all such moneys in the name of Cumberland Valley Electric in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and,
- (c) in general, perform all the duties incident to the office of Treasurer and such other duties from time-to-time as may be assigned to him by the Board of Directors.

SECTION 9. Manager. The Board of Directors may appoint a manager who may be, but who shall not be required to be a member of Cumberland Valley Electric. The manager shall perform such duties as the Board of Directors may from time-to-time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 10. Bonds of Officers. The Board of Directors shall require the Treasurer or any other officer of Cumberland Valley Electric charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of Cumberland Valley Electric to give bond in such amount and with such surety as it shall determine.

SECTION 11. Compensation and Indemnification. The Board of Directors shall fix the compensation of all officers, agents and employees of Cumberland Valley Electric. Cumberland Valley Electric may purchase insurance and otherwise indemnify any officers of Cumberland Valley Electric to the same extent as provided in Article III, Section 8 for directors.

SECTION 12. Reports. The officers of Cumberland Valley Electric shall submit at each Annual Meeting of the members reports covering the business of Cumberland Valley Electric for the previous fiscal year and showing the condition of Cumberland Valley Electric at the close of such fiscal year.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of Cumberland Valley Electric, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of Cumberland Valley Electric shall be signed by such manner as shall from time-to-time be determined by resolution of the Board of Directors.

SECTION 3. Deposits. All funds of Cumberland Valley Electric shall be deposited from time-to-time to the credit of Cumberland Valley Electric in such bank or banks as the Board of Directors may select it.

ARTICLE VII MEMBERSHIP CERTIFICATES

SECTION 1. Certificates of Membership. Membership in Cumberland Valley Electric shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Incorporation of Cumberland Valley Electric or these bylaws. Such certificate shall be signed by the President and by the Secretary of Cumberland Valley Electric and the Corporate Seal shall be affixed thereto.

SECTION 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

SECTION 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to Cumberland Valley Electric as the Board of Directors may prescribe.

ARTICLE VIII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. Cumberland Valley Electric shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by Cumberland Valley Electric on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy Cumberland Valley Electric's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for Cumberland Valley Electric. In order to induce patronage and to assure that Cumberland Valley Electric will operate on a non-profit basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating cost and expenses at the moment of receipt by Cumberland Valley Electric are received with the understanding that they are furnished by the patrons, members and non-members alike as capital. Cumberland Valley Electric is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of Cumberland Valley Electric shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and Cumberland Valley Electric shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of legal obligation to do so and the patron had then furnished Cumberland Valley Electric corresponding amounts for capital.

In the event of dissolution or liquidation of Cumberland Valley Electric, after all outstanding indebtedness of Cumberland Valley Electric shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of Cumberland Valley Electric will not be impaired thereby, the capital then credited to patron accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by Cumberland Valley Electric being first retired. In no event, however may any such capital be retired unless, after the proposed retirement, the capital of Cumberland Valley Electric shall equal at least forty per centum (40%) of the total assets of Cumberland Valley Electric. Capital credited to the account of each patron shall be assignable only on the books of Cumberland Valley Electric pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by Cumberland Valley Electric unless the Board of Directors, acting under policies of general application shall determine otherwise.

In the event that non-member patron shall elect to become a member of Cumberland Valley Electric, the capital credited to the account of such non-member patron may be applied by Cumberland Valley Electric toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estates shall agree upon; provided, however, that the financial condition of Cumberland Valley Electric will not be impaired thereby.

The patrons of Cumberland Valley Electric, by dealing with Cumberland Valley Electric, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between Cumberland Valley Electric and each patron, and both Cumberland Valley Electric and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of Cumberland Valley Electric by posting in in a conspicuous place in Cumberland Valley Electric's office.

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that Cumberland Valley Electric should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of cost and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be returned annually on a patronage basis and retained to those patrons, members and non-members alike, from whom such amounts were obtained.

**ARTICLE IX
WAIVER OF NOTICE**

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws. In case of a joint membership, a waiver of notice signed by either husband or wife shall be deemed a waiver notice of both joint members.

**ARTICLE X
DISPOSITION OF PROPERTY**

SECTION 1. Vote Requirement and Procedures. No merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets shall be authorized except in conformity with the following:

1. If the Board of Directors looks with favor upon any proposal for such merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets, it shall first cause three independent, non-affiliated appraisers, expert in such matters to render their individual opinions as to the value of Cumberland Valley Electric with respect to merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets, and as to any other terms and conditions which should be considered. The three such appraisers shall be designated by the Knox Circuit Court Judge. If such Judge refuses to make such designations, they shall be made by the Board of Directors.
2. If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal shall be submitted for consideration by the members, it shall first give every other electric cooperative situated and operating in Kentucky (which has not made such an offer) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which Cumberland Valley Electric has already received and copies of the respective reports of the three appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
3. If the Board then determines that favorable consideration shall be given to the initial or any subse-

quent proposal which has been submitted to it, it shall first adopt by the affirmative vote of all directors a resolution recommending the transaction and directing the submission of the proposal to a vote of not less than a majority of the total members and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety (90) days after the giving of such notice to the members. PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such Annual Meeting is held not sooner than ninety (90) days after the giving of such notice.

4. Any two hundred (200) or more members, by so petitioning the Board not less than twenty (20) days prior to date of such special or Annual Meeting, may cause Cumberland Valley Electric, with the cost to be borne by Cumberland Valley Electric, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.
5. The provisions of this Section 1 shall not apply to a sale, merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of substantially all of Cumberland Valley Electric's properties and assets to one or more electric cooperatives chartered under KRS Chapter 279 or if the substantive or actual legal effect thereof is a merger or consolidation with such of the one or more electric cooperatives.
6. This bylaw shall take effect upon the affirmative vote of not less than three-fourths (3/4) of all directors; and shall remain in effect until altered, amended, or repealed by a similar vote of all directors and not less than a majority of the total members.

SECTION 2. Evaluative Considerations. In connection with the exercise of its judgment in determining what is in the best interest of Cumberland Valley Electric and its members when evaluating any proposal for merger, consolidation, sale of assets, lease, transfer, or other disposition of substantially all of Cumberland Valley Electric's assets, the Board of Directors shall, in addition to considering the adequacy of the amount to be paid in connection with the transaction, consider all of the following factors and other factors which it deems relevant: 1. The societal and economic effects of the transaction upon Cumberland Valley Electric's employees; 2. The societal and economic impact of the transaction upon the community and service territories; and 3. The long-term as well as short-term interest of Cumberland Valley Electric and its members, including the possibility that these interests may be best served by the continued existence of Cumberland Valley Electric.

**ARTICLE XI
FISCAL YEAR**

The fiscal year of Cumberland Valley Electric shall begin on the first (1) day of January of each year and end on the thirty-first (31) day of December of the same year.

**ARTICLE XII
MEMBERSHIP IN OTHER ORGANIZATION**

Cumberland Valley Electric shall not become a member of any organization or purchase stock in any other organization without the majority vote of the Board.

**ARTICLE XIII
SEAL**

The corporate seal of Cumberland Valley Electric shall be in the form of a circle and shall have inscribed thereon the name of Cumberland Valley Electric and words "Corporate Seal, Kentucky."

**ARTICLE XIV
AMENDMENTS**

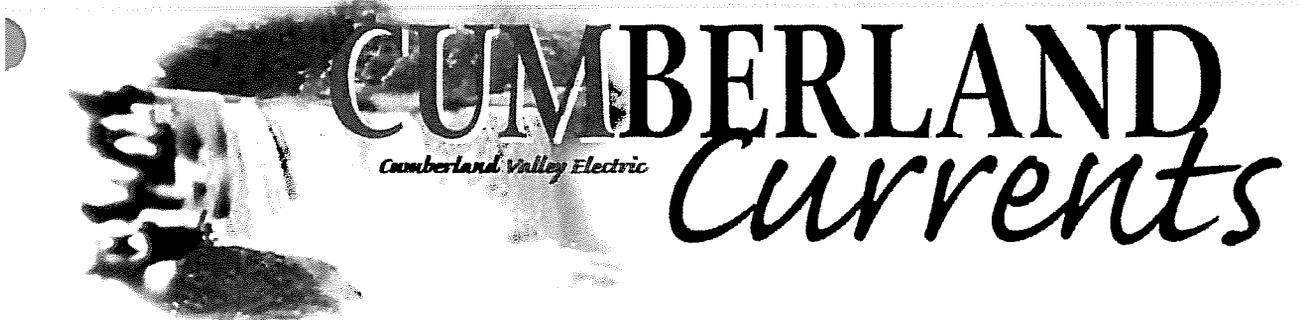
These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Rural Utilities Service Statement of Nondiscrimination

Cumberland Valley Electric, Inc. is the recipient of Federal financial assistance from the Rural Utilities Service (RUS), an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the rules of the U.S. Department of Agriculture, which provide that no person in the United States on the basis of race, color, national origin, age or handicap shall be excluded participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for this organization's nondiscrimination compliance efforts is Ted Hampton, Manager. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, DC 20250; or the Administrator, Rural Utilities Service, Washington, DC 20250. Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date to which the Secretary of Agriculture or the Administrator of RUS extends the time for filing. Identity of complainants will be kept confidential to the extent necessary to carry out the purposes of the rules and regulations of the U.S. Department of Agriculture.

CUMBERLAND VALLEY ELECTRIC, INC.
Highway 25E • Gray, Kentucky 40734



CUMBERLAND

Cumberland Valley Electric

Currents

BYLAWS OF CUMBERLAND VALLEY ELECTRIC, INC. Gray, Kentucky Revised May 2010

CUMBERLAND VALLEY ELECTRIC

The aim of Cumberland Valley Electric is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERS

SECTION 1. Qualifications and Obligations. Any person, firm, corporation or political body may become a member of Cumberland Valley Electric by:

- (a) paying the membership fee hereinafter specified;
- (b) agreeing to purchase from Cumberland Valley Electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of Cumberland Valley Electric and these bylaws and any amendments hereto and such rules and regulations as may from time-to-time be adopted by the Board of Directors, provided, however, that no person, firm, corporation or political body shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members. No firm, person, corporation or political body may own more than one (1) membership in Cumberland Valley Electric.

A husband and wife shall be considered a joint member and their application for membership may be accepted in accordance with the foregoing provisions of the above subdivisions (a), (b) and (c).

SECTION 2. Membership Fee. The membership fee shall be fixed by the Board of Directors.

SECTION 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from Cumberland Valley Electric all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time-to-time be fixed by the Board of Directors; provided however, that the Board of Directors may limit the amount of electric energy which Cumberland Valley Electric shall be required to furnish to any member. It is expressly understood that the amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall pay to Cumberland Valley Electric such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time-to-time. Each member shall also pay all amounts owed by him to Cumberland Valley Electric as and when the same shall become due and payable.

SECTION 4. Non-liability for Debts of Cumberland Valley Electric. The private property of the members of Cumberland Valley Electric shall be exempt from execution for the debts of Cumberland Valley Electric and no member shall be individually liable or responsible for any debts or liabilities of Cumberland Valley Electric.

SECTION 5. Expulsion of Members. The Board of Directors of Cumberland Valley Electric may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cumberland Valley Electric or these bylaws for any rules and regulations adopted from time-to-time by the Board of Directors.

SECTION 6. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to Cumberland Valley Electric and upon compliance with such terms and conditions as the Board of Directors may prescribe.

SECTION 7. Transfer and Termination of Membership.

- (a) Membership in Cumberland Valley Electric and a certificate representing the same shall not be transferable, except as hereinafter provided, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and the certificate of membership of such member shall be surrendered forthwith to Cumberland Valley Electric.
- (b) A membership by a husband and a wife, considered a joint membership and upon the death of either joint member shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and, upon the recording of such death on the books of Cumberland Valley Electric, the Certificate may be reissued to and in the name of such survivor; provided however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cumberland Valley Electric.

ARTICLE II MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The Annual Meeting of the members shall be held at any such time and place designated by the Board of Directors, as shall be designated in the notice of the meeting, for the purpose of announcing the election of directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any four (4) board members, or 500 or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Board of Directors shall designate the place at which the special meeting shall be held in a county served by Cumberland Valley Electric.

SECTION 3. Notice of Members' Annual Meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered not less than seven (7) days nor more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the Annual Meeting, to each member. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of Cumberland Valley Electric, with postage thereon prepaid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both members. The failure of any member to receive notice of an Annual Meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. 100 of the membership present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case of a joint membership, the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time-to-time without further notice.

SECTION 5. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at, or in conjunction with, a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation of Cumberland Valley Electric, or these bylaws, and except that voting for members of the Board of Directors shall be by mail, in accordance with Article III of these bylaws. Husband and wife are deemed to hold a joint membership, and they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote.

SECTION 6. Proxies prohibited. Voting by proxy is prohibited by these bylaws.

SECTION 7. Agenda. No proposal from a member or group of members shall be voted upon at the annual meeting or any special meeting unless it has been placed on the agenda at least sixty (60) days prior to the date of such meeting. Such proposal may be placed on agenda by a petition signed by one hundred (100) members, by filing a copy of the proposal with the secretary within time allowed.

SECTION 8. Order of Business. The order of business at the Annual Meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Announcement of the election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III DIRECTORS

SECTION 1. Number And General Powers. The business and affairs of Cumberland Valley Electric shall be managed by a Board currently consisting of seven (7) directors as provided in Article III Section 2 of these bylaws. The Board shall exercise all of the powers of Cumberland Valley Electric except such as are prohibited by law or by Cumberland Valley Electric's Article of Incorporation or bylaws conferred upon or reserved to the members.

SECTION 2. Districts. To insure the distribution of Board members throughout the area served by Cumberland Valley Electric, the territory served or to be served by it shall be divided into districts from which Board members shall be elected from time to time as provided for in these bylaws. The original districts and the number of directors to be elected from each are:

District Number	Districts	Number Of Board Members
1	Whitley & McCreary counties	1
2	Knoc, Bell & Laurel counties	1
3	Knoc, Bell & Laurel counties	1
4	Harlan, Leslie & Letcher counties	1
5	Whitley & McCreary counties	1
6	Harlan, Leslie & Letcher counties	1
7	Co-op Wide	1

SECTION 3. Qualifications. Any active member in good standing above the age of eighteen (18) years who is a high school graduate, as evidenced by high school diploma, shall be eligible to be a director, provided, however, that no member shall be eligible to become or resign a director, or to hold any position of trust who is not a bona fide resident of the area served by Cumberland Valley Electric at the time he is elected a director. Any director, who is so elected, may remain a director until the expiration of the term to which he is elected, subject to the approval of the Board. No member shall be elected a director, who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to Cumberland Valley Electric, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to members of Cumberland Valley Electric, or who is doing business with Cumberland Valley Electric, and no person shall take or hold office as a director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. When a membership is held jointly by a husband or wife, either one, but not both, may be elected a director; provided however, that neither one shall be eligible to become a director or to remain a director, or to hold position of trust in Cumberland Valley Electric unless both shall meet the qualifications herein above set forth. Nothing in this section contained shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4. Board members shall serve for terms of four (4) years each, ending with the fourth annual meeting following their election and until their successors shall have been elected, declared qualified and seated. The seating of a new director shall occur at the next regular scheduled meeting of the Board of Directors. Board members for Districts 6 and 7 shall be elected in 2011 and each fourth year thereafter. Board members for Districts 1, 2 and 5 shall be elected in 2013 and each fourth year thereafter. Board members for Districts 3 and 4 shall be elected in 2014 and each fourth year thereafter.

Board members whose terms are expiring are eligible for re-election.

The election of Board members shall be by mailed ballot. The ballots shall list the candidates nominated according to districts, giving their names and addresses. Each member of Cumberland Valley Electric shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected a board member.

Should the committee on nominations nominate only one candidate to run for the office of director to fill each vacancy caused by the expiration of a director's term, and should no candidate be nominated from the membership by written petition as set forth in Article III, Section 5, of the bylaws, then the secretary of the Board shall certify to the Board that no petition has been filed pursuant to the bylaws, and that the candidates nominated by the committee on nominations are therefore officially without opposition; thereupon, the candidates nominated by the committee on nomination shall be deemed elected to the Board without the necessity of mailing official ballots through United States mail and following the election procedures as set forth in these bylaws, and the Secretary of the board will so announce, or cause to be announced at the Annual Membership Meeting candidates elected to the Board of Directors. All of the remaining provisions of Article III not in conflict herewith shall remain in full force and effect.

The Chairman of the Board shall appoint a certified public accountant, licensed in Kentucky, as provost, who shall take charge of the director elections and shall be responsible for the duties specified herein. It shall be the duty of the provost to see that the official ballots are mailed to each active and qualified member at his or her last address shown on the Cooperative records. Only actual members of record at the close of business thirty (30) days prior to the scheduled Annual Meeting date are qualified for the purpose of voting in the election of the directors. Ballots will be mailed not less than fourteen (14) days prior to said annual meeting.

The official ballot shall be inscribed with instructions by the provost of the Cooperative as to how many candidates may be voted for on each official ballot by the members and with instructions that all official ballots must be returned to the Cooperative only by U. S. mail and received by the Cooperative not later than 9:00 a.m. on the morning of the third (3rd) day prior to the said Annual Meeting.

The duties of the provost regarding votes and counting shall be as follows:

1. No later than 10:00 a.m. on the morning of the third day prior to the annual meeting of the members the provost shall remove the ballots from the ballot box and examine each ballot to ascertain if the ballot has been voted in accordance with the rules as outlined on the ballot under instruction for voting and these bylaws;
2. Any and all official ballots which are deemed invalid by the provost for reasons set forth in the aforementioned rules or these bylaws shall not be counted and shall immediately be placed in a ballot box for rejected ballots and shall be retained by the provost of the Cooperative in safekeeping until sixty (60) days after the date of the completion of the counting of the ballots.

The following ballots shall not be counted:

1. A ballot marked for a greater number of candidates than there are vacancies to be filled;
2. Ballots other than the Official Ballot;
3. Ballots not received through the United States mail;
4. Ballots received by the Cooperative after 9:00 a.m. on the morning of the third day prior to the date of Annual Meeting;
5. Ballots with the certification on outer envelope not signed by member, or authorized agent;
6. Ballots from members voting more than one ballot;
7. Ballots containing write-in votes.

The reason for rejection of a ballot shall be noted thereon and such ballot shall be placed in the ballot box containing rejected ballots;

When the ballot is found to meet the requirements as set out in the instruction for voting and is in conformity with the provisions and requirements of these bylaws, said ballot shall be declared an official ballot and all valid votes cast thereon shall be tabulated.

The provost shall count the ballots as expeditiously as may be possible following the placement in his hands of said ballots. During the counting of the ballots no persons other than the provost or the candidates on their duly authorized representative may be present in the counting room, other than the President & CEO of the Cooperative, the Cooperative's Legal Counsel, and any other Cooperative personnel the provost deems necessary to assist with the counting of the ballots. After the ballots have been duly counted the result of such election shall be announced at the subsequent Annual Meeting of the members.

For safeguarding all official and valid ballots which have been counted shall be placed in the hands of the provost for (60) days from the date of the completion of the official counting and tabulation.

The provost shall promptly upon completion of the counting of the membership votes, certify in writing to the secretary of the Cooperative the names of the candidates receiving the highest number of votes taking into account the number of vacancies to be filled.

In the case of a tie, this fact shall be certified in writing by the provost to the secretary of the Cooperative. The tie shall be broken and a winner determined by a coin toss conducted by Cooperative Legal Counsel. If a candidate requests a recount or contests the election results, he or she shall submit a written request to the Cooperative's Legal Counsel before noon of the next business day. A detailed explanation for the request must be included. The decision of the Cooperative's Legal Counsel shall be final.

SECTION 5. Nominations. It shall be the duty of the Board of Directors to appoint, not less than ninety (90) days before the date of the Annual Meeting of the members in conjunction with which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than seven (7) members who shall be selected so as to give equitable representation on the committee to the geographical areas served, or to be served by Cumberland Valley Electric. No officer or member of the Board of Directors shall be appointed a member of such committee. The nominating committee will report to the Board of Directors ninety (90) days prior to such Annual Meeting their list of nominations for directors. The committee shall prepare and post at the principal office of Cumberland Valley Electric at least twenty (20) days before the meeting a list of nominations for directors. (But 500 or more members may make other nominations in writing, over their signatures, not less than ninety (90) days prior to the meeting, and the Secretary shall post the nominations made by petition, if any at the same place where the nominations committee's list of nominations is posted. However, no write-in votes shall be permitted in the election of members of the Board of Directors.

SECTION 6. Vacancies. Vacancies occurring for any reason in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the term of office to which he has been elected expires.

SECTION 7. Compensation. Compensation for Directors shall be determined by the Board. If authorized by the Board, Board Members may also be reimbursed for expense actually and necessarily incurred carrying out Cumberland Valley Electric business, or granted a reasonable per diem allowance in lieu of detailed accounting of these expenses.

SECTION 8. Directors' Liability and Indemnification. A director of Cumberland Valley Electric shall not be personally liable to Cumberland Valley Electric or its shareholders for monetary damages for breach of his duties as a director, provided that this position shall not eliminate or limit the liability of a director for the following: (i) for any transaction in which the director's personal financial interest is in conflict with the financial interests of Cumberland Valley Electric or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; (iii) for any vote for or assent to an unlawful distribution to shareholders as prohibited under KRS 271B.8-330; or (iv) for any transaction from which the director derived an improper personal benefit. This Section 8 shall continue to be applicable with respect to any such breach of duties by a director of duties by a director of Cumberland Valley Electric as a director notwithstanding that such director thereafter ceased to be a director and shall inure to the personal benefit of heirs, executors and administrators. Cumberland Valley Electric may purchase insurance and otherwise indemnify the director against liability, including court costs and attorney fees, to the extent that their acts or omissions constituting the grounds for and alleged liability were performed in their official capacity and, if actionable, were based on good faith business judgements in the belief that the acts or omissions were in the best interest of Cumberland Valley Electric.

SECTION 9. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of the business affairs of Cumberland Valley Electric.

SECTION 10. Accounting System and Reports. The Board of Directors shall cause to be established and maintained, a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body shall conform to such accounting system as may from time-to-time be designated by the Administrator of the Rural Utilities Service of the United States of America. All accounts of Cumberland Valley Electric shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall also within thirty (30) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of Cumberland Valley Electric at the of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

SECTION 11. Director Emeritus and Management Advisory Council. Policy Statement Numbers 62 and 63, adopted by the Board of Directors, February 17, 1983, and which became effective on that date, as amended on October 17, 1985, which policies deal with Directors Emeritus and Management Advisory Council shall not apply to any member of the present Board of Directors unless a present member of the board of Directors elects to come within the purview of said policy.

SECTION 12. Removal of Director. Any member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by thirty per centum (30%) of the members, requesting the removal of the director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director whom such charges have been brought shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 13. Employment of Directors' Relatives Prohibited. No member of the immediate family of a Director elected to the Board of Directors after January 1, 2005 shall be eligible for employment by Cumberland Valley Electric. For the purpose of this Section 13, the term "immediate family" shall include children, step children, grandchildren, siblings, step siblings, half siblings, spouses, parents, step parents, grandparents, aunts, uncles, nieces, nephews, first cousins, brothers-in-law, sisters-in-law, daughters-in-law, sons-in-law, mothers-in-law, and fathers-in-law of the Director or of the spouse of the Director. This section shall not apply to the immediate family of Directors serving as of January 1, 2005, unless such Director leaves the Board of Directors and is subsequently re-elected.

ARTICLE IV
MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw immediately after, and at the same place as, the annual meeting of the members. Regular meetings of the Board of Directors shall be held monthly on such time and place in Knox County, Kentucky, as said Board may provide by resolution. Such regular meetings may be held without notice other than such resolutions fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two (2) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Knox County, Kentucky), for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least two (2) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time-to-time without further notice.

SECTION 5. Manner of Action. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V
OFFICERS

SECTION 1. Number. The officers of Cumberland Valley Electric shall be a President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may determine from time-to-time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Terms of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of Cumberland Valley Electric will be served thereby.

SECTION 4. Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President:

- (a) shall be the principal executive officer of Cumberland Valley Electric and shall preside at all meetings of the members and of the Board of Directors;
- (b) shall sign, with the Secretary certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any checks, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of Cumberland Valley Electric, or shall be required by law to be otherwise signed or executed; and,
- (c) in general, shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time-to-time may be assigned to him by the Board of Directors.

SECTION 7. Secretary. The Secretary shall:

- (a) keep the minutes of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notes are duly given in accordance with these bylaws or as required by law;
- (c) be custodian of Cumberland Valley Electric records and of the seal of Cumberland Valley Electric and see that the seal of Cumberland Valley Electric is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of Cumberland Valley Electric under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;
- (f) have general charge of the books of Cumberland Valley Electric in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the bylaws of Cumberland Valley Electric containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of Cumberland Valley Electric forward a copy of the bylaws and of all amendments thereto each member; and,
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time-to-time may be assigned to him by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of Cumberland Valley Electric;
- (b) receive and give receipts for monies due and payable to Cumberland Valley Electric from any source whatsoever, and deposit all such monies in the name of Cumberland Valley Electric in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and,
- (c) in general, perform all the duties incident to the office of Treasurer and such other duties from time-to-time as may be assigned to him by the Board of Directors.

SECTION 9. Manager. The Board of Directors may appoint a manager who may be, but who shall not be required to be a member of Cumberland Valley Electric. The manager shall perform such duties as the Board of Directors may from time-to-time require of him and shall have such authority as the Board of Directors may from time-to-time vest in him.

SECTION 10. Bonds of Officers. The Board of Directors shall require the Treasurer or any other officer of Cumberland Valley Electric charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of Cumberland Valley Electric to give bond in such amount and with such surety as it shall determine.

SECTION 11. Compensation and Indemnification. The Board of Directors shall fix the compensation of all officers, agents and employees of Cumberland Valley Electric. Cumberland Valley Electric may purchase insurance and otherwise indemnify any officers of Cumberland Valley Electric to the same extent as provided in Article III, Section 8 for directors.

SECTION 12. Reports. The officers of Cumberland Valley Electric shall submit at each Annual Meeting of the members reports covering the business of Cumberland Valley Electric for the previous fiscal year and showing the condition of Cumberland Valley Electric at the close of such fiscal year.

ARTICLE VI
CONTRACTS, CHECKS AND DEPOSITS

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of Cumberland Valley Electric, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of Cumberland Valley Electric shall be signed by such manner as shall from time-to-time be determined by resolution of the Board of Directors.

SECTION 3. Deposits. All funds of Cumberland Valley Electric shall be deposited from time-to-time to the credit of Cumberland Valley Electric in such bank or banks as the Board of Directors may select it.

ARTICLE VII
MEMBERSHIP CERTIFICATES

SECTION 1. Certificates of Membership. Membership in Cumberland Valley Electric shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Incorporation of Cumberland Valley Electric or these bylaws. Such certificate shall be signed by the President and by the Secretary of Cumberland Valley Electric and the Corporate Seal shall be affixed thereto.

SECTION 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

SECTION 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to Cumberland Valley Electric as the Board of Directors may prescribe.

ARTICLE VIII
NON-PROFIT OPERATION

SECTION 1. Interest or Dividends in Capital Prohibited. Cumberland Valley Electric shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by Cumberland Valley Electric on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy Cumberland Valley Electric's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for Cumberland Valley Electric. In order to induce patronage and to assure that Cumberland Valley Electric will operate on a non-profit basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating cost and expenses at the moment of receipt by Cumberland Valley Electric are received with the understanding that they are furnished by the patrons, members and non-members alike as capital. Cumberland Valley Electric is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of Cumberland Valley Electric shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and Cumberland Valley Electric shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of legal obligation to do so and the patron had then furnished Cumberland Valley Electric corresponding amounts for capital.

In the event of dissolution or liquidation of Cumberland Valley Electric, after all outstanding indebtedness of Cumberland Valley Electric shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of Cumberland Valley Electric will not be impaired thereby, the capital then credited to patron accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by Cumberland Valley Electric being first retired. In no event, however may any such capital be retired unless, after the proposed retirement, the capital of Cumberland Valley Electric shall equal at least forty per centum (40%) of the total assets of Cumberland Valley Electric. Capital credited to the account of each patron shall be assignable only on the books of Cumberland Valley Electric pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by Cumberland Valley Electric unless the Board of Directors, acting under policies of general application shall determine otherwise. In the event that non-member patron shall elect to become a member of Cumberland Valley Electric, the capital credited to the account of such non-member patron may be applied by Cumberland Valley Electric toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estates shall agree upon; provided, however, that the financial condition of Cumberland Valley Electric will not be impaired thereby.

The patrons of Cumberland Valley Electric, by dealing with Cumberland Valley Electric, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between Cumberland Valley Electric and each patron, and both Cumberland Valley Electric and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of Cumberland Valley Electric by posting it in a conspicuous place in Cumberland Valley Electric's office.

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that Cumberland Valley Electric should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of cost and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be granted annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

**ARTICLE IX
WAIVER OF NOTICE**

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws. In case of a joint membership, a waiver of notice signed by either husband or wife shall be deemed a waiving notice of both joint members.

**ARTICLE X
DISPOSITION OF PROPERTY**

SECTION 1. Vote Requirement and Procedures. No merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets shall be authorized except in conformity with the following:

1. If the Board of Directors looks with favor upon any proposal for such merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets, it shall first cause three independent, non-affiliated appraisers, expert in such matters to render their individual opinions as to the value of Cumberland Valley Electric with respect to merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets, and as to any other terms and conditions which should be considered. The three such appraisers shall be designated by the Knox Circuit Court Judge. If such Judge refuses to make such designations, they shall be made by the Board of Directors.
2. If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal shall be submitted for consideration by the members, it shall first give every other electric cooperative situated and operating in Kentucky (which has not made such an offer) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which Cumberland Valley Electric has already received and copies of the respective reports of the three appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
3. If the Board then determines that favorable consideration shall be given to the initial or any subsequent proposal which has been submitted to it, it shall first adopt by the affirmative vote of 3/4 of all directors a resolution recommending the transaction and directing the submission of the proposal to a vote of not less than a (majority) of the total members and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety (90) days after the giving of such notice to the members; PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such Annual Meeting is held not sooner than ninety (90) days after the giving of such notice.
4. Any two hundred (200) or more members, by so petitioning the Board not less than twenty (20)

days prior to date of such special or Annual Meeting, may cause Cumberland Valley Electric, with the cost to be borne by Cumberland Valley Electric, to mail to all members any opposing or alternate positions which they may have to the proposals that have been submitted on any recommendations that the Board has made.

5. The provisions of this Section 1 shall not apply to a sale, merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets to one or more electric cooperatives chartered under KRS Chapter 279 or if the substantive or actual legal effect thereof is to merge or consolidate with such of the one or more electric cooperatives.
6. This bylaw shall take effect upon the affirmative vote of not less than three-fourths (3/4) of all directors, and shall remain in effect until altered, amended, or repealed by a similar vote of all directors and not less than a majority of the total members.

SECTION 2. Evaluative Considerations. In connection with the exercise of its judgment in determining what is in the best interest of Cumberland Valley Electric and its members when evaluating any proposal for merger, consolidation, sale of assets, lease, transfer, or other disposition of substantially all of Cumberland Valley Electric's assets, the Board of Directors shall, in addition to considering the adequacy of the amount to be paid in connection with the transaction, consider all of the following factors and other factors which it deems relevant: 1. The societal and economic effects of the transaction upon Cumberland Valley Electric's employees; 2. The societal and economic impact of the transaction upon the community and service territories; and 3. The long-term as well as short-term interest of Cumberland Valley Electric and its members, including the possibility that these interests may be best served by the continued existence of Cumberland Valley Electric.

**ARTICLE XI
FISCAL YEAR**

The fiscal year of Cumberland Valley Electric shall begin on the first (1) day of January of each year and end on the thirty-first (31) day of December of the same year.

**ARTICLE XII
MEMBERSHIP IN OTHER ORGANIZATION**

Cumberland Valley Electric shall not become a member of any organization or purchase stock in any other organization without the majority vote of the Board.

**ARTICLE XIII
SEAL**

The corporate seal of Cumberland Valley Electric shall be in the form of a circle and shall have inscribed thereon the name of Cumberland Valley Electric and words "Corporate Seal, Kentucky."

**ARTICLE XIV
AMENDMENTS**

These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Rural Utilities Service Statement of Nondiscrimination

Cumberland Valley Electric, Inc. is the recipient of Federal financial assistance from the Rural Utilities Service (RUS), an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the rules of the U.S. Department of Agriculture, which provide that no person in the United States on the basis of race, color, national origin, age or handicap shall be excluded participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for this organization's nondiscrimination compliance efforts is Ted Hampton, Manager. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, DC 20250; or the Administrator, Rural Utilities Service, Washington, DC 20250. Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date to which the Secretary of Agriculture or the Administrator of RUS extends the time for filing. Identity of complainants will be kept confidential to the extent necessary to carry out the purposes of the rules and regulations of the U.S. Department of Agriculture.

CUMBERLAND VALLEY ELECTRIC, INC.
Highway 25E • Gray, Kentucky 40734



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0057
INSTRUCTIONS - See help in the online application.	PERIOD ENDED January, 2013

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	26	25	5. Miles Transmission		
2. Services Retired	18	29	6. Miles Distribution - Overhead	2,491.79	2,498.39
3. Total Services in Place	24,575	24,681	7. Miles Distribution - Underground	122.85	127.33
4. Idle Services (Exclude Seasonals)	904	976	8. Total Miles Energized (5 + 6 + 7)	2,614.64	2,625.72

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	91,331,494	30. Memberships	430,790
2. Construction Work in Progress	910,525	31. Patronage Capital	37,404,115
3. Total Utility Plant (1 + 2)	92,242,019	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	32,783,025	33. Operating Margins - Current Year	723,680
5. Net Utility Plant (3 - 4)	59,458,994	34. Non-Operating Margins	(835)
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	(830,207)
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	37,727,543
8. Invest. in Assoc. Org. - Patronage Capital	18,336,192	37. Long-Term Debt - RUS (Net)	3,565,187
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	33,053,249
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,937	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	5,541,959
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
Special Funds	0	42. Payments Unapplied	1,249,165
14. Total Other Property & Investments (6 thru 13)	19,240,129	43. Total Long-Term Debt (37 thru 41 - 42)	40,911,230
15. Cash - General Funds	2,295,368	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	3,220,336
17. Special Deposits	4,300	46. Total Other Noncurrent Liabilities (44 + 45)	3,220,336
18. Temporary Investments	5,000	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	4,173,960
20. Accounts Receivable - Sales of Energy (Net)	5,861,784	49. Consumers Deposits	1,376,250
21. Accounts Receivable - Other (Net)	940,086	50. Current Maturities Long-Term Debt	0
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	727,988	52. Current Maturities Capital Leases	0
24. Prepayments	144,873	53. Other Current and Accrued Liabilities	1,384,700
25. Other Current and Accrued Assets	85,800	54. Total Current & Accrued Liabilities (47 thru 53)	6,934,910
26. Total Current and Accrued Assets (15 thru 25)	10,065,199	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	49,585
28. Other Deferred Debits	79,282	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	88,843,604
29. Total Assets and Other Debits (5+14+26 thru 28)	88,843,604		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION RY0057
	PERIOD ENDED February, 2013
	BORROWER NAME Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

4/9/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	10,155,440	9,902,501	10,155,440	4,477,911
2. Power Production Expense				
3. Cost of Purchased Power	7,196,647	7,007,499	7,196,647	3,309,674
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	211,471	273,950	249,536	124,452
7. Distribution Expense - Maintenance	434,020	449,566	442,700	205,844
8. Customer Accounts Expense	317,552	340,012	323,903	150,390
9. Customer Service and Informational Expense	18,798	35,156	22,934	15,392
10. Sales Expense				
11. Administrative and General Expense	197,672	238,784	209,532	130,142
12. Total Operation & Maintenance Expense (2 thru 11)	8,376,160	8,344,967	8,445,252	3,935,894
13. Depreciation and Amortization Expense	486,521	510,239	505,982	255,397
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	70,651	71,843	71,357	36,049
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	13,590	405	679	203
19. Other Deductions	2,500	2,250	2,626	1,250
20. Total Cost of Electric Service (12 thru 19)	8,949,422	8,929,704	9,025,896	4,228,793
21. Patronage Capital & Operating Margins (1 minus 20)	1,206,018	972,797	1,129,544	249,118
22. Non Operating Margins - Interest	21,346	3,975	16,223	4,809
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other				
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends				
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,227,364	976,772	1,145,767	253,927

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0057
INSTRUCTIONS - See help in the online application.	PERIOD ENDED February, 2013

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	48	41	5. Miles Transmission		
2. Services Retired	33	52	6. Miles Distribution - Overhead	2,492.69	2,498.36
3. Total Services in Place	24,582	24,674	7. Miles Distribution - Underground	123.10	127.73
4. Idle Services (Exclude Seasonals)	930	976	8. Total Miles Energized (5 + 6 + 7)	2,615.79	2,626.09

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	91,662,935	30. Memberships	430,855
2. Construction Work in Progress	842,572	31. Patronage Capital	37,404,028
3. Total Utility Plant (1 + 2)	92,505,507	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	32,939,316	33. Operating Margins - Current Year	972,797
5. Net Utility Plant (3 - 4)	59,566,191	34. Non-Operating Margins	3,974
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	(822,974)
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	37,988,680
8. Invest. in Assoc. Org. - Patronage Capital	18,333,431	37. Long-Term Debt - RUS (Net)	3,554,881
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	33,053,249
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,937	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	5,425,606
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments - Unapplied	1,249,165
14. Total Other Property & Investments (6 thru 13)	19,237,368	43. Total Long-Term Debt (37 thru 41 - 42)	40,784,571
15. Cash - General Funds	3,609,540	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	3,227,320
17. Special Deposits	4,300	46. Total Other Noncurrent Liabilities (44 + 45)	3,227,320
18. Temporary Investments	5,000	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	3,691,283
20. Accounts Receivable - Sales of Energy (Net)	4,874,821	49. Consumers Deposits	1,383,150
21. Accounts Receivable - Other (Net)	57,492	50. Current Maturities Long-Term Debt	0
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	780,466	52. Current Maturities Capital Leases	0
24. Prepayments	137,255	53. Other Current and Accrued Liabilities	1,381,503
25. Other Current and Accrued Assets	162,000	54. Total Current & Accrued Liabilities (47 thru 53)	6,455,936
26. Total Current and Accrued Assets (15 thru 25)	9,630,874	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	50,000
28. Other Deferred Debits	72,074	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	88,506,507
29. Total Assets and Other Debits (5+14+26 thru 28)	88,506,507		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0057
	PERIOD ENDED March, 2013
	BORROWER NAME Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

4/16/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	13,551,371	14,211,386	13,551,371	4,308,885
2. Power Production Expense				
3. Cost of Purchased Power	9,869,320	10,458,005	9,869,320	3,450,506
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	323,674	376,708	381,935	102,758
7. Distribution Expense - Maintenance	677,110	648,884	690,652	199,318
8. Customer Accounts Expense	457,947	490,794	467,106	150,782
9. Customer Service and Informational Expense	31,187	48,092	38,048	12,936
10. Sales Expense				
11. Administrative and General Expense	296,824	336,596	314,633	97,812
12. Total Operation & Maintenance Expense (2 thru 11)	11,656,062	12,359,079	11,761,694	4,014,112
13. Depreciation and Amortization Expense	730,833	766,099	760,066	255,860
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	104,875	91,005	105,924	19,162
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	20,372	1,415	1,019	1,010
19. Other Deductions	3,714	3,095	3,900	845
20. Total Cost of Electric Service (12 thru 19)	12,515,856	13,220,693	12,632,603	4,290,989
21. Patronage Capital & Operating Margins (1 minus 20)	1,035,515	990,693	918,768	17,896
22. Non Operating Margins - Interest	27,239	24,606	20,701	20,631
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other				
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	19,776	26,661	19,776	26,661
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,082,530	1,041,960	959,245	65,188

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0057
INSTRUCTIONS - See help in the online application.	PERIOD ENDED March, 2013

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	71	67	5. Miles Transmission		
2. Services Retired	79	60	6. Miles Distribution - Overhead	2,492.10	2,499.03
3. Total Services in Place	24,559	24,692	7. Miles Distribution - Underground	123.37	127.94
4. Idle Services (Exclude Seasonals)	923	1,025	8. Total Miles Energized (5 + 6 + 7)	2,615.47	2,626.97

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	91,890,692	30. Memberships	430,355
2. Construction Work in Progress	944,613	31. Patronage Capital	37,404,027
3. Total Utility Plant (1 + 2)	92,835,305	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	33,034,347	33. Operating Margins - Current Year	1,017,354
5. Net Utility Plant (3 - 4)	59,800,958	34. Non-Operating Margins	24,606
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	(818,589)
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	38,057,753
8. Invest. in Assoc. Org. - Patronage Capital	18,351,755	37. Long-Term Debt - RUS (Net)	3,544,880
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	32,768,804
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	5,399,723
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
Special Funds	0	42. Payments Unapplied	1,264,551
14. Total Other Property & Investments (6 thru 13)	19,254,797	43. Total Long-Term Debt (37 thru 41 - 42)	40,448,856
15. Cash - General Funds	3,275,162	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	3,243,946
17. Special Deposits	4,300	46. Total Other Noncurrent Liabilities (44 + 45)	3,243,946
18. Temporary Investments	5,000	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	3,781,847
20. Accounts Receivable - Sales of Energy (Net)	4,693,341	49. Consumers Deposits	1,339,000
21. Accounts Receivable - Other (Net)	67,002	50. Current Maturities Long-Term Debt	0
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	783,170	52. Current Maturities Capital Leases	0
24. Prepayments	129,630	53. Other Current and Accrued Liabilities	1,398,883
25. Other Current and Accrued Assets	238,121	54. Total Current & Accrued Liabilities (47 thru 53)	6,519,730
26. Total Current and Accrued Assets (15 thru 25)	9,195,726	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	46,063
28. Other Deferred Debits	64,867	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	88,316,348
29. Total Assets and Other Debits (5+14+26 thru 28)	88,316,348		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0057
	PERIOD ENDED April, 2013
	BORROWER NAME Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

5/9/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	16,693,494	17,736,961	16,693,494	3,525,575
2. Power Production Expense				
3. Cost of Purchased Power	12,227,885	13,032,216	12,227,885	2,574,211
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	451,525	467,553	532,799	90,845
7. Distribution Expense - Maintenance	870,266	846,394	887,671	197,511
8. Customer Accounts Expense	606,068	631,160	618,190	140,366
9. Customer Service and Informational Expense	40,112	62,517	48,937	14,425
10. Sales Expense				
11. Administrative and General Expense	395,904	428,158	419,658	91,562
12. Total Operation & Maintenance Expense (2 thru 11)	14,591,760	15,467,998	14,735,140	3,108,920
13. Depreciation and Amortization Expense	975,789	1,022,536	1,014,821	256,437
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	140,022	113,861	141,422	22,856
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	27,217	1,612	1,361	196
19. Other Deductions	4,759	3,670	4,997	575
20. Total Cost of Electric Service (12 thru 19)	15,739,547	16,609,677	15,897,741	3,388,984
21. Patronage Capital & Operating Margins (1 minus 20)	953,947	1,127,284	795,753	136,591
22. Non Operating Margins - Interest	34,544	30,724	26,254	6,118
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	19,776	26,661	19,776	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,067,639	1,184,669	841,783	142,709

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0057
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	PERIOD ENDED April, 2013
INSTRUCTIONS - See help in the online application.	

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	108	119	5. Miles Transmission		
2. Services Retired	135	94	6. Miles Distribution - Overhead	2,493.48	2,499.34
3. Total Services in Place	24,540	24,710	7. Miles Distribution - Underground	123.68	128.27
4. Idle Services (Exclude Seasonals)	967	1,103	8. Total Miles Energized (5 + 6 + 7)	2,617.16	2,627.61

PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	92,157,420		30. Memberships		430,310
2. Construction Work in Progress	1,132,389		31. Patronage Capital		37,404,027
3. Total Utility Plant (1 + 2)	93,289,809		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,192,992		33. Operating Margins - Current Year		1,153,946
5. Net Utility Plant (3 - 4)	60,096,817		34. Non-Operating Margins		30,723
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(814,204)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		38,204,802
8. Invest. in Assoc. Org. - Patronage Capital	18,351,755		37. Long-Term Debt - RUS (Net)		3,533,715
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FTB - RUS Guaranteed		32,768,804
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		5,373,787
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
13. Special Funds	0		42. Payments - Unapplied		1,264,551
14. Total Other Property & Investments (6 thru 13)	19,254,797		43. Total Long-Term Debt (37 thru 41 - 42)		40,411,755
15. Cash - General Funds	2,968,849		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,260,536
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,260,536
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		2,978,410
20. Accounts Receivable - Sales of Energy (Net)	3,861,303		49. Consumers Deposits		1,340,575
21. Accounts Receivable - Other (Net)	67,336		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	791,792		52. Current Maturities Capital Leases		0
24. Prepayments	278,691		53. Other Current and Accrued Liabilities		1,440,477
25. Other Current and Accrued Assets	295,187		54. Total Current & Accrued Liabilities (47 thru 53)		5,759,462
26. Total Current and Accrued Assets (15 thru 25)	8,272,458		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		46,479
28. Other Deferred Debits	58,962		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		87,683,034
29. Total Assets and Other Debits (5+14+26 thru 28)	87,683,034				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0057

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

PERIOD ENDED May, 2013

BORROWER NAME
Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

7/3/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	20,173,791	20,994,626	20,173,791	3,257,664
Power Production Expense				
3. Cost of Purchased Power	14,841,118	15,590,905	14,841,118	2,558,689
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	572,177	539,778	675,169	72,224
7. Distribution Expense - Maintenance	1,093,573	1,077,397	1,115,445	231,002
8. Customer Accounts Expense	764,774	808,757	780,070	177,597
9. Customer Service and Informational Expense	47,324	71,377	57,735	8,861
10. Sales Expense				
11. Administrative and General Expense	497,694	539,065	527,555	110,907
12. Total Operation & Maintenance Expense (2 thru 11)	17,816,660	18,627,279	17,997,092	3,159,280
13. Depreciation and Amortization Expense	1,221,309	1,279,835	1,270,161	257,298
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other				
16. Interest on Long-Term Debt	173,851	141,015	175,590	27,154
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	34,056	1,805	1,703	194
19. Other Deductions	4,935	4,027	5,181	358
20. Total Cost of Electric Service (12 thru 19)	19,250,811	20,053,961	19,449,727	3,444,284
21. Patronage Capital & Operating Margins (1 minus 20)	922,980	940,665	724,064	(186,620)
22. Non Operating Margins - Interest	56,094	51,415	42,631	20,692
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	19,776	26,661	19,776	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	1,058,222	1,018,741	786,471	(165,928)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT			KY0057		
ELECTRIC DISTRIBUTION			PERIOD ENDED		
INSTRUCTIONS - See help in the online application.			May, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	152	171	5. Miles Transmission		
2. Services Retired	178	137	6. Miles Distribution -- Overhead	2,494.28	2,499.42
3. Total Services in Place	24,541	24,719	7. Miles Distribution - Underground	123.93	128.42
4. Idle Services (Exclude Seasonals)	965	1,074	8. Total Miles Energized (5 + 6 + 7)	2,618.21	2,627.84
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	92,575,223		30. Memberships		430,680
2. Construction Work in Progress	1,339,667		31. Patronage Capital		37,403,972
3. Total Utility Plant (1 + 2)	93,914,890		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,392,540		33. Operating Margins - Current Year		967,325
5. Net Utility Plant (3 - 4)	60,522,350		34. Non-Operating Margins		51,415
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(809,819)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		38,043,573
8. Invest. in Assoc. Org. - Patronage Capital	18,351,755		37. Long-Term Debt - RUS (Net)		3,523,655
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed		32,768,804
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		5,230,772
Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
Special Funds	0		42. Payments Unapplied		1,280,488
14. Total Other Property & Investments (6 thru 13)	19,254,797		43. Total Long-Term Debt (37 thru 41 - 42)		40,242,743
15. Cash - General Funds	1,859,720		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,269,677
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,269,677
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		3,160,437
20. Accounts Receivable - Sales of Energy (Net)	3,374,559		49. Consumers Deposits		1,328,650
21. Accounts Receivable - Other (Net)	72,316		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	883,306		52. Current Maturities Capital Leases		0
24. Prepayments	276,023		53. Other Current and Accrued Liabilities		1,476,939
25. Other Current and Accrued Assets	371,374		54. Total Current & Accrued Liabilities (47 thru 53)		5,966,026
26. Total Current and Accrued Assets (15 thru 25)	6,846,598		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		67,025
28. Other Deferred Debits	965,299		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		87,589,044
29. Total Assets and Other Debits (5+14+26 thru 28)	87,589,044				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0057

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

PERIOD ENDED June, 2013

BORROWER NAME
Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

7/16/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	23,397,934	24,623,199	23,397,934	3,628,573
Power Production Expense				
3. Cost of Purchased Power	17,722,299	18,460,524	17,722,299	2,869,619
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	686,586	646,319	810,171	106,541
7. Distribution Expense - Maintenance	1,345,035	1,292,224	1,371,936	214,828
8. Customer Accounts Expense	923,358	936,411	941,825	127,654
9. Customer Service and Informational Expense	59,010	86,513	71,992	15,136
10. Sales Expense				
11. Administrative and General Expense	600,785	651,489	636,832	112,423
12. Total Operation & Maintenance Expense (2 thru 11)	21,337,073	22,073,480	21,555,055	3,446,201
13. Depreciation and Amortization Expense	1,467,695	1,538,279	1,526,403	258,444
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	52,902		55,547	
16. Interest on Long-Term Debt	212,195	175,678	214,317	34,663
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	41,006	2,000	2,050	194
19. Other Deductions	4,934	4,377	5,181	350
20. Total Cost of Electric Service (12 thru 19)	23,115,805	23,793,814	23,358,553	3,739,852
21. Patronage Capital & Operating Margins (1 minus 20)	282,129	829,385	39,381	(111,279)
22. Non Operating Margins - Interest	62,128	56,133	47,217	4,717
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
Other Capital Credits and Patronage Dividends	19,776	26,661	19,776	
Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	423,405	912,179	106,374	(106,562)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT			KY0057		
ELECTRIC DISTRIBUTION			PERIOD ENDED		
INSTRUCTIONS - See help in the online application.			June, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	200	191	5. Miles Transmission		
2. Services Retired	207	176	6. Miles Distribution - Overhead	2,495.37	2,499.46
3. Total Services in Place	24,560	24,700	7. Miles Distribution - Underground	124.77	128.42
4. Idle Services (Exclude Seasonals)	981	1,098	8. Total Miles Energized (5 + 6 + 7)	2,620.14	2,627.88
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	92,932,596		30. Memberships		429,480
2. Construction Work in Progress	1,286,099		31. Patronage Capital		37,403,972
3. Total Utility Plant (1 + 2)	94,218,695		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,563,296		33. Operating Margins - Current Year		856,046
5. Net Utility Plant (3 - 4)	60,655,399		34. Non-Operating Margins		56,133
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(805,434)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		37,940,197
8. Invest. in Assoc. Org. - Patronage Capital	18,351,755		37. Long-Term Debt - RUS (Net)		3,513,203
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FTB - RUS Guaranteed		34,386,540
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		5,204,728
Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
Special Funds	0		42. Payments Unapplied		1,280,488
14. Total Other Property & Investments (6 thru 13)	19,254,797		43. Total Long-Term Debt (37 thru 41 - 42)		41,823,983
15. Cash - General Funds	2,707,481		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,277,611
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,277,611
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		3,094,044
20. Accounts Receivable - Sales of Energy (Net)	3,812,724		49. Consumers Deposits		1,324,925
21. Accounts Receivable - Other (Net)	72,009		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	863,355		52. Current Maturities Capital Leases		0
24. Prepayments	267,683		53. Other Current and Accrued Liabilities		1,537,348
25. Other Current and Accrued Assets	447,561		54. Total Current & Accrued Liabilities (47 thru 53)		5,956,317
26. Total Current and Accrued Assets (15 thru 25)	8,180,113		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		50,293
28. Other Deferred Debits	958,092		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		89,048,401
29. Total Assets and Other Debits (5+14+26 thru 28)	89,048,401				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0057

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

PERIOD ENDED July, 2013

BORROWER NAME
Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

8/15/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	27,552,604	28,335,098	27,552,604	3,711,900
2. Power Production Expense				
3. Cost of Purchased Power	20,849,247	21,310,911	20,849,247	2,850,387
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	795,612	756,447	938,822	110,129
7. Distribution Expense - Maintenance	1,649,045	1,526,825	1,682,026	234,600
8. Customer Accounts Expense	1,067,441	1,104,624	1,088,790	168,213
9. Customer Service and Informational Expense	79,572	89,776	97,078	3,262
10. Sales Expense				
11. Administrative and General Expense	697,024	756,415	738,845	104,927
12. Total Operation & Maintenance Expense (2 thru 11)	25,137,941	25,544,998	25,394,808	3,471,518
13. Depreciation and Amortization Expense	1,714,594	1,798,780	1,783,178	260,501
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	52,902		55,547	
16. Interest on Long-Term Debt	248,114	207,079	250,596	31,401
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	41,130	2,194	2,056	195
19. Other Deductions	6,885	6,477	7,229	2,100
20. Total Cost of Electric Service (12 thru 19)	27,201,566	27,559,528	27,493,414	3,765,715
21. Patronage Capital & Operating Margins (1 minus 20)	351,038	775,570	59,190	(53,815)
22. Non Operating Margins - Interest	67,068	60,936	50,972	4,803
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	19,776	26,661	19,776	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	497,254	863,167	129,938	(49,012)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0057		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED		
			July, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	227	225	5. Miles Transmission		
2. Services Retired	215	188	6. Miles Distribution - Overhead	2,496.19	2,500.03
3. Total Services in Place	24,579	24,722	7. Miles Distribution - Underground	124.87	128.42
4. Idle Services (Exclude Seasonals)	980	1,097	8. Total Miles Energized (5 + 6 + 7)	2,621.06	2,628.45
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	93,615,107		30. Memberships		430,115
2. Construction Work in Progress	1,108,720		31. Patronage Capital		37,403,972
3. Total Utility Plant (1 + 2)	94,723,827		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,745,457		33. Operating Margins - Current Year		802,231
5. Net Utility Plant (3 - 4)	60,978,370		34. Non-Operating Margins		60,936
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(795,389)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		37,901,865
8. Invest. in Assoc. Org. - Patronage Capital	18,351,755		37. Long-Term Debt - RUS (Net)		3,503,082
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed		34,386,540
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		5,178,630
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
13. Special Funds	0		42. Payments Unapplied		1,280,488
14. Total Other Property & Investments (6 thru 13)	19,254,797		43. Total Long-Term Debt (37 thru 41 - 42)		41,787,764
15. Cash - General Funds	2,631,973		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,285,455
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,285,455
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		3,337,070
20. Accounts Receivable - Sales of Energy (Net)	3,770,249		49. Consumers Deposits		1,331,675
21. Accounts Receivable - Other (Net)	48,186		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	882,933		52. Current Maturities Capital Leases		0
24. Prepayments	255,477		53. Other Current and Accrued Liabilities		1,605,856
25. Other Current and Accrued Assets	523,748		54. Total Current & Accrued Liabilities (47 thru 53)		6,274,601
26. Total Current and Accrued Assets (15 thru 25)	8,121,866		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		51,150
28. Other Deferred Debits	945,802		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		89,300,835
29. Total Assets and Other Debits (5+14+26 thru 28)	89,300,835				

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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0057

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

PERIOD ENDED August, 2013

BORROWER NAME
Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

9/13/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	31,709,051	32,026,688	31,709,051	3,691,590
2. Power Production Expense				
3. Cost of Purchased Power	23,730,428	24,122,012	23,730,428	2,811,101
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	807,524	840,353	952,879	83,906
7. Distribution Expense - Maintenance	1,928,940	1,744,154	1,967,518	217,329
8. Customer Accounts Expense	1,230,966	1,271,792	1,255,585	167,168
9. Customer Service and Informational Expense	100,631	111,335	122,771	21,559
10. Sales Expense				
11. Administrative and General Expense	803,016	865,874	851,197	109,459
12. Total Operation & Maintenance Expense (2 thru 11)	28,601,505	28,955,520	28,880,378	3,410,522
13. Depreciation and Amortization Expense	1,962,468	2,060,045	2,040,966	261,265
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	52,902		55,547	
16. Interest on Long-Term Debt	282,487	237,741	285,312	30,663
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	41,252	2,390	2,063	195
19. Other Deductions	8,535	8,636	8,961	2,159
20. Total Cost of Electric Service (12 thru 19)	30,949,149	31,264,332	31,273,227	3,704,804
21. Patronage Capital & Operating Margins (1 minus 20)	759,902	762,356	435,824	(13,214)
22. Non Operating Margins - Interest	87,676	81,733	66,634	20,797
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	19,776	26,661	19,776	
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	926,726	870,750	522,234	7,583

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0057		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED		
			August, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	266	268	5. Miles Transmission		
2. Services Retired	238	208	6. Miles Distribution - Overhead	2,497.10	2,500.83
3. Total Services in Place	24,595	24,745	7. Miles Distribution - Underground	125.35	128.44
4. Idle Services (Exclude Seasonals)	1,020	1,119	8. Total Miles Energized (5 + 6 + 7)	2,622.45	2,629.27
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	93,732,566		30. Memberships		430,550
2. Construction Work in Progress	1,214,390		31. Patronage Capital		37,403,972
3. Total Utility Plant (1 + 2)	94,946,956		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,776,233		33. Operating Margins - Current Year		789,017
5. Net Utility Plant (3 - 4)	61,170,723		34. Non-Operating Margins		81,733
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(791,004)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		37,914,268
8. Invest. in Assoc. Org. - Patronage Capital	18,351,755		37. Long-Term Debt - RUS (Net)		3,492,935
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed		34,386,540
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		5,034,779
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
13. Special Funds	0		42. Payments - Unapplied		1,296,625
14. Total Other Property & Investments (6 thru 13)	19,254,797		43. Total Long-Term Debt (37 thru 41 - 42)		41,617,629
15. Cash - General Funds	2,153,130		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,293,315
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,293,315
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		3,389,261
20. Accounts Receivable - Sales of Energy (Net)	3,653,515		49. Consumers Deposits		1,331,850
21. Accounts Receivable - Other (Net)	44,601		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	934,890		52. Current Maturities Capital Leases		0
24. Prepayments	242,395		53. Other Current and Accrued Liabilities		1,398,174
25. Other Current and Accrued Assets	599,934		54. Total Current & Accrued Liabilities (47 thru 53)		6,119,285
26. Total Current and Accrued Assets (15 thru 25)	7,637,765		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		52,301
28. Other Deferred Debits	933,513		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		88,996,798
29. Total Assets and Other Debits (5+14+26 thru 28)	88,996,798				

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0057
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	PERIOD ENDED September, 2013
INSTRUCTIONS - See help in the online application.	BORROWER NAME Cumberland Valley Electric, Inc

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CERTIFICATION

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ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

- All of the obligations under the RUS loan documents have been fulfilled in all material respects.
- There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

10/21/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	34,913,246	35,335,348	34,913,246	3,308,660
2. Power Production Expense				
3. Cost of Purchased Power	26,261,416	26,582,370	26,261,416	2,460,358
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	887,236	965,673	1,046,938	125,320
7. Distribution Expense - Maintenance	2,144,742	1,976,066	2,187,637	231,912
8. Customer Accounts Expense	1,372,431	1,401,791	1,399,880	129,999
9. Customer Service and Informational Expense	120,970	122,465	147,583	11,130
10. Sales Expense				
11. Administrative and General Expense	906,208	978,118	960,581	112,244
12. Total Operation & Maintenance Expense (2 thru 11)	31,693,003	32,026,483	32,004,035	3,070,963
13. Depreciation and Amortization Expense	2,211,821	2,322,152	2,300,294	262,107
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	52,902		55,547	
16. Interest on Long-Term Debt	320,586	267,161	323,792	29,420
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	41,647	2,585	2,082	195
19. Other Deductions	8,885	9,061	9,329	425
20. Total Cost of Electric Service (12 thru 19)	34,328,844	34,627,442	34,695,079	3,363,110
21. Patronage Capital & Operating Margins (1 minus 20)	584,402	707,906	218,167	(54,450)
22. Non Operating Margins - Interest	92,609	86,276	70,383	4,542
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	31,715	27,890	31,715	1,229
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	768,098	822,072	320,265	(48,679)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0057		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED		
			September, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	302	305	5. Miles Transmission		
2. Services Retired	261	221	6. Miles Distribution - Overhead	2,497.44	2,501.41
3. Total Services in Place	24,608	24,769	7. Miles Distribution - Underground	125.55	128.64
4. Idle Services (Exclude Seasonals)	997	1,121	8. Total Miles Energized (5 + 6 + 7)	2,622.99	2,630.05
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	94,211,905		30. Memberships		429,965
2. Construction Work in Progress	1,316,586		31. Patronage Capital		37,403,972
3. Total Utility Plant (1 + 2)	95,528,491		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,887,880		33. Operating Margins - Current Year		735,797
5. Net Utility Plant (3 - 4)	61,640,611		34. Non-Operating Margins		86,275
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(786,619)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		37,869,390
8. Invest. in Assoc. Org. - Patronage Capital	18,352,738		37. Long-Term Debt - RUS (Net)		3,482,389
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FTB - RUS Guaranteed		34,103,141
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		5,008,573
Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
Special Funds	0		42. Payments - Unapplied		1,296,625
14. Total Other Property & Investments (6 thru 13)	19,255,780		43. Total Long-Term Debt (37 thru 41 - 42)		41,297,478
15. Cash - General Funds	1,383,904		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,301,174
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,301,174
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		2,912,722
20. Accounts Receivable - Sales of Energy (Net)	3,250,894		49. Consumers Deposits		1,322,275
21. Accounts Receivable - Other (Net)	64,242		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	821,512		52. Current Maturities Capital Leases		0
24. Prepayments	193,680		53. Other Current and Accrued Liabilities		1,457,965
25. Other Current and Accrued Assets	676,253		54. Total Current & Accrued Liabilities (47 thru 53)		5,692,962
26. Total Current and Accrued Assets (15 thru 25)	6,399,785		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		56,396
28. Other Deferred Debits	921,224		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		88,217,400
29. Total Assets and Other Debits (5+14+26 thru 28)	88,217,400				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0057
	PERIOD ENDED October, 2013
	BORROWER NAME Cumberland Valley Electric, Inc

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(check one of the following)

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TED HAMPTON

11/22/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	38,239,764	38,406,653	38,147,752	3,071,304
2. Power Production Expense				
3. Cost of Purchased Power	28,984,321	28,956,656	28,883,746	2,374,286
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	1,003,627	1,092,305	1,195,562	126,631
7. Distribution Expense - Maintenance	2,402,214	2,197,796	2,381,806	221,730
8. Customer Accounts Expense	1,530,993	1,575,200	1,554,296	173,409
9. Customer Service and Informational Expense	139,209	134,880	156,793	12,416
10. Sales Expense				
11. Administrative and General Expense	1,015,107	1,100,422	1,072,760	122,304
12. Total Operation & Maintenance Expense (2 thru 11)	35,075,471	35,057,259	35,244,963	3,030,776
13. Depreciation and Amortization Expense	2,462,878	2,585,326	2,552,144	263,174
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	52,902	51,441	55,547	51,441
16. Interest on Long-Term Debt	356,888	297,496	360,808	30,334
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	41,768	2,780	2,420	196
19. Other Deductions	8,884	9,261	10,379	200
20. Total Cost of Electric Service (12 thru 19)	37,998,791	38,003,563	38,226,261	3,376,121
21. Patronage Capital & Operating Margins (1 minus 20)	240,973	403,090	(78,509)	(304,817)
22. Non Operating Margins - Interest	113,765	91,407	76,052	5,132
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	31,715	36,662	47,878	8,773
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	445,825	531,159	45,421	(290,912)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0057		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED		
			October, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	346	359	5. Miles Transmission		
2. Services Retired	289	236	6. Miles Distribution - Overhead	2,497.89	2,502.29
3. Total Services in Place	24,624	24,808	7. Miles Distribution - Underground	126.21	129.20
4. Idle Services (Exclude Seasonals)	1,027	1,108	8. Total Miles Energized (5 + 6 + 7)	2,624.10	2,631.49
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	94,907,189		30. Memberships		430,950
2. Construction Work in Progress	679,836		31. Patronage Capital		37,403,972
3. Total Utility Plant (1 + 2)	95,587,025		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,390,675		33. Operating Margins - Current Year		439,752
5. Net Utility Plant (3 - 4)	62,196,350		34. Non-Operating Margins		91,407
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(782,233)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		37,583,848
8. Invest. in Assoc. Org. - Patronage Capital	18,357,125		37. Long-Term Debt - RUS (Net)		3,472,175
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed		34,103,141
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		4,982,312
Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
Special Funds	0		42. Payments - Unapplied		1,296,625
14. Total Other Property & Investments (6 thru 13)	19,260,167		43. Total Long-Term Debt (37 thru 41 - 42)		41,261,003
15. Cash - General Funds	1,188,027		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,309,033
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,309,033
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		2,879,216
20. Accounts Receivable - Sales of Energy (Net)	2,929,057		49. Consumers Deposits		1,333,575
21. Accounts Receivable - Other (Net)	61,574		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	464,235		52. Current Maturities Capital Leases		0
24. Prepayments	144,608		53. Other Current and Accrued Liabilities		1,479,937
25. Other Current and Accrued Assets	733,209		54. Total Current & Accrued Liabilities (47 thru 53)		5,692,728
26. Total Current and Accrued Assets (15 thru 25)	5,530,010		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		48,849
28. Other Deferred Debits	908,934		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		87,895,461
29. Total Assets and Other Debits (5+14+26 thru 28)	87,895,461				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0057

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

PERIOD ENDED November, 2013

BORROWER NAME
Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

TED HAMPTON

12/11/2013

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	42,539,372	41,966,540	42,192,172	3,559,887
Power Production Expense				
3. Cost of Purchased Power	32,454,699	32,100,662	32,094,643	3,144,006
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	1,020,880	1,203,944	1,334,345	111,639
7. Distribution Expense - Maintenance	2,620,918	2,416,132	2,553,873	218,336
8. Customer Accounts Expense	1,681,425	1,703,261	1,711,651	128,061
9. Customer Service and Informational Expense	159,086	147,415	169,494	12,535
10. Sales Expense				
11. Administrative and General Expense	1,124,306	1,216,330	1,186,128	115,907
12. Total Operation & Maintenance Expense (2 thru 11)	39,061,314	38,787,744	39,050,134	3,730,484
13. Depreciation and Amortization Expense	2,714,249	2,850,402	2,805,549	265,076
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	52,902	51,441	55,547	
16. Interest on Long-Term Debt	390,929	326,717	395,422	29,222
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	41,890	2,978	2,759	198
19. Other Deductions	9,087	10,121	10,379	860
20. Total Cost of Electric Service (12 thru 19)	42,270,371	42,029,403	42,319,790	4,025,840
21. Patronage Capital & Operating Margins (1 minus 20)	269,001	(62,863)	(127,618)	(465,953)
22. Non Operating Margins - Interest	118,315	111,548	90,298	20,141
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits				
Other Capital Credits and Patronage Dividends	31,715	36,663	47,878	
Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	478,403	85,348	10,558	(445,812)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0057		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED		
			November, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	389	392	5. Miles Transmission		
2. Services Retired	305	259	6. Miles Distribution - Overhead	2,498.87	2,502.35
3. Total Services in Place	24,651	24,818	7. Miles Distribution - Underground	126.91	130.03
4. Idle Services (Exclude Seasonals)	1,030	1,142	8. Total Miles Energized (5 + 6 + 7)	2,625.78	2,632.38
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	95,096,282		30. Memberships		431,430
2. Construction Work in Progress	755,035		31. Patronage Capital		37,403,972
3. Total Utility Plant (1 + 2)	95,851,317		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,534,459		33. Operating Margins - Current Year		(26,201)
5. Net Utility Plant (3 - 4)	62,316,858		34. Non-Operating Margins		111,548
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(777,848)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		37,142,901
8. Invest. in Assoc. Org. - Patronage Capital	18,357,125		37. Long-Term Debt - RUS (Net)		3,461,572
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - ITB - RUS Guaranteed		34,103,141
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	903,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		4,874,228
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
13. Special Funds	0		42. Payments - Unapplied		1,312,789
14. Total Other Property & Investments (6 thru 13)	19,260,167		43. Total Long-Term Debt (37 thru 41 - 42)		41,126,152
15. Cash - General Funds	434,530		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,316,892
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,316,892
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		3,518,746
20. Accounts Receivable - Sales of Energy (Net)	3,506,294		49. Consumers Deposits		1,339,050
21. Accounts Receivable - Other (Net)	97,929		50. Current Maturities Long-Term Debt		0
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	502,353		52. Current Maturities Capital Leases		0
24. Prepayments	95,169		53. Other Current and Accrued Liabilities		1,399,184
25. Other Current and Accrued Assets	809,418		54. Total Current & Accrued Liabilities (47 thru 53)		6,256,980
26. Total Current and Accrued Assets (15 thru 25)	5,454,993		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		85,737
28. Other Deferred Debits	896,644		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		87,928,662
29. Total Assets and Other Debits (5+14+26 thru 28)	87,928,662				

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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0057

FINANCIAL AND OPERATING REPORT
ELECTRIC DISTRIBUTION

PERIOD ENDED December, 2013

BORROWER NAME
Cumberland Valley Electric, Inc

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

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TED HAMPTON

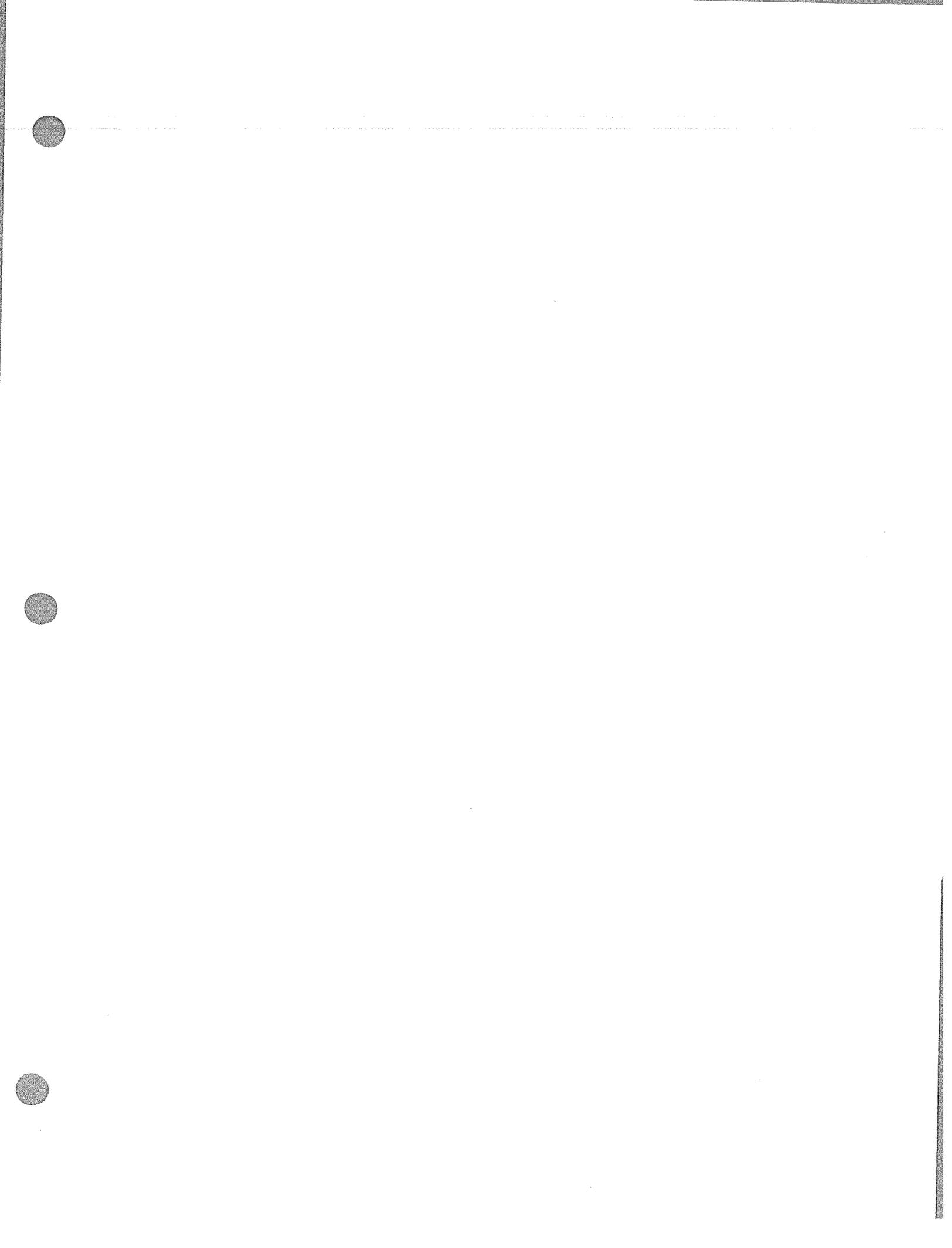
2/26/2014

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	46,861,246	46,665,845	47,050,134	4,699,306
2. Power Production Expense				
3. Cost of Purchased Power	36,085,688	35,772,176	35,747,952	3,671,514
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	1,318,827	1,404,991	1,577,364	201,047
7. Distribution Expense - Maintenance	2,831,797	2,660,031	2,761,223	243,900
8. Customer Accounts Expense	1,819,520	1,871,976	1,873,192	168,715
9. Customer Service and Informational Expense	179,251	153,670	181,807	6,255
10. Sales Expense				
11. Administrative and General Expense	1,248,508	1,369,893	1,327,186	153,563
12. Total Operation & Maintenance Expense (2 thru 11)	43,483,591	43,232,737	43,468,724	4,444,994
13. Depreciation and Amortization Expense	2,968,519	3,115,270	3,057,811	264,868
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	52,902	51,441	55,547	
16. Interest on Long-Term Debt	427,212	354,342	432,601	27,624
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	42,012	3,176	3,101	199
19. Other Deductions	10,213	10,671	11,219	550
20. Total Cost of Electric Service (12 thru 19)	46,984,449	46,767,637	47,029,003	4,738,235
21. Patronage Capital & Operating Margins (1 minus 20)	(123,203)	(101,792)	21,131	(38,929)
22. Non Operating Margins - Interest	128,155	121,888	133,182	10,340
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	59,372			
26. Generation and Transmission Capital Credits	2,364,260	2,957,019		2,957,019
27. Other Capital Credits and Patronage Dividends	44,863	54,741	60,744	18,079
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	2,473,447	3,031,856	215,057	2,946,509

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION KY0057		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			PERIOD ENDED December, 2013		
INSTRUCTIONS - See help in the online application.					
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	430	421	5. Miles Transmission		
2. Services Retired	312	283	6. Miles Distribution - Overhead	2,498.62	2,503.01
3. Total Services in Place	24,685	24,823	7. Miles Distribution - Underground	127.08	130.26
4. Idle Services (Exclude Seasonals)	1,027	1,111	8. Total Miles Energized (5 + 6 + 7)	2,625.70	2,633.27
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	95,051,496		30. Memberships		431,815
2. Construction Work in Progress	816,622		31. Patronage Capital		37,403,965
3. Total Utility Plant (1 + 2)	95,868,118		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	33,482,599		33. Operating Margins - Current Year		2,909,968
5. Net Utility Plant (3 - 4)	62,385,519		34. Non-Operating Margins		121,888
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		(773,464)
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)		40,094,172
8. Invest. in Assoc. Org. - Patronage Capital	21,323,218		37. Long-Term Debt - RUS (Net)		3,327,466
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FPB - RUS Guaranteed		34,681,955
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	888,042		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		4,224,689
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
Special Funds	0		42. Payments - Unapplied		1,312,789
14. Total Other Property & Investments (6 thru 13)	22,211,260		43. Total Long-Term Debt (37 thru 41 - 42)		40,921,321
15. Cash - General Funds	1,504,921		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		3,324,752
17. Special Deposits	4,300		46. Total Other Noncurrent Liabilities (44 + 45)		3,324,752
18. Temporary Investments	5,000		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		3,968,442
20. Accounts Receivable - Sales of Energy (Net)	4,611,871		49. Consumers Deposits		1,348,825
21. Accounts Receivable - Other (Net)	1,023,958		50. Current Maturities Long-Term Debt		1,891,740
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	496,675		52. Current Maturities Capital Leases		0
24. Prepayments	69,683		53. Other Current and Accrued Liabilities		1,570,368
25. Other Current and Accrued Assets	9,627		54. Total Current & Accrued Liabilities (47 thru 53)		8,779,375
26. Total Current and Accrued Assets (15 thru 25)	7,726,035		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		87,549
28. Other Deferred Debits	884,355		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		93,207,169
29. Total Assets and Other Debits (5+14+26 thru 28)	93,207,169				



**CUMBERLAND VALLEY
ELECTRIC**

COST OF SERVICE STUDY

CASE NO. 2014-00159

April - May 2014 - J. Adkins

CUMBERLAND VALLEY ELECTRIC
CASE NO 2014-00159
TEST YEAR REVENUE REQUIREMENTS WITH ADJUSTMENTS

Exhibit R
 Schedule 1
 Page 2 of 33
 Witness: Jim Adkins

TEST YEAR EXPENSES									
Acct No.	Description	Actual Test Year	Adjustments 1, 2, 5 & 6	Adjustments 3, 7 & 8	Adjustments 9, 10 & 11	Adjustments 12 & 13	Purchased Power Adjustment (a)	Margins Adjustment	Adjusted Test Year
555	Purchased Power								
	Demand Charges	-							-
	Energy Charges	-						-	-
	Renewable Resource Energy	-						-	-
	Total Purchased Power	35,772,176					(4,394,432)	-	31,377,744
580	Operations Supv & Eng	-							-
581	Load Dispatching								-
582	Station Expense	5,345							5,345
583	Overhead Line Exp.	630,416	3,121						633,537
584	Underground Line Exp	36,067							36,067
585	Street Lights	-							-
586	Meter Expense	457,235	10,477						467,712
587	Consumer Installations	113,872	42						113,914
588	Misc. Distribution Exp	160,557	33	(893)					159,697
589	Rents	1,500					-		1,500
	Total Dist. Operations	1,404,992	13,674	(893)	-	-	-	-	1,417,773
									-
590	Maint Supv & Eng	-							-
592	Maint of Station Equip	-							-
593	Maint. Overhead Lines	2,353,694	30,474					-	2,384,168
594	Maint of Underground Lines	-							-
595	Maint Line Transformers	45,231	61						45,291
596	Maint of Street Lights	-	-						-
597	Maintenance of Meters	122,356	2,030						124,386
598	Maintenance of Security Lights	-							-
598	Maint Misc Distrib Plant	138,751	3,405	(1,597)			-	-	140,559
	Total Dist. Maint.	2,660,031	35,970	(1,597)	-	-	-	-	2,694,404
									-
901	Supervision	-							-
902	Meter Reading Expense	215,438	3,662						219,100
903	Cons Recds & Collections	1,512,538	32,460	(410)					1,544,588
904	Uncollectible Accounts	144,000					-		144,000
	Total Consum Accts	1,871,976	36,121	(410)			-	-	# 1,907,687

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159

Schedule R
Exhibit 1.1
Page 5 of 33
Witness: Jim Adkins

PAYROLL INFORMATION

				1	2	6	5		
				Wages & Salaries	Payroll Tax	FAS 106	R&S Retirement	Health Insurance	
		<u>Amount</u>	<u>Percent</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Total</u>
583.00	Overhead line	65,842	2.80%	1,142	53	948	978	0	3,121
586.00	Meter	221,002	9.41%	3,835	178	3,181	3,284	0	10,477
587.00	Customer installations	896	0.04%	16	1	13	13	0	42
588.00	Miscellaneous distribution	699	0.03%	12	1	10	10		33
593.00	Overhead line	642,796	27.37%	11,153	516	9,252	9,551	0	30,474
595.00	Transformers	1,278	0.05%	22	1	18	19	0	61
597.00	Maintenance of meters	42,827	1.82%	743	34	616	636	0	2,030
598.00	Miscellaneous maintenance	71,832	3.06%	1,246	58	1,034	1,067	0	3,405
902.00	Meter reading	77,235	3.29%	1,340	62	1,112	1,148	0	3,662
903.00	Consumer records	684,695	29.15%	11,880	550	9,855	10,174	0	32,460
908.00	Consumer information	62,417	2.66%	1,083	50	898	927	0	2,959
912.00	Demonstration and selling	0	0.00%	-	0	0	0	0	0
920.00	Administrative	454,590	19.35%	7,888	365	6,543	6,755	0	21,551
930.00	Miscellaneous	4,400	0.19%	76	4	63	65	0	209
935.00	Maintenance general plant	18,325	0.78%	318	15	264	272	0	869
	Total	2,348,834	100%	40,755	1,887	33,809	34,902	0	111,353

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FUNCTIONALIZATION SUMMARY

							Consumer		
	Purchased						Services &	Outdoor	
Expense	Power	Stations	Lines	Transformers	Services	Meters	Accounting	Lighting	Total
Purchased Power	31,377,744								31,377,744
Distribution Operations		6,025	674,231	-	81,973	527,153	-	128,391	1,417,773
Distribution Maintenance		-	2,517,757	45,291	-	131,356	-	-	2,694,404
Consumer Accounts							1,907,687		1,907,687
Customer Service							156,290		156,290
Administrative & General		1,257	665,571	9,448	17,101	137,372	430,569	26,784	1,288,101
Depreciation		27,881	2,201,562	373,268	297,834	262,770	43,787	170,374	3,377,477
Miscellaneous		410	33,262	5,480	4,387	4,060	1,307	2,536	51,441
Interest on Long Term Debt		7,302	582,609	97,674	78,038	70,157	16,047	44,823	896,650
Short Term Interest		26	2,064	346	276	249	57	159	3,176
Total Costs	31,377,744	42,901	6,677,055	531,507	479,609	1,133,117	2,555,744	373,066	43,170,743
Margin Requirements	-	7,302	582,609	97,674	78,038	70,157	16,047	44,823	896,650
Revenue Requirements	31,377,744	50,202	7,259,664	629,182	557,647	1,203,274	2,571,792	417,889	44,067,393

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Acct No.	Description	Expenses		FUNCTIONALIZATION							Alloc. Basis	
		Adjusted Test Year	Purchased Power	Stations	Lines	Trans-formers	Services	Meters	Consumer Services & Accounting	Security Lighting		Total
555	Purchased Power											
	Demand Charges	7,412,934	7,412,934								7,412,934	
	Energy Charges	23,964,150	23,964,150								23,964,150	
	Green Power	660	660								660	
	Total Purchased Power	31,377,744	31,377,744	-	-	-	-	-	-	-	31,377,744	DA
580	Operations Supv & Eng	-	-	-	-	-	-	-	-	-	-	
581	Load Dispatching	-	-	-	-	-	-	-	-	-	-	DA
582	Station Expense	5,345	-	5,345	-	-	-	-	-	-	5,345	DA
583	Overhead Line Exp.	633,537	-	-	564,725	-	68,813	-	-	-	633,537	DA
584	Underground Line Exp	36,067	-	-	32,150	-	3,917	-	-	-	36,067	DA
585	Street Lights	-	-	-	-	-	-	-	-	-	-	DA
586	Meter Expense	467,712	-	-	-	-	-	467,712	-	-	467,712	DA
587	Consumer Installations	113,914	-	-	-	-	-	-	113,914	-	-	2
588	Misc. Distribution Exp	159,697	-	679	75,856	-	9,243	59,441	-	14,477	159,697	
589	Rents	1,500	-	-	1,500	-	-	-	-	-	1,500	
		1,417,773	-	6,025	674,231	-	81,973	527,153	-	128,391	1,417,773	
590	Maint Supv & Eng	-	-	-	-	-	-	-	-	-	-	3
592	Maint of Station Equip	-	-	-	-	-	-	-	-	-	-	DA
593	Maint. Overhead Lines	2,384,168	-	-	2,384,168	-	-	-	-	-	2,384,168	DA
594	Maint of Underground Lines	-	-	-	-	-	-	-	-	-	-	
595	Maint Line Transformers	45,291	-	-	-	45,291	-	-	-	-	45,291	DA
596	Maint of Street Lights	-	-	-	-	-	-	-	-	-	-	
597	Maintenance of Meters	124,386	-	-	-	-	-	124,386	-	-	124,386	DA
598	Maintenance of Security Lights	-	-	-	-	-	-	-	-	-	-	3
598	Maint Misc Distrib Plant	140,559	-	-	133,589	-	-	6,970	-	-	140,559	
		2,694,404	-	-	2,517,757	45,291	-	131,356	-	-	2,694,404	
	Supervision	-	-	-	-	-	-	-	-	-	-	
901	Meter Reading Expense	219,100	-	-	-	-	-	-	219,100	-	219,100	DA
902	Cons Recds & Collections	1,544,588	-	-	-	-	-	-	1,544,588	-	1,544,588	DA
903	Uncollectible Accounts	144,000	-	-	-	-	-	-	144,000	-	144,000	DA
904	Total Consum Accts	1,907,687	-	-	-	-	-	-	1,907,687	-	1,907,687	DA
906	Customer Information	-	-	-	-	-	-	-	-	-	-	
907	Customer Accounting	118,414	-	-	-	-	-	-	118,414	-	118,414	DA
908	Consumer Information	37,876	-	-	-	-	-	-	37,876	-	37,876	DA
909	Mis. Customer Information	-	-	-	-	-	-	-	-	-	-	
910	Key Accounts Expenses	-	-	-	-	-	-	-	-	-	-	
912	Total Customer Serv.	156,290	-	-	-	-	-	-	156,290	-	156,290	DA

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Acct No.	Description	Expenses	FUNCTIONALIZATION								Alloc. Basis	
		Adjusted Test Year	Purchased Power	Stations	Lines	Trans-formers	Services	Meters	Consumer Services & Accounting	Security Lighting		Total
920	Administrative Salaries	770,992		752	398,377	5,655	10,235	82,224	257,716	16,031	770,992	7
921	Office Supplies	103,036		101	53,239	756	1,368	10,988	34,441	2,142	103,036	7
923	Outside Services	52,389		51	27,070	384	696	5,587	17,512	1,089	52,389	7
924	Property Ins	-			-						-	7
925	Injuries & Damages	-			-						-	7
926	Employ Pensions & Benef	-			-						-	7
928	Regulatory Exp	-			-						-	7
929	Duplicate Charges	(42,883)		(42)	(22,158)	(315)	(569)	(4,573)	(14,334)	(892)	(42,883)	7
930	Misc General Exp	306,628		299	158,437	2,249	4,071	32,701	102,495	6,376	306,628	7
931	Rents	-			-						-	7
935	Maintenance of Gen. Plant	97,939		96	50,606	718	1,300	10,445	32,738	2,036	97,939	4
	Total Admin & General	1,288,101	-	1,257	665,571	9,448	17,101	137,372	430,569	26,784	1,288,101	4 Gen Plt
	Deprec. Distribution Plant	3,246,481		27,754	2,133,875	372,307	296,095	248,800	-	167,650	3,246,481	6
403.6	Deprec. General Plant	130,996		128	67,687	961	1,739	13,970	43,787	2,724	130,996	6
403.7	Total Depreciation	3,377,477		27,881	2,201,562	373,268	297,834	262,770	43,787	170,374	3,377,477	
	Taxes other than Property Tax	51,441										
408	Misc. Taxes	-										
408.7	Contributions	0										
426	Total Miscellaneous	51,441		410	33,262	5,480	4,387	4,060	1,307	2,536	51,441	Tot Plt
	Interest - RUS Constuc	476,267										
427.1	Interest - CoBank	170,161										
427.1	Interest - CFC	250,222										
427.2	Total Interest on LTD	896,650	-	7,302	582,609	97,674	78,038	70,157	16,047	44,823	896,650	5
	Other Interest Expense	813										
431	Interest on Consumer Deposits	2,363										
	Total ST Interest	3,176		26	2,064	346	276	249	57	159	3,176	Rate Base
	Total Costs	43,170,743	31,377,744	42,901	6,677,055	531,507	479,609	1,133,117	2,555,744	373,066	43,170,743	
	Margin Requirements	896,650	-	7,302	582,609	97,674	78,038	70,157	16,047	44,823	896,650	
	Total Revenue Require.	44,067,393	31,377,744	50,202	7,259,664	629,182	557,647	1,203,274	2,571,792	417,889	44,067,393	

CUMBERLAND VALLEY ELECTRIC
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FUNCTIONALIZATION OF TEST YEAR EXPENSES

FOOTNOTES

1 Line Expenses are Allocated between Lines and Services Based on Plant Investment.						
	<u>\$\$\$</u>	<u>%</u>				
Poles and Conductor	65,738,393	89.14%				
Services	8,010,317	10.86%				
Total	<u>73,748,710</u>	<u>100.00%</u>				
2 Allocation of Dist. Oper. Supervision & Miscellaneous Expenses						
	<u>Actual</u>	<u>%</u>	<u>Superv</u>	<u>Miscell. Exp.</u>	<u>Rents</u>	
Load Dispatching	-	0.00%	-	-	-	
Station Expense	5,345	0.43%	-	679	-	
Overhead Line Exp.	596,874	47.50%	-	75,856	-	
Underground Line Exp	-	0.00%	-	-	-	
Services	72,730	5.79%	-	9,243	-	
Meter Expense	467,712	37.22%	-	59,441	-	
Consumer Installations	113,914	9.07%	-	14,477	-	
	-	0.00%	-	-	-	
	<u>1,256,576</u>	<u>100%</u>	<u>-</u>	<u>159,697</u>	<u>-</u>	
			-	159,697	-	
3 Allocation of Dist. Maint. Supervision & Miscellaneous Expenses						
	<u>Actual</u>	<u>%</u>	<u>Superv</u>	<u>Misc. Exp.</u>		
Stations	-	0.00%	-	-		
Lines	2,384,168	95.04%	-	133,589		
Transformers	-	0.00%	-	-		
Services	-	0.00%	-	-		
Meters	124,386	4.96%	-	6,970		
Security Lighting	-	0.00%	-	-		
Street Lighting	-	0.00%	-	-		
	<u>2,508,554</u>	<u>100%</u>	<u>-</u>	<u>140,559</u>		
			-	140,559		
4 General Plant Allocation Comes From the Rate Base Schedule Line General Plant Percent						
5 Rate Base Allocation Comes from the Rate Base Schedule Line Rate Base Percent.						
6 Depreciation Expense Allocation Comes from the Net Plant Percent in Rate Base						

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FUNCTIONALIZATION OF TEST YEAR EXPENSES

FOOTNOTES									
7 Admin & General Expense Allocation except General Plant									
Acct.	Description	Stations	Lines	Trans- formers	Services	Meters	Consumer Services & Accounting	Security Lighting	Total
580	Operations Supv & Eng	-	-	-	-	-	-	-	-
581	Load Dispatching	-	-	-	-	-	-	-	-
582	Station Expense	5,345	-	-	-	-	-	-	5,345
583	Overhead Line Exp.	-	564,725	-	68,813	-	-	-	633,537
584	Underground Line Exp	-	32,150	-	3,917	-	-	-	36,067
585	Street Lights	-	-	-	-	-	-	-	-
586	Meter Expense	-	-	-	-	467,712	-	-	467,712
587	Consumer Installations	-	-	-	-	-	-	113,914	113,914
588	Misc. Distribution Exp	679	75,856	-	9,243	59,441	-	14,477	159,697
589	Rents	6,025	672,731	-	81,973	527,153	-	128,391	1,416,273
590	Maint Supv & Eng	-	-	-	-	-	-	-	-
592	Maint of Station Equip	-	-	-	-	-	-	-	-
593	Maint. Overhead Lines	-	2,384,168	-	-	-	-	-	2,384,168
594	Maint of Underground Lines	-	-	-	-	-	-	-	-
595	Maint Line Transformers	-	-	45,291	-	-	-	-	45,291
596	Maint of Street Lights	-	-	-	-	-	-	-	-
597	Maintenance of Meters	-	-	-	-	124,386	-	-	124,386
598	Maintenance of Security Lights	-	133,589	-	-	6,970	-	-	140,559
	Maint Misc Distrib Plant	-	2,517,757	45,291	-	131,356	-	-	2,694,404
	Supervision	-	-	-	-	-	-	-	-
901	Meter Reading Expense	-	-	-	-	-	219,100	-	219,100
902	Cons Recds & Collections	-	-	-	-	-	1,544,588	-	1,544,588
903	Uncollectible Accounts	-	-	-	-	-	144,000	-	144,000
904	Total Consum Accts	-	-	-	-	-	1,907,687	-	1,907,687
	Customer Information	-	-	-	-	-	-	-	-
906	Customer Information	-	-	-	-	-	-	-	-
907	Customer Accounting	-	-	-	-	-	118,414	-	118,414
908	Consumer Information	-	-	-	-	-	37,876	-	37,876
909	Mis. Customer Information	-	-	-	-	-	-	-	-
910	Key Accounts Expnses	-	-	-	-	-	-	-	-
	Total Customer Serv.	-	-	-	-	-	156,290	-	156,290
	Total all Expenses	6,025	3,190,488	45,291	81,973	658,509	2,063,977	128,391	6,174,654
	Functions as % of Total	0.10%	51.67%	0.73%	1.33%	10.66%	33.43%	2.08%	100.00%

**CUMBERLAND VALLEY ELECTRIC
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RATE BASE**

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		Distribution Plant Balances							
Plant	Description	\$\$\$\$	Stations	Lines	Transformers	Services	Meters	Consumer & Accounting Services	Outdoor Lighting
301	Organization	-							
360	Land and Land Rights	5,485		5,485					
362	Station Equipment	750,823	750,823						
364	Poles, Towers & Fixtures	27,528,688		27,528,688					
365	Overhead Conductor & Devices	26,557,329		26,557,329					
367	Underground Conductor	3,636,573		3,636,573					
368	Line Transformers	10,072,076			10,072,076				
369	Services	8,010,317				8,010,317			
370	Meters	6,730,828					6,730,828		-
371	Security Lights	4,535,460							4,535,460
373	Street Lights	-							-
	Total Distribution Plant	87,827,579	750,823	57,728,076	10,072,076	8,010,317	6,730,828	-	4,535,460
	Distribution Plant Percent	100.00%	0.9%	65.7%	11.5%	9.1%	7.7%	0.0%	5.2%
	Total General Plant	7,223,917	7,048	3,732,649	52,987	95,903	770,410	2,414,710	150,209
	General Plant Percent	100.00%	0.1%	51.7%	0.7%	1.3%	10.7%	33.4%	2.1%
	Total Utility Plant	95,051,496	757,871	61,460,725	10,125,063	8,106,220	7,501,238	2,414,710	4,685,669
	Utility Plant Percent	100.00%	0.80%	64.66%	10.65%	8.53%	7.89%	2.54%	4.93%
	Accum. Depreciation								
	Distribution Plant	29,583,974	252,908	19,445,212	3,392,693	2,698,207	2,267,222	-	1,527,731
	General Plant	3,917,059	3,822	2,023,972	28,732	52,002	417,743	1,309,340	81,449
	Net Plant	61,550,464	501,141	39,991,541	6,703,639	5,356,011	4,816,273	1,105,371	3,076,489
	Net Plant Percent	100.00%	0.81%	64.97%	10.89%	8.70%	7.82%	1.80%	5.00%
	CWIP	297,749	2,545	195,707	34,146	27,156	22,819	-	15,376
	Subtotal	61,848,213	503,686	40,187,248	6,737,784	5,383,167	4,839,091	1,105,371	3,091,865
	Plus								
	Cash Working Capital	911,086	7,420	591,998	99,254	79,299	71,285	16,283	45,546
	Materials & Supplies	740,992	6,035	481,476	80,724	64,495	57,976	13,243	37,043
	Prepayments	175,484	1,429	114,025	19,117	15,274	13,730	3,136	8,773
	Minus: Consumer Advances	87,549	748	57,545	10,040	7,985	6,709	-	4,521
	Net Investment Rate Base	63,588,226	517,821	41,317,202	6,926,840	5,534,250	4,975,373	1,138,033	3,178,706
	Rate Base Percent	100.00%	0.81%	64.98%	10.89%	8.70%	7.82%	1.79%	5.00%

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RATE BASE

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CLASSIFICATION OF RATE BASE							
	Consumer Related Costs	Demand Related Costs	Energy Related Costs	Security Lighting			Total
Stations		517,821					517,821
Lines	13,842,296	27,474,906					41,317,202
Transformers	1,988,185	4,938,655					6,926,840
Services	5,534,250						5,534,250
Meters	4,975,373						4,975,373
Consumer & Accounting Svc	1,138,033						1,138,033
Outdoor Lightin				3,178,706			3,178,706
	27,478,137	32,931,383	-	3,178,706			63,588,226

CUMBERLAND VALLEY ELECTRIC
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RATE BASE

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ALLOCATION OF RATE BASE TO RATE CLASSES									
Function	Classifi- cation	Amount	Schedule 1	Schedule 1A	Schedule 1	Schedule 2	Schedule 2	Schedule 3	
			Farm and Home	Farm & Home ETS Rate	Small Commercial	Large Power	Large Power Primary	Security Lights	
Stations	Demand	517,821	334,150	-	16,267	13,774	23,534	31,038	
Lines	Consumer	13,842,296	12,889,785	-	768,887	81,610	26,815	1,749	
Lines	Demand	27,474,906	17,729,576	-	863,127	730,818	1,248,668	1,646,829	
Transformers	Consumer	1,988,185	1,650,311	-	295,327	31,346	10,300	-	
Transformers	Demand	4,938,655	4,469,692	-	239,642	45,997	128,265	-	
Services	Consumer	5,534,250	5,076,476	275	352,983	26,744	8,787	-	
Meters	Consumer	4,975,373	4,336,956	1,569	258,703	196,804	64,664	4,217	
Consumer & Accounting Services	Consumer	-	1,138,033	971,715	66	57,964	9,228	2,021	198
Outdoor Lighting	Lighting	3,178,706						3,178,706	
		63,588,226	47,458,662	1,911	2,852,900	1,136,321	1,513,053	4,862,736	

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SUMMARY OF CLASSIFICATION OF EXPENSES						
	Consumer Related Costs	Demand Related Costs	Energy Related Costs	Security Lighting	Total	
Purchased Power	-	7,413,594	23,964,150	-	31,377,744	
Stations		50,202			50,202	
Lines	2,432,169	4,827,495	-	-	7,259,664	
Transformers	180,592	448,590	-	-	629,182	
Services	557,647	-	-	-	557,647	
Meters	1,203,274	-		-	1,203,274	
Consumer Services & Accounting	2,571,792	-	-		2,571,792	
Lighting				417,889	417,889	
	6,945,473	12,739,881	23,964,150	417,889	44,067,393	

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CLASSIFICATION OF EXPENSES

		Consumer Related Costs	Demand Related Costs	Total
	2			
<u>Expense</u>	<u>Lines</u>			
Purchased Power	-	-	-	-
Distribution Operations	674,231	225,884	448,346	674,231
Distribution Maintenance	2,517,757	843,512	1,674,246	2,517,757
Consumer Accounts	-	-	-	-
Customer Service	-	-	-	-
Administrative & General	665,571	222,983	442,588	665,571
Depreciation	2,201,562	737,578	1,463,984	2,201,562
Miscellaneous	33,262	11,144	22,118	33,262
Interest on Long Term Debt	582,609	195,188	387,420	582,609
Short Term Interest	2,064	691	1,372	2,064
Total Costs	6,677,055	2,236,980	4,440,075	6,677,055
Margin Requirements	582,609	195,188	387,420	582,609
Revenue Requirements	7,259,664	2,432,169	4,827,495	7,259,664
		Consumer Related Costs	Demand Related Costs	
	3			
<u>Expense</u>	<u>Transformers</u>			<u>Total</u>
Purchased Power	-	-	-	-
Distribution Operations	-	-	-	-
Distribution Maintenance	45,291	13,000	32,291	45,291
Consumer Accounts	-	-	-	-
Customer Service	-	-	-	-
Administrative & General	9,448	2,712	6,736	9,448
Depreciation	373,268	107,138	266,130	373,268
Miscellaneous	5,480	1,573	3,907	5,480
Interest on Long Term Debt	97,674	28,035	69,639	97,674
Short Term Interest	346	99	247	346
Total Costs	531,507	152,556	378,951	531,507
Margin Requirements	97,674	28,035	69,639	97,674
Revenue Requirements	629,182	180,592	448,590	629,182
		Energy Related Costs	Demand Related Costs	
Purchased Power	31,377,744	23,964,150	7,413,594	31,377,744

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DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 364 - POLES				
1. Actual Data				
Poles	Size	Investment	Number of Units	Unit Cost
25 & 30'	30	4,400,399.42	14,150	\$ 310.98
35'	35	1,176,336.94	8,410	\$ 139.87
40'	40	7,972,258.67	18,185	\$ 438.40
45'	45	2,877,326.02	5,696	\$ 505.15
50'	50	974,246.16	1,537	\$ 633.86
55'	55	337,101.67	400	\$ 842.75
60'	60	95,779.67	85	\$ 1,126.82
65'	65	45,413.26	56	\$ 810.95
70'	70	19,138	22	\$ 869.91
75'	75	257	1	\$ 257.25
Subtotal		17,898,257	48,542	
All other items		0		
Total Investment in Poles		17,898,257		
2. Determination of Demand and Consumer Related Investment				
Use minimum size pole - 35 ft				139.8700
Number of poles				48,542
Consumer Related Investment				6,789,570
Total Investment in poles				17,898,257
Percent Customer Related				37.93%
Percent Demand Related				62.07%

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ACCOUNT 365 - CONDUCTOR

1. Actual Data

Conductor	Investment	Number of Units	Unit Cost	Amps
6ACWC	833	14,483	\$ 0.0575	120
8 ACWC	8,740	162,152	\$ 0.0539	
4 HD CU	22,936	206,906	\$ 0.1109	
6 HD CU	8,876	107,987	\$ 0.0822	
2 ACSR	6,334,933	13,605,997	\$ 0.4656	184
4 ACSR	650,273	2,260,737	\$ 0.2876	
1/0 ACSR	1,808,873	4,464,110	\$ 0.4052	230
2/0 ACSR	116,824	527,459	\$ 0.2215	
3/0 ACSR	23,425	104,188	\$ 0.2248	324
4/0 ACSR	1,551,716	2,188,918	\$ 0.7089	340
226.8 MCM-CU	9,350.82	44,109	0.2120	
336.4 MCM	3,287,747	1,985,036	\$ 1.6563	510
395.5 MCM AL	110	267	\$ 0.4114	
AERIAL CABLE	80,927	71,319	\$ 1.1347	
4/0 AERIAL CABLE	4,242	7,885	\$ 0.5380	
AERIAL CABLE 2	836	200	\$ 4.1823	
1/0 SP CABLE	7,470	950	\$ 7.8632	
4/0 CABLE	70,292	23,880	\$ 2.9436	
OH SPACER CABLE 556	618,451	585,554	\$ 1.0562	
SUBTOTAL	14,606,856	26,362,137	\$ 0.5541	
All other OH Conductor Invest.	-			
TOTAL	26,557,329			1

2. Demand and Consumer Investment Percents

Use Exponential Curve	
Formula	$y=b*m^x$
Intercept	0.15554
X Variable 1	1.00394
Use zero intercept	0.15554
Amount of Conduit	26,362,137
Consumer Related Investment	4,100,456
Total Investment in conductor	14,606,856
Percent Customer Related	28.07%
Percent Demand Related	71.93%

CUMBERLAND VALLEY ELECTRIC
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DEMAND AND CONSUMER RELATED INVESTMENTS

Data for Exponential Curve				
Conuctor		Per Unit Cost		Wire Size
6 ACWC	\$	0.06		120
2 ACSR	\$	0.47		180
1/0 ACSR	\$	0.41		230
3/0 ACSR	\$	0.22		324
4/0 ACSR	\$	0.71		340
336.4 MCM	\$	1.66		530
				-

14,606,856

Breakdown of Lines into Demand Related and Consumer Related Components

Acct No.	Investment	Consumer-Related		Demand-Related	
		Percent	Amount	Percent	Amount
364.00	17,898,257	37.93%	6,789,569.56	62.07%	11,108,687
365.00	14,606,856	28.07%	4,100,456.04	71.93%	10,506,400
	32,505,113		10,890,025.59		21,615,088
%	100.00%		33.50%		66.50%

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DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 368 - TRANSFORMERS				
Type of Transformer	Size In KVA	Number of Transformers	Total Cost	Per Unit Cost
Various	0	-	-	-
10 KVA CONV	10	60	23,236	387.26
15 KVA CONV	15	176	79,595	452.25
25 KVA CONV	25	219	124,346	567.79
37.5 KVA CONV	37.5	47	22,268	473.79
50 KVA CONV	50	415	328,841	792.39
75 KVA CONV	75	13	12,457	958.27
100 KVA CONV	100	132	177,408	1,344.00
167 KVA CONV	167	88	161,939	1,840.22
250 KVA CIBVE	250	22	57,539	2,615.40
333 KVA CONV	333	51	175,919	3,449.40
500 KVA CONV	500	2	21,706	10,852.98
500 KVA 3PH PAD	500	11	79,745	7,249.53
750 - 1000 KVA 3PH PAD	750	7	66,566	9,509.48
1500 KVA PAD	1500	1	9,265.00	9,265.00
1.5 KVA CSP	1.5	213	22,260.23	104.51
3 KVA CSP	3	542	73,018.49	134.72
5 KVA CSP	5	893	152,295.32	170.54
7.5 KVA CSP	7.5	32	7,132.02	222.88
10 KVA CSP	10	4,694	1,064,945.05	226.87
15 KVA CSP	15	8,675	3,444,823.82	397.10
25 KVA CSP	25	3,991	2,044,954.57	512.39
50 KVA CSP	50	334	266,572.83	798.12
75 KVA CSP	75	2	1,645.42	822.71
500 KVA URD	500	2	40,445.31	20,222.66

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DEMAND AND CONSUMER RELATED INVESTMENTS

Total	20,622	8,458,923	410.19
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2. Demand and Consumer Investment Percents

Regression Equation		
Zero Intercept		\$ 117.74
Slope - X Variable		\$ 12.84
Use Intercept		117.74
Number of Transformers		20,622
Consumer Related Investment		2,427,933
Total Investment in transformers		8,458,923.40
Percent Customer Related		28.70%
Percent Demand Related		71.30%

ACCOUNT 368 - TRANSFORMERS

3. Data for Regression Line			
Transformer	Size kVa		Unit Cost
5 kVA		5.00	222.88
10 kVa		10.00	228.90
15 kVa		15.00	398.19
25 kVa		25.00	515.27
37.5 kVa		37.50	473.79
50 kVa		50.00	794.95

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ALLOCATION OF REVENUE REQUIREMENTS							
Function	Classifi- cation	Amount	Green Power	Schedule I	Schedule I	Schedule II	Schedule II
				Residential, School & Church	Marketing Rate	Small Commer- al - No Demar	Small Commer- ial - W/Demand
Purchased Power	Demand	7,363,392		5,109,845	-	117,497	215,629
Purchased Power	Meters&Sus	50,202		32,396	-	1,577	1,335
Purchased Power	Energy	23,964,150		15,654,542	43,195	744,479	364,493
Stations	Demand	50,202		32,396	-	1,577	1,335
Lines	Consumer	2,432,169		2,264,807	-	135,098	14,339
Lines	Demand	4,827,495		3,115,186	-	151,656	128,409
Transformers	Consumer	180,592		149,902	-	26,825	2,847
Transformers	Demand	448,590		405,993	-	21,767	4,178
Services	Consumer	557,647		511,521	28	35,568	2,695
Meters	Consumer	1,203,274		1,048,875	379	62,566	47,596
Consumer Services & Accounting	Consumer	2,571,792		2,195,935	149	130,989	20,855
Lighting	Lighting	417,889					
Revenue Requirements		44,067,393		30,521,397	43,751	1,429,601	803,713
ALLOCACTION SUMMARY							
	Amount	Schedule I	Schedule I	Schedule II	Schedule II		
		Residential, School & Church	Marketing Rate	Small Commer- al - No Demar	Small Commer- ial - W/Demand		
Consumer Related	6,945,473	6,171,040	556	391,046	88,333		
Demand Related	12,739,881	8,695,814	-	294,075	350,887		
Energy Related	23,964,150	15,654,542	43,195	744,479	364,493		
Lighting	417,889						
Revenue Requirements	44,067,393	30,521,397	43,751	1,429,601	803,713		

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		ALLOCATION OF REVENUE REQUIREMENTS				
		Schedule III	Schedule IV	Schedule IV-A	Schedule VI	-
Function	Classifi- cation	3 Phase Schoc & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lighting	Total
Purchased Power	Demand	239,409	332,377	1,283,272	65,363	7,363,392
Purchased Power	Meters&Sus	2,282	3,009	8,454	1,149	50,202
Purchased Power	Energy	874,264	1,555,474	4,147,950	579,752	23,964,150
Stations	Demand	2,282	3,009	8,454	1,149	50,202
Lines	Consumer	4,712	307	8,194	4,712	2,432,169
Lines	Demand	219,398	289,357	812,961	110,528	4,827,495
Transformers	Consumer	936	-	-	82	180,592
Transformers	Demand	11,651	-	-	5,001	448,590
Services	Consumer	885	-	-	6,951	557,647
Meters	Consumer	15,639	1,020	27,198	-	1,203,274
Consumer Services & Accounting	Consumer	4,568	447	11,917	206,930	2,571,792
Lighting	Lighting	-	-	-	417,889	417,889
Revenue Requirements		1,376,024	2,184,999	6,308,401	1,399,506	44,067,393
		ALLOCATION SUMMARY				
		Schedule III	Schedule IV	Schedule IV-A	Schedule VI	-
		3 Phase Schoc & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lighting	Total
Consumer Related		26,739	1,774	47,309	218,675	6,945,473
Demand Related		475,020	627,752	2,113,142	183,191	12,739,881
Energy Related		874,264	1,555,474	4,147,950	579,752	23,964,150
Lighting		-	-	-	417,889	417,889
Revenue Requirements		1,376,024	2,184,999	6,308,401	1,399,506	44,067,393

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COST TO SERVE						
COST OF RESULTS			Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer- al - No Demar	Schedule II Small Commer- ial - W/Demand
<u>Billing Determinants</u>						
Customer Charges			265,245		15,633	1,727
Demand kW			2,358,992		126,477	38,733
Energy kWh			305,244,751	838,809	14,478,749	7,078,107
<u>Cost to Serve by Rate Class</u>						
Customer Charges			\$ 23.27		\$ 25.01	\$ 51.15
Demand kW			\$ 3.69		\$ 2.33	\$ 9.06
Energy kWh			\$ 0.05129	0.05216	\$ 0.05142	\$ 0.05150

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COST TO SERVE					
COST OF RESULTS	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	
	3 Phase Schod & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lighting	
<u>Billing Determinants</u>					
Customer Charges	548	33	923	136,989	
Demand kW	67695	96,652	260,376	29,059	
Energy kWh	16,989,450	30,205,800	80549209	11,258,223	
<u>Cost to Serve by Rate Class</u>					
Customer Charges	\$ 48.79	\$ 53.76	\$ 51.26	\$ 4.65	
Demand kW	\$ 7.02	\$ 6.49	\$ 8.12	\$ 54.46	
Energy kWh	\$ 0.05146	\$ 0.05150	\$ 0.05150	\$ 0.05150	

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

RETAIL ENERGY SALES - kWh									
	Schedule I	Schedule I	Schedule II	Schedule II	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	Total
	Residential,	Marketing	Small Commer-	Small Commer-	3 Phase School	Large Power	Large Power	Outdoor	Energy
Month	School & Church	Rate	cial - No Demand	cial - W/Demand	& Churches	2500 kW Plus	50-2500 kW	Lighting	Sales - kWh
January	37,700,174	178,747	1,436,178	550,070	1,525,190	3,094,200	6,272,953	924,493	51,682,005
February	31,443,810	157,904	1,229,800	579,676	1,670,824	2,736,000	6,970,357	925,047	45,713,417
March	30,529,097	142,940	1,198,034	530,694	1,450,553	2,849,400	5,639,878	924,493	43,265,089
April	21,769,268	78,131	1,069,088	579,064	1,380,698	3,344,400	6,471,310	921,999	35,613,958
May	18,147,731	27,282	1,089,671	563,048	1,313,749	3,070,800	6,400,187	921,584	31,534,052
June	21,063,064	1,683	1,198,506	652,695	1,117,325	2,826,000	6,982,542	926,432	34,768,247
July	22,473,294	928	1,223,391	689,275	1,158,199	2,059,200	6,763,192	924,216	35,291,695
August	22,927,158	792	1,284,085	679,498	1,552,174	2,165,400	7,327,366	926,986	36,863,458
September	20,224,245	991	1,192,847	659,890	1,618,738	1,992,600	7,026,551	925,462	33,641,324
October	18,533,801	19,474	1,102,086	586,537	1,354,836	1,992,600	6,790,550	926,016	31,305,900
November	24,519,978	86,374	1,092,318	484,645	1,376,113	2,062,800	6,971,866	927,471	37,521,565
December	34,664,524	143,563	1,341,069	523,015	1,458,973	2,012,400	6,932,457	928,925	48,004,926
	303,996,144	838,809	14,457,073	7,078,107	16,977,372	30,205,800	80,549,209	11,258,223	465,360,737
Percentage	65.32%	0.18%	3.11%	1.52%	3.65%	6.49%	17.31%	2.42%	100.0%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

MONTHLY CONTRIBUTION TO EKPC COINCIDENT DEMAND - KW									
	Schedule I	Schedule I	Schedule II	Schedule II	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	Total
	Residential,	Marketing	Small Commer-	Small Commer-	3 Phase School	Large Power	Large Power	Outdoor	Demand
Month	School & Church	Rate	cial - No Demand	cial - W/Demand	& Churches	2500 kW Plus	50-2500 kW	Lighting	kW
January	80,009	-	1,394	3,195	4,554	3791	17,906	2406	113,255
February	79,063	-	1,462	2,560	2,684	3048	13,507	2407	104,731
March	77,487	-	2,352	3,330	3,389	2694	16,483	2411	108,146
April	52,159	-	1,845	2,723	2,218	5868	17,847	0	82,660
May	43,416	-	1,152	2,808	2,635	5708	15,246	0	70,965
June	58,573	-	1,131	2,219	2,242	5325	14,988	0	84,478
July	58,422	-	298	2,470	2,168	4455	15,042	0	82,855
August	54,386	-	610	2,614	3,378	3835	15,627	0	80,450
September	52,346	-	1,383	2,734	3,647	4880	15,814	0	80,804
October	54,025	-	668	2,198	2,547	3351	15,154	0	77,943
November	72,069	-	2,254	2,311	2,375	2306	14,784	0	96,099
December	74,014	-	2,834	2,739	3,582	3912	17,454	2446	106,981
	755,969	-	17,383	31,901	35,419	49,173	189,852	9,670	1,089,367
Allocation %	69.40%	0.00%	1.60%	2.93%	3.25%	4.51%	17.43%	0.89%	100%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

MONTHLY PEAK DEMANDS FOR EACH RATE CLASS KW									
Month	Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer- cial - No Demand	Schedule II Small Commer- cial - W/Demand	Schedule III 3 Phase School & Churches	Schedule IV Large Power 2500 kW Plus	Schedule IV-A Large Power 50-2500 kW	Schedule VI Outdoor Lighting	Total Demand kW
January	80,009		4,206	3,195	5,517	8,022	15405	2406	118,760
February	79,523		4,151	2,560	5,173	6,289	14072	2407	114,175
March	77,487		4,462	3,330	5,037	7,357	16158	2411	116,242
April	53,158		4,905	2,723	4,996	7,405	15622	2404	91,213
May	53,420		2,033	2,808	4,614	7,874	16545	2406	89,700
June	62,991		2,205	2,781	3,428	6,927	17798	2425	98,555
July	73,516		2,832	2,947	3,571	5,434	18545	2424	109,269
August	61,460		2,393	2,614	5,046	5,187	19827	2430	98,957
September	61,591		2,185	3,100	5,253	5,245	19616	2428	99,418
October	68,149		3,994	2,504	4,980	5,356	20136	2433	107,552
November	73,697		2,705	2,459	4,926	5,496	19972	2439	111,694
December	74,014		3,801	2,739	5,141	5,483	20040	2446	113,664
	819,015	-	39,872	33,760	57,682	76,075	213,736	29,059	1,269,199
									1,269,199
Lines	64.53%	0.00%	3.14%	2.66%	4.54%	5.99%	16.84%	2.29%	100%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

									1,269,199
SUM OF THE PEAK DEMANDS FOR EACH CUSTOMER WITHIN THE RATE CLASS - KW									
	Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer- cial - No Demand	Schedule II Small Commer- cial - W/Demand	Schedule III 3 Phase School & Churches	Schedule IV Large Power 2500 kW Plus	Schedule IV-A Large Power 50-2500 kW	Schedule VI Outdoor Lighting	Total Demand kW
January	211,005	651	10,197	2,006	6,422	9,022	18,540	2406	260,249
February	199,272	651	10,789	2,032	6,044	7,289	17,368	2407	245,852
March	208,551	630	11,151	2,094	5,898	8,357	19,865	2411	258,957
April	198,421	637	11,341	2,082	5,899	8,405	19,341	2404	248,530
May	189,854	546	11,480	2,049	5,608	8,874	20,509	2406	241,326
June	178,420	203	9,122	1,735	4,035	7,927	21,339	2425	225,206
July	181,339	133	9,171	1,766	4,146	6,434	22,483	2424	227,896
August	180,962	112	9,488	1,914	5,590	6,187	23,408	2430	230,091
September	175,837	147	9,757	1,960	5,727	6,245	23,283	2428	225,384
October	206,231	560	12,322	2,260	5,930	6,356	23,832	2433	259,924
November	212,161	679	10,596	2,226	6,309	6,496	24,747	2439	265,653
December	216,939	693	11,063	2,152	6,087	6,483	23,770	2446	269,633
	2,358,992	-	126,477	24,276	67,695	-	-	29,059	2,606,499
	90.50%	0.00%	4.85%	0.93%	2.60%	0.00%	0.00%	1.11%	100.00%

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ALLOCATION OF CONSUMER RELATED COSTS

A. Lines (poles and conduit)								
					<u>Factor</u>	<u>Number of Consumers</u>	<u>Relative Weight</u>	<u>Allocation Percent</u>
I	Residential, School and Church				1.00	22,112	22,112.00	93.12%
IA	Residenital ETS				1.00	0	-	0.00%
II	Small Commercial w/no Demand				1.00	1,319	1,319.00	5.55%
II	Small Commercial w/Demand				1.00	140	140.00	0.59%
III	3 Phase Scholls and Churches				1.00	46	46.00	0.19%
IV	Large Power - 2500 kW and Larger				1.00	3	3.00	0.01%
IV-A	Large Power - 50- 2500 kW				1.00	80	80.00	0.34%
VI	Outdoor Lighting				1.00	46	46.00	0.19%
						23,746	23,746	100.0%
B. Transformers								
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
		<u>Minimum Size Transform.</u>	<u>Cost of Minimum Transform.</u>	<u>Weighted Cost Min = 1</u>	<u>Number of Customers</u>	<u>Relative Weight</u>	<u>Allocation Percent</u>	
I	Residential, School and Church	15 KVA	\$ 398.19	1.00	22,112	22,112	83.01%	
IA	Residenital ETS	-	\$ -	-	-	-	0.00%	
II	Small Commercial w/no Demand	25 KVA	515.27	3.00	1,319	3,957	14.85%	
II	Small Commercial w/Demand	3-15 KVA	\$ 1,194.58	3.00	140	420	1.58%	
III	3 Phase Scholls and Churches	3-15 KVA	1,194.58	3.00	46	138	0.52%	
IV	Large Power - 2500 kW and Larger	-	-	-	3.00	-	0.00%	
IV-A	Large Power - 50- 2500 kW	-	-	-	80.00	-	0.00%	
VI	Outdoor Lighting	1.5 KVA	104.51	0.26	46.00	12	0.05%	
					23,746.00	26,639.07	100.0%	

**CUMBERLAND VALLEY ELECTRIC
CASE NO, 2014-00159**

Exhibit R
Schedule 4.2
Page 31 of 33
Wintess: Jim Adkins

ALLOCATION OF CONSUMER RELATED COSTS

C. Services		1	2	3	4	5	6	
		Minimum Size Service	Cost Per Unit	Average Length of Service	Cost of Service	Number of Customers	Relative Weight	Allocation Percent
I	Residential, School and Church	2 Triplex	\$ 2.58	100	258.26	22,112	5,710,646	91.73%
IA	Residenital ETS	2 Triplex	\$ 2.58	15	38.74	8	310	0.005%
II	Small Commercial w/no Demand	2/0 Triplex	\$ 3.01	100	301.05	1,319	397,079	6.38%
II	Small Commercial w/Demand	2/0 Quad	\$ 4.30	50	214.89	140	30,085	0.48%
III	3 Phase Scholls and Churches	2/0 Quad	\$ 4.30	50	214.89	46	9,885	0.16%
IV	Large Power - 2500 kW and Larger					3		0.00%
IV-A	Large Power - 50- 2500 kW					80		0.00%
VI	Outdoor Lighting	4 Triplex	\$ 0.47	15	6.98	11,113	77,602	1.25%
		#REF!						
						34,821.00	6,225,606.53	100.00%
D. Meters		1	2	3	4	5	6	
		Minimum Size Meter	Cost of Minimum Meter	Weighted Cost Meter	Number of Customers	Relative Weight	Allocation Percent	
I	Residential, School and Church	2-3 Wire	43.67	1.00	22,112	22,112.00	87.168%	
IA	Residenital ETS	2-3 Wire	43.67	1.00	8	8.00	0.032%	
II	Small Commercial w/no Demand	2-3 Wire	43.67	1.00	1,319	1,319.00	5.200%	
II	Small Commercial w/Demand	Demand	313.00	7.17	140	1,003.41	3.956%	
III	3 Phase Scholls and Churches	Demand	313.00	7.17	46	329.69	1.300%	
IV	Large Power - 2500 kW and Larger	Demand	313.00	7.17	3	21.50	0.085%	
IV-A	Large Power - 50- 2500 kW	Demand	313.00	7.17	80	573.37	2.260%	
VI	Outdoor Lighting					-	0.000%	
					23,708.00	25,366.97	100.0%	

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159
SUMMARY RESULTS OF COST OF SERVICE STUDY

Exhibit R
Schedule 5
Page 33 of 33
Witness: Jim Adkins

	Schedule I	Schedule I	Schedule II	Schedule II	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	
	Residential,	Marketing	Sml Com	Sml Com	3 Phase Schl	Large Power	Large Power	Outdoor	
	Schl & Chur	Rate	1 Phase	3 Phase	& Churches	2500 kW Plus	50-2500 kW	Lights	Total
Revenue from Rates	27,553,696	43,098	1,442,770	820,602	1,344,715	2,160,882	5,994,568	\$ 1,300,158	\$ 40,660,489
Less Purchased Power Costs									
Demand	5,142,240	-	119,075	216,965	241,690	335,386	1,291,727	66,512	7,413,594
Energy	15,654,542	43,195	744,479	364,493	874,264	1,555,474	4,147,950	579,752	23,964,150
Total	20,796,782	43,195	863,554	581,458	1,115,955	1,890,859	5,439,677	646,264	31,377,744
Gross Margin	6,756,914	(97)	579,216	239,144	228,760	270,023	554,890	653,894	9,282,745
Less Distribution Costs									
Demand Related									
Stations	32,396	-	1,577	1,335	2,282	3,009	8,454	1,149	50,202
Lines	3,115,186	-	151,656	128,409	219,398	289,357	812,961	110,528	4,827,495
Transformers	405,993	-	21,767	4,178	11,651	-	-	5,001	448,590
Total Distribution Related	3,553,574	-	175,001	133,922	233,330	292,366	821,415	116,679	5,326,287
Consumer Related									
Lines	2,264,807	-	135,098	14,339	4,712	307	8,194	4,712	2,432,169
Transformers	149,902	-	26,825	2,847	936	-	-	82	180,592
Services	511,521	28	35,568	2,695	885	-	-	6,951	557,647
Meters	1,048,875	379	62,566	47,596	15,639	1,020	27,198	-	1,203,274
Consumer Svc & Accouting	2,195,935	149	130,989	20,855	4,568	447	11,917	206,930	2,571,792
Outdoor Lighting	-	-	-	-	-	-	-	417,889	417,889
Total Consumer Related	6,171,040	556	391,046	88,333	26,739	1,774	47,309	636,563	7,363,362
Total Distribution Costs	9,724,615	556	566,047	222,255	260,070	294,140	868,724	753,242	12,689,649
Margins from Rate Revenue	(2,967,700)	(653)	13,169	16,890	(31,309)	(24,117)	(313,834)	(99,348)	(3,406,904)
Other Revenue	1,222,269	-	64,001	36,402	59,651	95,856	265,916	57,674	1,801,769
Over (Under) Recovery	(1,745,431)	(653)	77,170	53,291	28,342	71,738	(47,917)	(41,674)	(1,605,135)



Cumberland Valley Electric
Case No. 2014-00159
Balance Sheet, Adjusted
December 31, 2013

Exhibit S
page 1 of 4
Witness: Jim Adkins

	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
Assets and Other Debits			
Electric Plant:			
In service	95,051,496		95,051,496
Under construction	816,622		816,622
	<u>95,868,118</u>		<u>95,868,118</u>
Less accumulated depreciation	33,482,599	262,207	33,744,806
	<u>62,385,519</u>	<u>(262,207)</u>	<u>62,123,312</u>
Investments	<u>22,211,290</u>		<u>22,211,290</u>
Current Assets:			
Cash and temporary investments	1,514,221		1,514,221
Accounts receivable, net	5,635,829		5,635,829
Material and supplies	496,675		496,675
Prepayments and current assets	79,310		79,310
	<u>7,726,035</u>		<u>7,726,035</u>
Deferred debits and net change in assets	884,355	(1,887,443)	(1,003,088)
Total	<u>93,207,199</u>	<u>(2,149,650)</u>	<u>91,057,549</u>
Liabilities and Other Credits			
Margins and Equities			
Memberships	431,815		431,815
Patronage capital	39,662,357	(2,149,650)	37,512,707
	<u>40,094,172</u>	<u>(2,149,650)</u>	<u>37,944,522</u>
Long Term Debt	<u>42,813,061</u>		<u>42,813,061</u>
Accumulated Operating Provisions	<u>3,324,752</u>		<u>3,324,752</u>
Current Liabilities:			
Short term borrowings	-		-
Accounts payable	3,968,442		3,968,442
Consumer deposits	1,348,825		1,348,825
Accrued expenses	1,570,368		1,570,368
	<u>6,887,635</u>		<u>6,887,635</u>
Deferred credits	<u>87,549</u>		<u>87,549</u>
Total	<u>93,207,169</u>	<u>(2,149,650)</u>	<u>91,057,519</u>

Cumberland Valley Electric

Exhibit S

Case No. 2014-00159

page 2 of 4

Statement of Operations, Adjusted

Witness: Jim Adkins

	Actual <u>Test Year</u>	Normalized <u>Adjustments</u>	Normalized <u>Test Year</u>	Proposed <u>Increase</u>	Proposed <u>Test Year</u>
Operating Revenues:					
Base rates	40,660,488	-	40,660,488	1,605,137	42,265,625
Fuel and surcharge	4,358,835	(4,358,835)	-		-
Other electric revenue	<u>1,646,522</u>	<u>(21,382)</u>	<u>1,625,140</u>		<u>1,625,140</u>
	<u>46,665,845</u>	<u>(4,380,217)</u>	<u>42,285,628</u>	<u>1,605,137</u>	<u>43,890,765</u>
Operating Expenses:					
Cost of power:					
Base rates	31,377,744	-	31,377,744		31,377,744
Fuel and surcharge	4,394,432	(4,394,432)	-		-
Distribution - operations	1,404,991	12,781	1,417,772		1,417,772
Distribution - maintenance	2,660,031	34,373	2,694,404		2,694,404
Consumer accounts	1,871,976	35,711	1,907,687		1,907,687
Customer service	153,670	2,620	156,290		156,290
Sales	-	-	-		-
Administrative and general	<u>1,369,893</u>	<u>(81,792)</u>	<u>1,288,101</u>		<u>1,288,101</u>
Total operating expenses	<u>43,232,737</u>	<u>(4,390,738)</u>	<u>38,841,999</u>	<u>-</u>	<u>38,841,999</u>
Depreciation	3,115,270	262,207	3,377,477		3,377,477
Taxes - other	51,441	-	51,441		51,441
Interest on long-term debt	354,342	542,308	896,650		896,650
Interest expense - other	3,176	-	3,176		3,176
Other deductions	<u>10,671</u>	<u>(10,671)</u>	<u>-</u>		<u>-</u>
Total cost of electric svc	<u>46,767,637</u>	<u>(3,596,894)</u>	<u>43,170,743</u>	<u>-</u>	<u>43,170,743</u>
Utility operating margins	<u>(101,792)</u>	<u>(783,323)</u>	<u>(885,115)</u>	<u>1,605,137</u>	<u>720,021</u>
Nonoperating margins, inter	121,888	-	121,888		121,888
Nonoperating margins, other	-	-	-		-
G & T capital credits	2,957,019	(2,957,019)	-		-
Other capital credits	<u>54,741</u>	<u>-</u>	<u>54,741</u>		<u>54,741</u>
Net Margins	<u>3,031,856</u>	<u>(3,740,342)</u>	<u>(708,486)</u>	<u>1,605,137</u>	<u>896,650</u>
TIER, total	9.56		0.21		2.00
TIER, exclude G&T	1.21				

Cumberland Valley Electric
Case No. 2014-00159
Summary of Adjustments to Test Year

Exhibit S
page 3 of 4
Witness: Jim Adkins

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	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 13	Adj 14	Adj 15	Total
	Salaries	Payroll Taxes	Deprec	Interest	R & S Retirement	FAS 106	Donations	Professional Fees	Directors	Misc Expenses	Rate Case	G & T Capital Cr	CATV	Purchase Power	Revenue	Additional Revenue	
Operating Revenues:																	
Base rates																	0
Fuel and surcharge															(4,358,835)		(4,358,835)
Other electric revenue													23,512			(44,894)	(21,382)
	0	0	0	0	0	0	0	0	0	0	0	0	23,512	0	(4,358,835)	(44,894)	(4,380,217)
Operating Expenses:																	
Cost of power:																	
Base rates														0			0
Fuel and surcharge														(4,394,432)			(4,394,432)
Distribution - operations	5,005	232	(893)		4,286	4,152											12,781
Distribution - maintenanc	13,165	610	(1,597)		11,274	10,921											34,373
Consumer accounts	13,220	612	(410)		11,322	10,967											35,711
Customer service	1083	50	(339)		927	898											2,620
Sales	0	0			0	0											0
Administrative and gener	8,282	383	(582)		7,093	6,870		(17,164)	(111,074)	(600)	25,000						(81,792)
Total operating expense:	40,755	1,887	(3,821)	0	34,902	33,809	0	(17,164)	(111,074)	(600)	25,000	0	0	(4,394,432)	0	0	(4,390,738)
Depreciation			262,207														262,207
Taxes - other																	0
Interest on long-term debt				556,752													556,752
Interest expense - other																	0
Other deductions							(10,671)										(10,671)
Total cost of electric ser	40,755	1,887	258,386	556,752	34,902	33,809	(10,671)	(17,164)	(111,074)	(600)	25,000	0	0	(4,394,432)	0	0	(3,582,450)
Utility operating margin	(40,755)	(1,887)	(258,386)	(556,752)	(34,902)	(33,809)	10,671	17,164	111,074	600	(25,000)	0	23,512	4,394,432	(4,358,835)	(44,894)	(797,767)
Nonoperating margins, interest																	0
Nonoperating margins, other																	0
G & T capital credits												(2,957,019)					(2,957,019)
Patronage capital credits																	0
	0	0	0	0	0	0	0	0	0	0	0	(2,957,019)	0	0	0	0	(2,957,019)
Net Margins	(40,755)	(1,887)	(258,386)	(556,752)	(34,902)	(33,809)	10,671	17,164	111,074	600	(25,000)	(2,957,019)	23,512	4,394,432	(4,358,835)	(44,894)	(3,754,786)

Cumberland Valley Electric
Case No. 2014-00159
Proposed Revenues
December 31, 2013

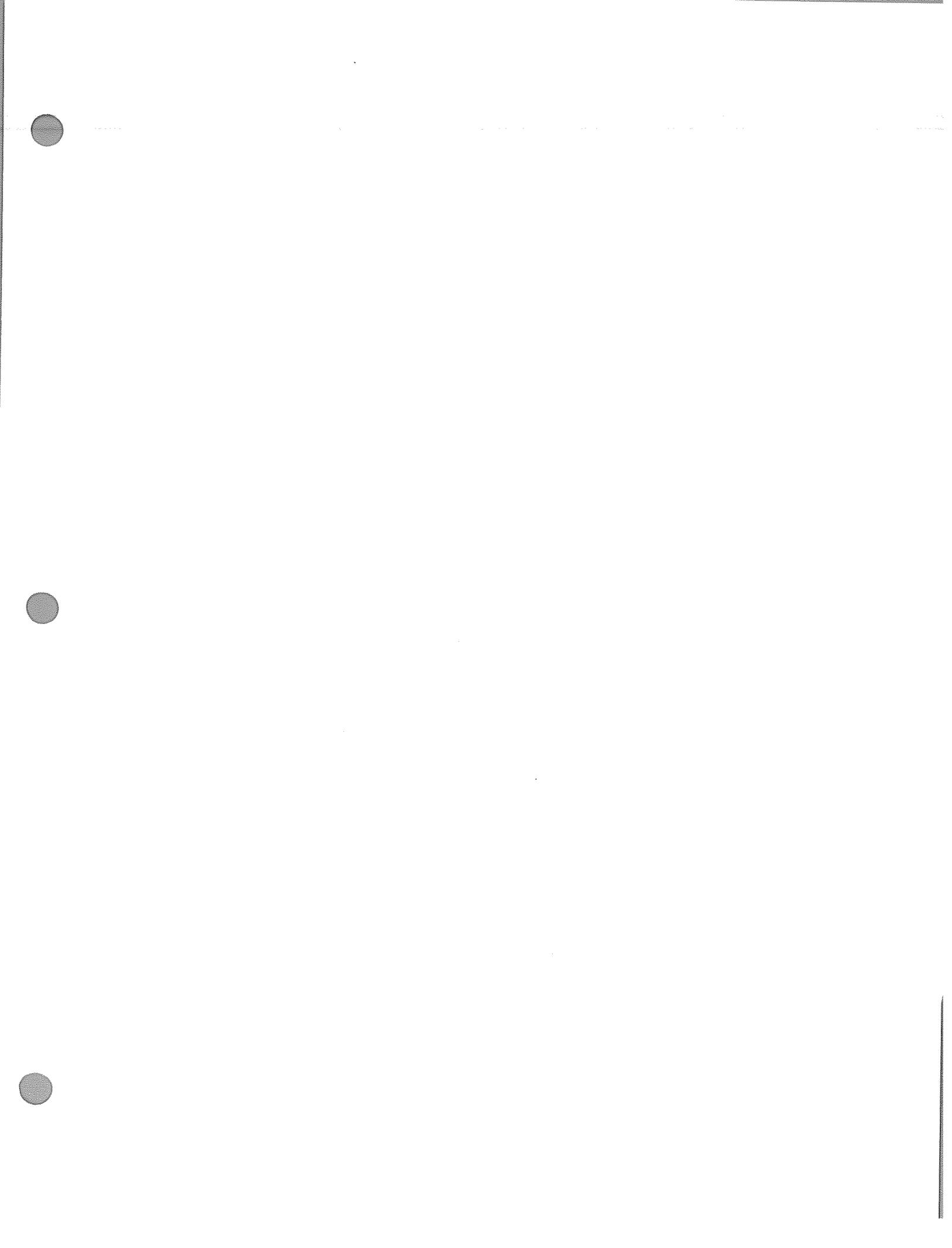
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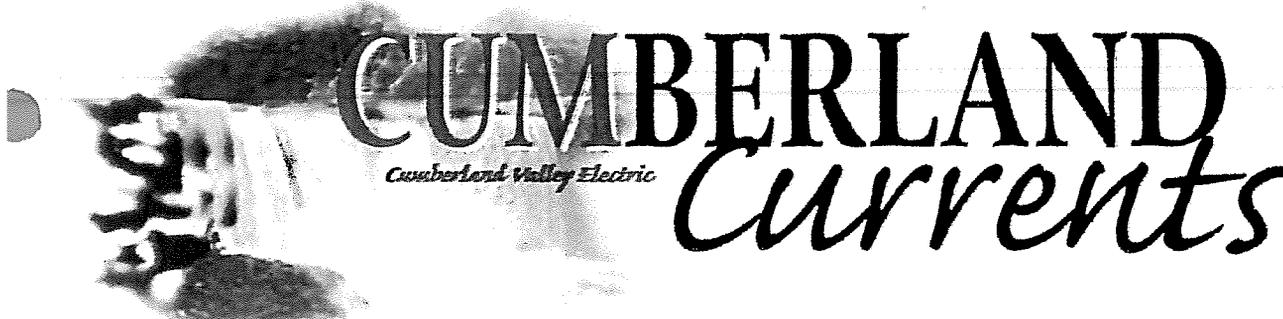
Interest on long term debt	896,650
Normalized margins	<u>(708,486)</u>
Proposed increase in revenues over normalized revenues to attain a TIER of 2.0x	<u><u>\$1,605,137</u></u>



Cumberland Valley Electric
Case No. 2014-00159
Monthly Operating Budget
December 31, 2013

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Operating revenue	5,128,312	5,027,128	3,395,931	3,142,123	3,480,297	3,224,143	4,154,670	4,156,447	3,204,195	3,234,506	4,044,420	4,857,962	47,050,134
Operating expenses:													
Cost of power	3,801,329	3,395,318	2,672,673	2,358,565	2,613,233	2,881,181	3,126,948	2,881,181	2,530,988	2,622,330	3,210,897	3,653,309	35,747,952
Distribution-operations	136,137	113,399	132,399	150,864	142,370	135,002	128,651	14,057	94,059	148,624	138,783	243,019	1,577,364
Distribution-maintenanc	182,464	260,236	247,952	197,019	227,774	256,491	310,090	285,492	220,119	194,169	172,067	207,350	2,761,223
Consumer accounts	157,470	166,433	143,203	151,084	161,880	161,755	146,965	166,795	144,295	154,416	157,355	161,541	1,873,192
Customer services	11,902	11,032	15,114	10,889	8,798	14,257	25,086	25,693	24,812	9,210	12,701	12,313	181,807
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and gene	113,509	96,023	105,101	105,025	107,897	109,277	102,013	112,352	109,384	112,179	113,368	141,058	1,327,186
Total operation and ma	4,402,811	4,042,441	3,316,442	2,973,446	3,261,952	3,557,963	3,839,753	3,485,570	3,123,657	3,240,928	3,805,171	4,418,590	43,468,724
Depreciation	252,652	253,330	254,084	254,755	255,340	256,242	256,775	257,788	259,328	251,850	253,405	252,262	3,057,811
Taxes-other	-	-	-	-	-	55,547	-	-	-	-	-	-	55,547
Interest on long term de	36,537	34,820	34,567	35,498	34,168	38,727	36,279	34,716	38,480	37,016	34,614	37,179	432,601
Interest expense - other	342	337	340	342	342	347	6	7	19	338	339	342	3,101
Other deductions	1,470	1,156	1,274	1,097	184	-	2,048	1,732	368	1,050	-	840	11,219
Total cost of electric se	4,693,812	4,332,084	3,606,707	3,265,138	3,551,986	3,908,826	4,134,861	3,779,813	3,421,852	3,531,182	4,093,529	4,709,213	47,029,003
Utility operating margi	434,500	695,044	(210,776)	(123,015)	(71,689)	(684,683)	19,809	376,634	(217,657)	(296,676)	(49,109)	148,749	21,131
Nonoperating margins, ir	275	15,948	4,478	5,553	16,377	4,586	3,755	15,662	3,749	5,669	14,246	42,884	133,182
Nonoperating margins, oi	-	-	-	-	-	-	-	-	-	-	-	-	-
Patronage capital:													
G & T	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	19,776	-	-	-	-	-	11,939	16,163	-	12,866	60,744
	-	-	19,776	-	-	-	-	-	11,939	16,163	-	12,866	60,744
Net margins	434,775	710,992	(186,522)	(117,462)	(55,312)	(680,097)	23,564	392,296	(201,969)	(274,844)	(34,863)	204,499	215,057





CUMBERLAND

Cumberland Valley Electric

Currents

BYLAWS OF CUMBERLAND VALLEY ELECTRIC, INC. Gray, Kentucky Revised May 2010

CUMBERLAND VALLEY ELECTRIC

The aim of Cumberland Valley Electric is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERS

SECTION 1. Qualifications and Obligations. Any person, firm, corporation or political body may become a member of Cumberland Valley Electric by:

- (a) paying the membership fee hereinafter specified;
- (b) agreeing to purchase from Cumberland Valley Electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of Cumberland Valley Electric and these bylaws and any amendments hereto and such rules and regulations as may from time-to-time be adopted by the Board of Directors, provided, however, that no person, firm, corporation or political body shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members. No firm, person, corporation or political body may own more than one (1) membership in Cumberland Valley Electric.

A husband and wife shall be considered a joint member and their application for membership may be accepted in accordance with the foregoing provisions of the above subdivisions (a), (b) and (c).

SECTION 2. Membership Fee. The membership fee shall be fixed by the Board of Directors.

SECTION 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from Cumberland Valley Electric all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time-to-time be fixed by the Board of Directors; provided however, that the Board of Directors may limit the amount of electric energy which Cumberland Valley Electric shall be required to furnish to any member. It is expressly understood that the amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall pay to Cumberland Valley Electric such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time-to-time. Each member shall also pay all amounts owed by him to Cumberland Valley Electric as and when the same shall become due and payable.

SECTION 4. Non-Liability for Debts of Cumberland Valley Electric. The private property of the members of Cumberland Valley Electric shall be exempt from execution for the debts of Cumberland Valley Electric and no member shall be individually liable or responsible for any debts or liabilities of Cumberland Valley Electric.

SECTION 5. Expulsion of Members. The Board of Directors of Cumberland Valley Electric may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cumberland Valley Electric or these bylaws for any rules and regulations adopted from time-to-time by the Board of Directors.

SECTION 6. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to Cumberland Valley Electric and upon compliance with such terms and conditions as the Board of Directors may prescribe.

SECTION 7. Transfer and Termination of Membership.

- (a) Membership in Cumberland Valley Electric and a certificate representing the same shall not be transferable, except as hereinafter provided, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and the certificate of membership of such member shall be surrendered forthwith to Cumberland Valley Electric.
- (b) A membership by a husband and a wife, considered a joint membership and upon the death of either joint member shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and, upon the recording of such death on the books of Cumberland Valley Electric, the Certificate may be reissued to and in the name of such survivor; provided however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cumberland Valley Electric.

ARTICLE II MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The Annual Meeting of the members shall be held at any such time and place designated by the Board of Directors, as shall be designated in the notice of the meeting, for the purpose of announcing the election of directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any four (4) board members, or 500 or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Board of Directors shall designate the place at which the special meeting shall be held in a county served by Cumberland Valley Electric.

SECTION 3. Notice of Members' Annual Meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered not less than seven (7) days nor more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the Annual Meeting, to each member. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of Cumberland Valley Electric, with postage thereon prepaid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both members. The failure of any member to receive notice of an Annual Meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. 100 of the membership present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case of a joint membership, the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time-to-time without further notice.

SECTION 5. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at, or in conjunction with, a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation of Cumberland Valley Electric, or these bylaws, and except that voting for members of the Board of Directors shall be by mail, in accordance with Article III of these bylaws. Husband and wife are deemed to hold a joint membership, and they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote.

SECTION 6. Proxies prohibited. Voting by proxy is prohibited by these bylaws.

SECTION 7. Agenda. No proposal from a member or group of members shall be voted upon at the annual meeting or any special meeting unless it has been placed on the agenda at least sixty (60) days prior to the date of such meeting. Such proposal may be placed on agenda by a petition signed by one hundred (100) members, by filing a copy of the proposal with the secretary within time allowed.

SECTION 8. Order of Business. The order of business at the Annual Meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Announcement of the election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III DIRECTORS

SECTION 1. Number And General Powers. The business and affairs of Cumberland Valley Electric shall be managed by a Board currently consisting of seven (7) directors as provided in Article III Section 2 of these bylaws. The Board shall exercise all of the powers of Cumberland Valley Electric except such as are prohibited by law or by Cumberland Valley Electric's Article of Incorporation or bylaws conferred upon or reserved to the members.

SECTION 2. Districts. To insure the distribution of Board members throughout the area served by Cumberland Valley Electric, the territory served or to be served by it shall be divided into districts from which Board members shall be elected from time to time as provided for in these bylaws. The original districts and the number of directors to be elected from each are:

District Number	Districts	Number Of Board Members
1	Whitley & McCreary counties	1
2	Knox, Bell & Laurel counties	1
3	Knox, Bell & Laurel counties	1
4	Harlan, Leslie & Letcher counties	1
5	Whitley & McCreary counties	1
6	Harlan, Leslie & Letcher counties	1
7	Co-op Wide	1

SECTION 3. Qualifications. Any active member in good standing above the age of eighteen (18) years who is a high school graduate, as evidenced by high school diploma, shall be eligible to be a director, provided, however, that no member shall be eligible to become or remain a director, or to hold any position of trust who is not a bona fide resident of the area served by Cumberland Valley Electric at the time he is elected a director. Any director, who is so elected, may remain a director until the expiration of the term to which he is elected, subject to the approval of the Board. No member shall be elected a director, who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to Cumberland Valley Electric, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to members of Cumberland Valley Electric, or who is doing business with Cumberland Valley Electric, and no person shall take or hold office as a director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. When a membership is held jointly by a husband or wife, either one, but not both, may be elected a director; provided however, that neither one shall be eligible to become a director or to remain a director, or to hold position of trust in Cumberland Valley Electric unless both shall meet the qualifications herein above set forth. Nothing in this section contained shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4. Board members shall serve for terms of four (4) years each, ending with the fourth annual meeting following their election and until their successors shall have been elected, declared qualified and seated. The seating of a new director shall occur at the next regular scheduled meeting of the Board of Directors. Board members for Districts 6 and 7 shall be elected in 2011 and each fourth year thereafter. Board members for Districts 1, 2 and 5 shall be elected in 2013 and each fourth year thereafter. Board members for Districts 3 and 4 shall be elected in 2014 and each fourth year thereafter.

Board members whose terms are expiring are eligible for re-election.

The election of Board members shall be by mailed ballot. The ballots shall list the candidates nominated according to districts, giving their names and addresses. Each member of Cumberland Valley Electric shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected a board member.

Should the committee on nominations nominate only one candidate to run for the office of director to fill each vacancy caused by the expiration of a director's term, and should no candidate be nominated from the membership by written petition as set forth in Article III, Section 5, of the bylaws, then the secretary of the Board shall certify to the Board that no petition has been filed pursuant to the bylaws, and that the candidates nominated by the committee on nominations are therefore officially without opposition; thereupon, candidates nominated by the committee on nomination shall be deemed elected to the Board without necessity of mailing official ballots through United States mail and following the election procedures as set forth in these bylaws, and the Secretary of the board will so announce, or cause to be announced at the Annual Membership Meeting candidates elected to the Board of Directors. All of the remaining provisions of Article III not in conflict herewith shall remain in full force and effect.

The Chairman of the Board shall appoint a certified public accountant, licensed in Kentucky, as provost, who shall take charge of the director elections and shall be responsible for the duties specified herein. It shall be the duty of the provost to see that the official ballots are mailed to each active and qualified member at his or her last address shown on the Cooperative records. Only actual members of record at the close of business thirty (30) days prior to the scheduled Annual Meeting date are qualified for the purpose of voting in the election of the directors. Ballots will be mailed not less than fourteen (14) days prior to said annual meeting.

The official ballot shall be inscribed with instructions by the provost of the Cooperative as to how many candidates may be voted for on each official ballot by the members and with instructions that all official ballots must be returned to the Cooperative only by U. S. mail and received by the Cooperative not later than 9:00 a.m. on the morning of the third (3rd) day prior to the said Annual Meeting.

The duties of the provost regarding votes and counting shall be as follows:

1. No later than 10:00 a.m. on the morning of the third day prior to the annual meeting of the members the provost shall remove the ballots from the ballot box and examine each ballot to ascertain if the ballot has been voted in accordance with the rules as outlined on the ballot under instruction for voting and these bylaws;
2. Any and all official ballots which are deemed invalid by the provost for reasons set forth in the aforementioned rules or these bylaws shall not be counted and shall immediately be placed in a ballot box for rejected ballots and shall be retained by the provost of the Cooperative in safekeeping until sixty (60) days after the date of the completion of the counting of the ballots.

The following ballots shall not be counted:

1. A ballot marked for a greater number of candidates than there are vacancies to be filled;
2. Ballots other than the Official Ballot;
3. Ballots not received through the United States mail;
4. Ballots received by the Cooperative after 9:00 a.m. on the morning of the third day prior to the date of Annual Meeting;
5. Ballots with the certification on outer envelope not signed by member, or authorized agent;
6. Ballots from members voting more than one ballot.
7. Ballots containing write-in votes.

The reason for rejection of a ballot shall be noted thereon and such ballot shall be placed in the ballot box containing rejected ballots.

When the ballot is found to meet the requirements as set out in the instruction for voting and is in conformity with the provisions and requirements of these bylaws, said ballot shall be declared an official ballot and all valid votes cast thereon shall be tabulated.

The provost shall count the ballots as expeditiously as may be possible following the placement in his hands of said ballots. During the counting of the ballots no persons other than the provost or the candidates or their duly authorized representative may be present in the counting room other than the President & CEO of the Cooperative, the Cooperative's Legal Counsel, and any other Cooperative personnel the provost deems necessary to assist with the counting of the ballots. After the ballots have been duly counted the results of such election shall be announced at the subsequent Annual Meeting of the members.

For safeguarding all official and valid ballots which have been counted shall be placed in the hands of the provost for (60) days from the date of the completion of the official counting and tabulation.

The provost shall promptly upon completion of the counting of the membership votes, certify in writing to the secretary of the Cooperative the names of the candidates receiving the highest number of votes taking into account the number of vacancies to be filled.

In the case of a tie, this fact shall be certified in writing by the provost to the secretary of the Cooperative. The tie shall be broken and winner determined by a coin toss conducted by Cooperative Legal Counsel. If a candidate requests a recount or contests the election results, he or she shall submit a written request to the Cooperative's Legal Counsel before noon of the next business day. A detailed explanation for the request must be included. The decision of the Cooperative's Legal Counsel shall be final.

SECTION 5. Nominations. It shall be the duty of the Board of Directors to appoint, not less than ninety (90) days before the date of the Annual Meeting of the members in conjunction with which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than seven (7) members who shall be selected so as to give equitable representation on the committee to the geographical areas served, or to be served by Cumberland Valley Electric. No officer or member of the Board of Directors shall be appointed a member of such committee. The nominating committee will report to the Board of Directors ninety (90) days prior to such Annual Meeting their list of nominations for directors. The committee shall prepare and post at the principal office of Cumberland Valley Electric at least twenty (20) days before the meeting a list of nominations for directors. (But 500 or more members may make other nominations in writing, over their signatures, not less than ninety (90) days prior to the meeting, and the Secretary shall post the nominations made by petition, if any at the same place where the nominations committee's list of nominations is posted. However, no write-in votes shall be permitted in the election of members of the Board of Directors.

SECTION 6. Vacancies. Vacancies occurring for any reason in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the term of office to which he has been elected expires.

SECTION 7. Compensation. Compensation for Directors shall be determined by the Board. If authorized by the Board, Board Members may also be reimbursed for expense actually and necessarily incurred carrying out Cumberland Valley Electric business, or granted a reasonable per diem allowance in lieu of detailed accounting of these expenses.

SECTION 8. Directors' Liability and Indemnification. A director of Cumberland Valley Electric shall not be personally liable to Cumberland Valley Electric or its shareholders for monetary damages for breach of his duties as a director, provided that this position shall not eliminate or limit the liability of a director for the following: (i) for any transaction in which the director's personal financial interest is in conflict with the financial interests of Cumberland Valley Electric or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; (iii) for any vote for or assent to an unlawful distribution to shareholders as prohibited under KRS 271B.8-330; or (iv) for any transaction from which the director derived an improper personal benefit. This Section 8 shall continue to be applicable with respect to any such breach of duties by a director of duties by a director of Cumberland Valley Electric as a director notwithstanding that such director thereafter ceased to be a director and shall inure in the personal benefit of heirs, executors and administrators. Cumberland Valley Electric may purchase insurance and otherwise indemnify the director against liability, including court costs and attorney fees, to the extent that their acts or omissions constituting the grounds for and alleged liability were performed in their official capacity and, if actionable, were based on good faith business judgements in the belief that the acts or omissions were in the best interest of Cumberland Valley Electric.

SECTION 9. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of the business affairs of Cumberland Valley Electric.

SECTION 10. Accounting System and Reports. The Board of Directors shall cause to be established and maintained, a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body shall conform to such accounting system as may from time-to-time be designated by the Administrator of the Rural Utilities Service of the United States of America. All accounts of Cumberland Valley Electric shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall also within thirty (30) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of Cumberland Valley Electric at the of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

SECTION 11. Director Emeritus and Management Advisory Council. Policy Statement Numbers 62 and 63, adopted by the Board of Directors, February 17, 1983, and which became effective on that date, as amended on October 17, 1985, which policies deal with Directors Emeritus and Management Advisory Council shall not apply to any member of the present Board of Directors unless a present member of the board of Directors elects to come within the purview of said policy.

SECTION 12. Removal of Director. Any member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by thirty per centum (30%) of the members, requesting the removal of the director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director whom such charges have been brought shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 13. Employment of Directors' Relatives Prohibited. No member of the immediate family of a Director elected to the Board of Directors after January 1, 2005 shall be eligible for employment by Cumberland Valley Electric. For the purpose of this Section 13, the term "immediate family" shall include children, step children, grandchildren, siblings, step siblings, half siblings, spouses, parents, step parents, grandparents, aunts, uncles, nieces, nephews, first cousins, brothers-in-law, sisters-in-law, daughters-in-law, sons-in-law, mothers-in-law, and fathers-in-law of the Director or of the spouse of the Director. This section shall not apply to the immediate family of Directors serving as of January 1, 2005, unless such Director leaves the Board of Directors and is subsequently re-elected.

**ARTICLE IV
MEETINGS OF DIRECTORS**

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall be held monthly at such time and place in Knox County, Kentucky, as said Board may provide by resolution. Such regular meetings may be held without notice or these such resolutions fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two (2) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Knox County, Kentucky), for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least two (2) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time-to-time without further notice.

SECTION 5. Majority of Action. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**ARTICLE V
OFFICERS**

SECTION 1. Number. The officers of Cumberland Valley Electric shall be a President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may determine from time-to-time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Terms of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of Cumberland Valley Electric will be served thereby.

SECTION 4. Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President:

- (a) shall be the principal executive officer of Cumberland Valley Electric and shall preside at all meetings of the members and of the Board of Directors;
- (b) shall sign, with the Secretary certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any checks, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of Cumberland Valley Electric, or shall be required by law to be otherwise signed or executed; and,
- (c) in general, shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time-to-time.

SECTION 6. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time-to-time may be assigned to him by the Board of Directors.

SECTION 7. Secretary. The Secretary shall:

- (a) keep the minutes of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notes are duly given in accordance with these bylaws or as required by law;
- (c) be custodian of Cumberland Valley Electric records and of the seal of Cumberland Valley Electric and see that the seal of Cumberland Valley Electric is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of Cumberland Valley Electric under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;
- (f) have general charge of the books of Cumberland Valley Electric in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the bylaws of Cumberland Valley Electric containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of Cumberland Valley Electric forward a copy of the bylaws and of all amendments thereto each member, and,
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time-to-time may be assigned to him by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of Cumberland Valley Electric;
- (b) receive and give receipts for monies due and payable to Cumberland Valley Electric from any source whatsoever, and deposit all such monies in the name of Cumberland Valley Electric in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and, in general, perform all the duties incident to the office of Treasurer and such other duties from time-to-time as may be assigned to him by the Board of Directors.

SECTION 9. Manager. The Board of Directors may appoint a manager who may be, but who shall not be required to be a member of Cumberland Valley Electric. The manager shall perform such duties as the Board of Directors may from time-to-time require of him and shall have such authority as the Board of Directors may from time-to-time vest in him.

SECTION 10. Bonds of Officers. The Board of Directors shall require the Treasurer or any other officer of Cumberland Valley Electric charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of Cumberland Valley Electric to give bond in such amount and with such surety as it shall determine.

SECTION 11. Compensation and Indemnification. The Board of Directors shall fix the compensation of all officers, agents and employees of Cumberland Valley Electric. Cumberland Valley Electric may purchase insurance and otherwise indemnify any officers of Cumberland Valley Electric to the same extent as provided in Article III, Section 8 for directors.

SECTION 12. Reports. The officers of Cumberland Valley Electric shall submit at each Annual Meeting of the members reports covering the business of Cumberland Valley Electric for the previous fiscal year and showing the condition of Cumberland Valley Electric at the close of such fiscal year.

**ARTICLE VI
CONTRACTS, CHECKS AND DEPOSITS**

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of Cumberland Valley Electric, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of Cumberland Valley Electric shall be signed by such manner as shall from time-to-time be determined by resolution of the Board of Directors.

SECTION 3. Deposits. All funds of Cumberland Valley Electric shall be deposited from time-to-time to the credit of Cumberland Valley Electric in such bank or banks as the Board of Directors may select it.

**ARTICLE VII
MEMBERSHIP CERTIFICATES**

SECTION 1. Certificates of Membership. Membership in Cumberland Valley Electric shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Incorporation of Cumberland Valley Electric or these bylaws. Such certificate shall be signed by the President and by the Secretary of Cumberland Valley Electric and the Corporate Seal shall be affixed thereto.

SECTION 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

SECTION 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to Cumberland Valley Electric as the Board of Directors may prescribe.

**ARTICLE VIII
NON-PROFIT OPERATION**

SECTION 1. Interest or Dividends on Capital Prohibited. Cumberland Valley Electric shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by Cumberland Valley Electric on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy Cumberland Valley Electric's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for Cumberland Valley Electric. In order to induce patronage and to assure that Cumberland Valley Electric will operate on a non-profit basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating cost and expenses at the moment of receipt by Cumberland Valley Electric are received with the understanding that they are furnished by the patrons, members and non-members alike as capital. Cumberland Valley Electric is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of Cumberland Valley Electric shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and Cumberland Valley Electric shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of legal obligation to do so and the patron had then furnished Cumberland Valley Electric corresponding amounts for capital.

In the event of dissolution or liquidation of Cumberland Valley Electric, after all outstanding indebtedness of Cumberland Valley Electric shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of Cumberland Valley Electric will not be impaired thereby, the capital then credited to patron accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by Cumberland Valley Electric being first retired. In no event, however may any such capital be retired unless, after the proposed retirement, the capital of Cumberland Valley Electric shall equal at least forty per centum (40%) of the total assets of Cumberland Valley Electric. Capital credited to the account of each patron shall be assignable only on the books of Cumberland Valley Electric pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by Cumberland Valley Electric unless the Board of Directors, acting under policies of general application shall determine otherwise. In the event that non-member patron shall elect to become a member of Cumberland Valley Electric, the capital credited to the account of such non-member patron may be applied by Cumberland Valley Electric toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estates shall agree upon; provided, however, that the financial condition of Cumberland Valley Electric will not be impaired thereby.

The patrons of Cumberland Valley Electric, by dealing with Cumberland Valley Electric, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between Cumberland Valley Electric and each patron, and both Cumberland Valley Electric and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of Cumberland Valley Electric by posting it in a conspicuous place in Cumberland Valley Electric's office.

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that Cumberland Valley Electric should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of cost and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be provided ratably on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

**ARTICLE IX
WAIVER OF NOTICE**

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws. In case of a joint membership, a waiver of notice signed by either husband or wife shall be deemed a waiving notice of both joint members.

**ARTICLE X
DISPOSITION OF PROPERTY**

SECTION 1. Vote Requirement and Procedures. No merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets shall be authorized except in conformity with the following:

1. If the Board of Directors looks with favor upon any proposal for such merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets, it shall first cause three independent, non-affiliated appraisers, expert in such matters to render their individual opinions as to the value of Cumberland Valley Electric with respect to merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets, and as to any other terms and conditions which should be considered. The three such appraisers shall be designated by the Knox Circuit Court Judge. If such Judge refuses to make such designations, they shall be made by the Board of Directors.
2. If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal shall be submitted for consideration by the members, it shall first give every other electric cooperative situated and operating in Kentucky (which has not made such an offer) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which Cumberland Valley Electric has already received and copies of the respective reports of the three appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
3. If the Board then determines that favorable consideration shall be given to the initial or any subsequent proposal which has been submitted to it, it shall first adopt by the affirmative vote of 3/4 of all directors a resolution recommending the transaction and directing the submission of the proposal to a vote of not less than a (majority) of the total members and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety (90) days after the giving of such notice to the members; PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such Annual Meeting is held not sooner than ninety (90) days after the giving of such notice.
4. Any two hundred (200) or more members, by so petitioning the Board not less than twenty (20)

days prior to date of such special or Annual Meeting, may cause Cumberland Valley Electric, with the cost to be borne by Cumberland Valley Electric, to mail to all members any opposing or alternate positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

5. The provisions of this Section 1 shall not apply to a sale, merger, consolidation, sale of assets, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of Cumberland Valley Electric's properties and assets to one or more electric cooperatives chartered under KRS Chapter 279 or if the substantive or actual legal effect thereof is to merge or consolidate with such of the one or more electric cooperatives.
6. This bylaw shall take effect upon the affirmative vote of not less than three-fourths (3/4) of all directors; and shall remain in effect until altered, amended, or repealed by a similar vote of all directors and not less than a majority of the total members.

SECTION 2. Evaluative Considerations. In connection with the exercise of its judgment in determining what is in the best interest of Cumberland Valley Electric and its members when evaluating any proposal for merger, consolidation, sale of assets, lease, transfer, or other disposition of substantially all of Cumberland Valley Electric's assets, the Board of Directors shall, in addition to considering the adequacy of the amount to be paid in connection with the transaction, consider all of the following factors and other factors which it deems relevant: 1. The societal and economic effects of the transaction upon Cumberland Valley Electric's employees; 2. The societal and economic impact of the transaction upon the community and service territories; and 3. The long-term as well as short-term interest of Cumberland Valley Electric and its members, including the possibility that these interests may be best served by the continued existence of Cumberland Valley Electric.

**ARTICLE XI
FISCAL YEAR**

The fiscal year of Cumberland Valley Electric shall begin on the first (1) day of January of each year and end on the thirty-first (31) day of December of the same year.

**ARTICLE XII
MEMBERSHIP IN OTHER ORGANIZATION**

Cumberland Valley Electric shall not become a member of any organization or purchase stock in any other organization without the majority vote of the Board.

**ARTICLE XIII
SEAL**

The corporate seal of Cumberland Valley Electric shall be in the form of a circle and shall have inscribed thereon the name of Cumberland Valley Electric and words "Corporate Seal, Kentucky."

**ARTICLE XIV
AMENDMENTS**

These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Rural Utilities Service Statement of Nondiscrimination

Cumberland Valley Electric, Inc. is the recipient of Federal financial assistance from the Rural Utilities Service (RUS), an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the rules of the U.S. Department of Agriculture, which provide that no person in the United States on the basis of race, color, national origin, age or handicap shall be excluded participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for this organization's nondiscrimination compliance efforts is Ted Hampton, Manager. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, DC 20250; or the Administrator, Rural Utilities Service, Washington, DC 20250. Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date to which the Secretary of Agriculture or the Administrator of RUS extends the time for filing. Identity of complainants will be kept confidential to the extent necessary to carry out the purposes of the rules and regulations of the U.S. Department of Agriculture.

CUMBERLAND VALLEY ELECTRIC, INC.
Highway 25E • Gray, Kentucky 40734



Cumberland Valley Electric

Exhibit V

Case No. 2014-00159

page 1 of 3

Statement of Operations

Witness: Jim Adkins

December 31, 2013

	<u>2013</u>	<u>2012</u>
Operating revenue	\$ 46,665,845	\$ 46,861,246
Operating expenses:		
Cost of power	35,772,176	36,085,688
Distribution-operations	1,404,991	1,318,827
Distribution-maintenance	2,660,031	2,831,797
Consumer accounts	1,871,976	1,819,520
Consumer service	153,670	179,251
Sales	-	-
Administrative and general	1,369,893	1,248,508
	<u>43,232,737</u>	<u>43,483,591</u>
Depreciation and amortization	3,115,270	2,968,519
Taxes-other	51,441	52,902
Interest on long term debt	354,342	427,212
Other interest expense	3,176	42,012
Other deductions	10,671	10,213
	<u>46,767,637</u>	<u>46,984,449</u>
Utility operating margins	(101,792)	(123,203)
Nonoperating margins, interest	121,888	128,155
Nonoperating margins, other	-	59,372
G & T capital credits	2,957,019	2,364,260
Other capital credits	54,741	44,863
	<u>\$ 3,031,856</u>	<u>\$ 2,473,447</u>
Net margins		
TIER excluding EKPC	1.21	1.26

Cumberland Valley Electric
Case No. 2014-00159

Exhibit V
page 2 of 3

Balance Sheet

Witness: Jim Adkins

December 31, 2013

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Electric Plant:		
In service	\$ 95,051,496	\$ 91,176,195
Under construction	816,622	730,904
	<u>95,868,118</u>	<u>91,907,099</u>
Less accumulated depreciation	33,482,599	32,589,402
	<u>62,385,519</u>	<u>59,317,697</u>
Investments	<u>22,211,260</u>	<u>19,240,128</u>
Current Assets:		
Cash and temporary investments	1,514,221	962,292
Accounts receivable, net	5,635,829	5,445,319
Material and supplies	496,675	700,215
Prepayments	79,310	55,719
	<u>7,726,035</u>	<u>7,163,545</u>
Deferred assets	<u>884,355</u>	<u>-</u>
Total Assets	<u>\$ 93,207,169</u>	<u>\$ 85,721,370</u>
<u>MEMBERS' EQUITIES AND LIABILITIES</u>		
Margins and Equities:		
Memberships	\$ 431,815	\$ 430,710
Patronage capital	40,313,933	37,216,747
Other equities	(651,576)	(647,065)
	<u>40,094,172</u>	<u>37,000,392</u>
Long Term Debt	<u>42,813,061</u>	<u>37,921,171</u>
Accumulated Operating Provisions	<u>3,324,752</u>	<u>3,212,656</u>
Current Liabilities:		
Accounts payable	3,968,442	4,101,728
Short term borrowings	-	790,172
Consumer deposits	1,348,825	1,371,450
Accrued expenses	1,570,368	1,269,707
	<u>6,887,635</u>	<u>7,533,057</u>
Consumer advances	<u>87,549</u>	<u>54,094</u>
Total Members' Equities and Liabilities	<u>\$ 93,207,169</u>	<u>\$ 85,721,370</u>

Cumberland Valley Electric

Exhibit V

Case No. 2014-00159

page 3 of 3

Statement of Cash Flows

Witness: Jim Adkins

December 31, 2013

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net margins	\$ 3,031,856	\$ 2,473,447
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	3,115,270	2,968,519
Charged to clearing accounts	181,546	129,910
Patronage capital credits	(3,011,760)	(2,409,123)
Accumulated postretirement benefits	84,074	111,461
Net change in current assets and liabilities:		
Receivables	(190,510)	(336,962)
Material and supplies	203,540	33,556
Prepayments and deferred debits	(907,946)	(40,407)
Accounts payables	(133,286)	128,101
Consumer deposits	(22,625)	56,717
Accrued expenses	300,661	80,141
Consumer advances	33,455	(7,868)
	<u>2,684,275</u>	<u>3,187,492</u>
Cash Flows from Investing Activities:		
Plant additions	(3,961,019)	(4,395,805)
Additional investments, net of receipts	40,628	27,307
	<u>(3,920,391)</u>	<u>(4,368,498)</u>
Cash Flows from Financing Activities:		
Memberships	1,105	(385)
Refund of capital credits	-	-
Other equities	26,843	10,553
Short term borrowings	(711,833)	(2,952,512)
Additional long-term borrowings	5,000,000	7,000,000
Payments on long-term debt	(2,528,070)	(1,986,508)
	<u>1,788,045</u>	<u>2,071,148</u>
Net increase in cash	551,929	890,142
Cash balances - beginning	<u>962,292</u>	<u>72,150</u>
Cash balances - ending	<u>\$ 1,514,221</u>	<u>\$ 962,292</u>



Cumberland Valley Electric
Comparison of Test Year Account Balances with
those of the Preceding Year - Balance Sheet

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
391	Office furniture	881	896	889	889	892	901	903	905	893	885	888	808
	Prior year	801	805	809	810	819	819	824	864	864	869	868	882
	Change	80	91	80	79	73	82	79	41	29	16	20	(74)
392	Transportation	2,933	2,973	3,060	3,087	3,109	3,215	3,309	3,142	3,144	3,190	3,190	3,164
	Prior year	2,918	2,949	2,949	2,909	2,910	2,910	2,889	2,889	2,889	2,889	2,890	2,931
	Change	15	24	111	178	199	305	420	253	255	301	300	233
394	Tools, shop & garage	101	101	101	101	101	101	101	101	101	101	101	98
	Prior year	101	101	101	101	101	101	101	101	101	101	101	101
	Change	0	0	0	0	0	0	0	0	0	0	0	(3)
395	Laboratory	93	93	93	93	93	93	93	93	93	93	93	93
	Prior year	93	93	93	93	93	93	93	93	93	93	93	93
	Change	0	0	0	0	0	0	0	0	0	0	0	0
396	Power operated	393	393	325	325	325	325	325	325	325	325	326	306
	Prior year	313	313	313	328	328	329	329	329	329	329	329	391
	Change	80	80	12	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(3)	(85)
397	Communication	438	438	438	439	439	439	598	598	598	599	599	489
	Prior year	434	434	434	434	437	438	438	438	438	438	438	438
	Change	4	4	4	5	2	1	160	160	160	161	161	51
398	Miscellaneous	258	258	258	260	269	268	415	415	415	415	417	412
	Prior year	216	216	216	216	216	216	216	216	216	216	216	258
	Change	42	42	42	44	53	52	199	199	199	199	201	154
****	Total Electric Plant in Servi	91,330	91,661	91,890	92,158	92,575	92,931	93,613	93,730	94,207	94,906	95,096	95,049
	Prior year	87,225	87,535	87,678	87,848	88,135	88,312	88,552	89,110	89,711	89,994	90,821	91,174
	Change	4,105	4,126	4,212	4,310	4,440	4,619	5,061	4,620	4,496	4,912	4,275	3,875
107.20	Construction work in progress	598	520	574	647	808	733	857	963	857	210	251	298
	Prior year	419	381	399	451	461	550	567	634	471	711	315	418
	Change	179	139	175	196	347	183	290	329	386	(501)	(64)	(120)
107	CWIP - remodel	312	322	370	485	531	553	251	251	460	469	503	519
	Prior year	92	112	125	132	142	152	168	206	263	304	416	313
	Change	220	210	245	353	389	401	83	45	197	165	87	206
****	Total CWIP	910	842	944	1,132	1,339	1,286	1,108	1,214	1,317	679	754	817
	Prior year	511	493	524	583	603	702	735	840	734	1,015	731	731
	Change	399	349	420	549	736	584	373	374	583	(336)	23	86

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

<u>Acct #</u>	<u>Description</u>	<u>January Month 1</u>	<u>February Month 2</u>	<u>March Month 3</u>	<u>April Month 4</u>	<u>May Month 5</u>	<u>June Month 6</u>	<u>July Month 7</u>	<u>August Month 8</u>	<u>September Month 9</u>	<u>October Month 10</u>	<u>November Month 11</u>	<u>December Month 12</u>
108.6	Res - distribution plant	28,787	28,915	29,065	29,201	29,381	29,492	29,673	29,844	29,934	29,298	29,413	29,584
	Prior year	27,388	27,537	27,613	27,767	27,945	28,103	28,250	28,434	28,519	28,674	28,503	28,628
	Change	1,399	1,378	1,452	1,434	1,436	1,389	1,423	1,410	1,415	624	910	956
108.70	Res - Transportation	2,312	2,336	2,360	2,385	2,411	2,436	2,441	2,300	2,326	2,367	2,393	2,393
	Prior year	2,119	2,141	2,163	2,143	2,164	2,185	2,176	2,199	2,221	2,243	2,266	2,289
	Change	193	195	197	242	247	251	265	101	105	124	127	104
108.71	Res - Communication	280	282	283	285	287	289	291	294	296	299	301	193
	Prior year	258	260	262	264	266	268	269	271	273	275	277	278
	Change	22	22	21	21	21	21	22	23	23	24	24	(85)
108.72	Res - Structures	911	914	917	920	923	926	929	932	935	938	941	944
	Prior year	877	880	883	886	888	891	894	897	900	903	906	908
	Change	34	34	34	34	35	35	35	35	35	35	35	36
108.73	Res - General plant	508	523	450	458	467	474	484	493	491	490	500	387
	Prior year	406	414	421	430	438	444	452	461	469	478	502	500
	Change	102	109	29	28	29	30	32	32	22	12	(2)	(113)
108.80	RWIP - force account	16	31	41	57	76	55	73	86	94	2	14	18
	Prior year	30	26	31	29	34	36	35	44	34	45	2	14
	Change	(14)	5	10	28	42	19	38	42	60	(43)	12	4
****	Total Reserve for Depreciat	32,782	32,939	33,034	33,192	33,393	33,562	33,745	33,777	33,888	33,390	33,534	33,483
	Prior year	31,018	31,206	31,311	31,461	31,667	31,855	32,006	32,218	32,348	32,528	32,452	32,589
	Change	1,764	1,733	1,723	1,731	1,726	1,707	1,739	1,559	1,540	862	1,082	894
123.11	EKPC capital credits	17,620	17,620	17,620	17,620	17,620	17,620	17,620	17,620	17,620	17,620	17,620	20,577
	Prior year	15,256	15,256	15,256	15,256	15,256	15,256	15,256	15,256	15,256	15,256	15,256	17,620
	Change	2,364	2,364	2,364	2,364	2,364	2,364	2,364	2,364	2,364	2,364	2,364	2,957
123.12	KAEC	64	64	64	64	64	64	64	64	65	65	65	65
	Prior year	64	64	64	64	64	64	64	64	64	64	64	64
	Change	0	0	0	0	0	0	0	0	1	1	1	1
123.14	UUS	268	268	268	268	268	268	268	268	268	268	268	268
	Prior year	268	268	268	268	268	268	268	268	268	268	268	268
	Change	0	0	0	0	0	0	0	0	0	0	0	0
123.15	CFC pat cap	190	190	190	190	190	190	190	190	190	194	194	194
	Prior year	184	184	184	184	184	184	184	184	190	190	190	190
	Change	6	6	6	6	6	6	6	6	0	4	4	4

Cumberland Valley Electric
Comparison of Test Year Account Balances with
those of the Preceding Year - Balance Sheet

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
123.16	NISC	60	57	57	57	57	57	57	57	57	57	57	75
	Prior year	49	47	47	47	47	47	47	47	47	47	47	60
	Change	11	10	10	10	10	10	10	10	10	10	10	15
123.17	Federated Ins	134	134	152	152	152	152	152	152	152	152	152	143
	Prior year	122	122	139	139	139	139	139	139	139	139	139	134
	Change	12	12	13	13	13	13	13	13	13	13	13	9
123.18	CoBank	1	1	1	1	1	1	1	1	1	1	1	1
	Prior year	1	1	1	1	1	1	1	1	1	1	1	1
	Change	0	0	0	0	0	0	0	0	0	0	0	0
123.22	CFC CTC's	852	852	851	851	851	851	851	851	851	851	851	851
	Prior year	853	853	852	852	852	852	852	852	852	852	852	852
	Change	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
123.24	Envision	27	27	27	27	27	27	27	27	27	27	27	12
	Prior year	27	27	27	27	27	27	27	27	27	27	27	27
	Change	0	0	0	0	0	0	0	0	0	0	0	(15)
123.3	CFC Cap Security	25	25	25	25	25	25	25	25	25	25	25	25
	Prior year	25	25	25	25	25	25	25	25	25	25	25	25
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Investments	19,241	19,238	19,255	19,255	19,255	19,255	19,255	19,255	19,256	19,260	19,260	22,211
	Prior year	16,849	16,847	16,863	16,863	16,863	16,863	16,863	16,863	16,869	16,869	16,869	19,241
	Change	2,392	2,391	2,392	2,392	2,392	2,392	2,392	2,392	2,387	2,391	2,391	2,970
131.10	Cash - general	1,382	2,364	2,245	640	693	1,928	1,569	1,165	259	373	210	308
	Prior year	1,508	1,687	1,986	937	1,991	747	2,990	1,179	2,004	783	1,234	447
	Change	(126)	677	259	(297)	(1,298)	1,181	(1,421)	(14)	(1,745)	(410)	(1,024)	(139)
131.12	Cash - Commercial Bank	138	353	205	392	221	158	266	184	276	173	37	153
	Prior year	192	218	398	528	188	282	169	287	396	486	115	86
	Change	(54)	135	(193)	(136)	33	(124)	97	(103)	(120)	(313)	(78)	67
131.15	Commerical Bank - e-acct	785	903	835	1,947	955	632	807	814	858	652	199	1,054
	Prior year	629	800	881	1,543	607	1,279	612	1,557	455	1,136	149	380
	Change	156	103	(46)	404	348	(647)	195	(743)	403	(484)	50	674
131.25	Capital credit	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)
	Prior year	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	77	37
	Change	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(89)	(49)

Cumberland Valley Electric
Comparison of Test Year Account Balances with
those of the Preceding Year - Balance Sheet

<u>Acct #</u>	<u>Description</u>	<u>January Month 1</u>	<u>February Month 2</u>	<u>March Month 3</u>	<u>April Month 4</u>	<u>May Month 5</u>	<u>June Month 6</u>	<u>July Month 7</u>	<u>August Month 8</u>	<u>September Month 9</u>	<u>October Month 10</u>	<u>November Month 11</u>	<u>December Month 12</u>
131.20	Cash - trustee												
	Prior year												
	Change	0	0	0	0	0	0	0	0	0	0	0	0
134.00	Special deposits	4	4	4	4	4	4	4	4	4	4	4	4
	Prior year	4	4	4	4	4	4	4	4	4	4	4	4
	Change	0	0	0	0	0	0	0	0	0	0	0	0
135.00	Working funds	2	2	2	2	2	2	2	2	2	2	2	2
	Prior year	2	2	2	2	2	2	2	2	2	2	2	2
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Cash	2,299	3,614	3,279	2,973	1,863	2,712	2,636	2,157	1,387	1,192	440	1,509
	Prior year	2,331	2,707	3,267	3,010	2,788	2,310	3,773	3,025	2,857	2,407	1,581	956
	Change	(32)	907	12	(37)	(925)	402	(1,137)	(868)	(1,470)	(1,215)	(1,141)	553
**** 136	Temporary investments	5	5	5	5	5	5	5	5	5	5	5	5
	Prior year	5	5	5	5	5	5	5	5	5	5	5	5
	Change	0	0	0	0	0	0	0	0	0	0	0	0
142.1	Accounts receivable	6,029	5,062	4,896	4,052	3,585	4,040	3,927	3,825	3,437	3,131	3,653	4,776
	Prior year	5,745	5,612	3,795	3,466	3,718	3,465	4,468	4,447	3,482	3,502	4,534	4,670
	Change	284	(550)	1,101	586	(133)	575	(541)	(622)	(45)	(371)	(881)	106
143.00	Other receivables	940	57	67	67	72	72	48	45	64	62	98	1,024
	Prior year	266	61	167	93	123	105	111	67	148	133	57	970
	Change	674	(4)	(100)	(26)	(51)	(33)	(63)	(22)	(84)	(71)	41	54
144.10	Allow for uncollectibles	(167)	(187)	(202)	(191)	(211)	(227)	(156)	(171)	(186)	(202)	(146)	(164)
	Prior year	(138)	(157)	(172)	(163)	(177)	(194)	(212)	(144)	(160)	(143)	(160)	(195)
	Change	(29)	(30)	(30)	(28)	(34)	(33)	56	(27)	(26)	(59)	14	31
****	Total Recievables	6,802	4,932	4,761	3,928	3,446	3,885	3,819	3,699	3,315	2,991	3,605	5,636
	Prior year	5,873	5,516	3,790	3,396	3,664	3,376	4,367	4,370	3,470	3,492	4,431	5,445
	Change	929	(584)	971	532	(218)	509	(548)	(671)	(155)	(501)	(826)	191
154	Material & supplies	718	759	762	773	861	842	870	923	797	443	484	484
	Prior year	576	579	594	604	671	811	809	844	816	737	644	680
	Change	142	180	168	169	190	31	61	79	(19)	(294)	(160)	(196)
155.1	Fuel	10	21	21	19	22	21	13	17	24	21	19	13
	Prior year	13	21	19	20	22	17	21	17	13	15	17	20
	Change	(3)	0	2	(1)	0	4	(8)	0	11	6	2	(7)

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

Exhibit W
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 Witness: Jim Adkins

<u>Acct #</u>	<u>Description</u>	<u>January Month 1</u>	<u>February Month 2</u>	<u>March Month 3</u>	<u>April Month 4</u>	<u>May Month 5</u>	<u>June Month 6</u>	<u>July Month 7</u>	<u>August Month 8</u>	<u>September Month 9</u>	<u>October Month 10</u>	<u>November Month 11</u>	<u>December Month 12</u>
****	Total Material & Supplies	728	780	783	792	883	863	883	940	821	464	503	497
	Prior year	589	600	613	624	693	828	830	861	829	752	661	700
	Change	139	180	170	168	190	35	53	79	(8)	(288)	(158)	(203)
165.1	Prepaid insurance	122	101	80	205	189	166	145	123	179	131	58	37
	Prior year	103	85	7	192	172	152	124	107	89	71	53	36
	Change	19	16	73	13	17	14	21	16	90	60	5	1
165.40	DOM insurance	2	1		10	9	8	7	6	5	4	3	3
	Prior year	2	1		10	9	8	7	6	5	4	3	3
	Change	0	0	0	0	0	0	0	0	0	0	0	0
165.50	Prepayments	21	35	50	63	78	92	103	112	10	9	33	30
	Prior year	16	28	40	51	64	75	87	100	75	50	33	7
	Change	5	7	10	12	14	17	16	12	(65)	(41)	0	23
****	Total Prepayments	145	137	130	278	276	266	255	241	194	144	94	70
	Prior year	121	114	47	253	245	235	218	213	169	125	89	46
	Change	24	23	83	25	31	31	37	28	25	19	5	24
171.00	Interest receivable	12	16	19	3	6	10	13	20	19	3	6	10
	Prior year	13	16	19	3	6	10	13	16	19	3	6	10
	Change	(1)	0	0	0	0	0	0	4	0	0	0	0
172.00	Rent receivable	73	146	219	292	365	438	511	584	657	730	803	
	Prior year	66	132	198	264	330	396	462	528	594	660	726	
	Change	7	14	21	28	35	42	49	56	63	70	77	0
184.00	Dues in assoc organizations	78	72	65	58	50	43	36	29	22	14	7	
	Prior year	79	72	64	57	50	43	36	29	21	14	7	
	Change	(1)	0	1	1	0	0	0	0	1	0	0	0
186.10	Miscellaneous					915	915	910	905	900	895	889	884
	Prior year												
	Change	0	0	0	0	915	915	910	905	900	895	889	884
****	Total Deferred Debits	163	234	303	353	1,336	1,406	1,470	1,538	1,598	1,642	1,705	894
	Prior year	158	220	281	324	386	449	511	573	634	677	739	10
	Change	5	14	22	29	950	957	959	965	964	965	966	884
*****	Total Assets and Debits	88,841	88,504	88,316	87,682	87,585	89,047	89,299	89,002	88,212	87,893	87,928	93,205
	Prior year	82,644	82,831	81,757	81,445	81,715	81,225	83,848	83,642	82,930	82,808	83,475	85,719
	Change	6,197	5,673	6,559	6,237	5,870	7,822	5,451	5,360	5,282	5,085	4,453	7,486

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****	Memberships issued	431	431	430	430	431	429	430	431	430	431	431	432
	Prior year	429	430	430	428	429	429	429	430	430	430	431	431
	Change	2	1	0	2	2	0	1	1	0	1	0	1
201.10	Patrons capital credits	32,805	32,805	32,805	32,805	32,805	32,805	32,805	32,805	32,805	32,805	32,805	35,278
	Prior year	29,531	29,531	29,531	29,531	29,531	29,531	29,531	29,531	29,531	29,531	33,219	32,805
	Change	3,274	3,274	3,274	3,274	3,274	3,274	3,274	3,274	3,274	3,274	(414)	2,473
201.20	Pat cap- assignable	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,473	122
	Prior year	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	
	Change	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	2,473	122
219.10	Current year margins	723	977	1,042	1,185	1,019	912	863	871	822	531	85	2,910
	Prior year	475	1,227	1,083	1,067	1,058	423	497	927	768	446	478	2,473
	Change	248	(250)	(41)	118	(39)	489	366	(56)	54	85	(393)	437
****	Total Capital Credits	36,001	36,255	36,320	36,463	36,297	36,190	36,141	36,149	36,100	35,809	35,363	38,310
	Prior year	33,694	34,446	34,302	34,286	34,277	33,642	33,716	34,146	33,987	33,665	33,697	35,278
	Change	2,307	1,809	2,018	2,177	2,020	2,548	2,425	2,003	2,113	2,144	1,666	3,032
208.00	Donated capital	95	98	98	98	98	98	103	103	103	103	103	103
	Prior year	94	94	94	94	94	94	94	95	95	95	95	95
	Change	1	4	4	4	4	4	9	8	8	8	8	8
215.30	Accum comp income	(925)	(921)	(916)	(912)	(907)	(903)	(899)	(894)	(890)	(885)	(881)	(876)
	Prior year	(978)	(973)	(969)	(964)	(960)	(956)	(951)	(947)	(942)	(938)	(934)	(929)
	Change	53	52	53	52	53	53	52	53	52	53	53	53
217.0	Unclaimed CC	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,121	2,122	2,121
	Prior year	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,970	2,122
	Change	233	233	233	233	233	233	233	233	233	232	152	(1)
217.1	Unclaimed CC	4	4	4	4	4	4	4	4	4	4	4	4
	Prior year	3	3	3	3	3	3	3	3	3	3	3	4
	Change	1	1	1	1	1	1	1	1	1	1	1	0
****	Total Other Equities	1,296	1,303	1,308	1,312	1,317	1,321	1,330	1,335	1,339	1,343	1,348	1,352
	Prior year	1,008	1,013	1,017	1,022	1,026	1,030	1,035	1,040	1,045	1,049	1,134	1,292
	Change	288	290	291	290	291	291	295	295	294	294	214	60
*****	Total Margins & Equities	37,728	37,989	38,058	38,205	38,045	37,940	37,901	37,915	37,869	37,583	37,142	40,094
	Prior year	35,131	35,889	35,749	35,736	35,732	35,101	35,180	35,616	35,462	35,144	35,262	37,001
	Change	2,597	2,100	2,309	2,469	2,313	2,839	2,721	2,299	2,407	2,439	1,880	3,093

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Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
224.14	CFC loans	2,892	2,533	2,533	2,533	2,416	2,416	2,416	2,299	2,299	2,299	2,217	2,217
	Prior year	3,165	3,092	3,092	3,092	3,026	3,026	3,026	2,959	2,959	2,959	2,892	2,892
	Change	(273)	(559)	(559)	(559)	(610)	(610)	(610)	(660)	(660)	(660)	(675)	(675)
224.15	CoBank loans	2,650	2,892	2,866	2,840	2,814	2,788	2,762	2,736	2,710	2,684	2,657	2,639
	Prior year	3,071	2,969	2,970	2,970	2,868	2,868	2,868	2,766	2,766	2,766	2,650	2,650
	Change	(421)	(77)	(104)	(130)	(54)	(80)	(106)	(30)	(56)	(82)	7	(11)
224.3	RUS loans	3,565	3,555	3,545	3,534	3,524	3,513	3,503	3,493	3,482	3,472	3,462	3,451
	Prior year	3,685	3,674	3,665	3,655	3,645	3,635	3,625	3,615	3,605	3,595	3,585	3,575
	Change	(120)	(119)	(120)	(121)	(121)	(122)	(122)	(122)	(123)	(123)	(123)	(124)
224.20	FFB notes	33,053	33,053	32,769	32,769	32,769	34,386	47,095	47,095	46,811	46,811	46,811	46,527
	Prior year	28,784	28,784	28,519	28,519	28,519	28,256	30,596	30,596	30,334	30,334	30,334	30,053
	Change	4,269	4,269	4,250	4,250	4,250	6,130	16,499	16,499	16,477	16,477	16,477	16,474
224.21	FFB notes unadvanced							(12,708)	(12,708)	(12,708)	(12,708)	(12,708)	(10,708)
	Prior year												
	Change	0	0	0	0	0	0	(12,708)	(12,708)	(12,708)	(12,708)	(12,708)	(10,708)
224.60	Advance payment	1,249	1,249	1,265	1,265	1,280	1,280	1,280	1,297	1,297	1,297	1,313	1,313
	Prior year	1,189	1,203	1,203	1,203	1,219	1,219	1,219	1,234	1,234	1,249	1,249	1,249
	Change	60	46	62	62	61	61	61	63	63	48	64	64
****	Total long term debt	40,911	40,784	40,448	40,411	40,243	41,823	41,788	41,618	41,297	41,261	41,126	42,813
	Prior year	37,516	37,316	37,043	37,033	36,839	36,566	38,896	38,702	38,430	38,405	38,212	37,921
	Change	3,395	3,468	3,405	3,378	3,404	5,257	2,892	2,916	2,867	2,856	2,914	4,892
**** 228.	Postretirement benefits	3,220	3,227	3,244	3,261	3,270	3,277	3,285	3,293	3,301	3,309	3,317	3,325
	Prior year	3,103	3,119	3,128	3,138	3,148	3,157	3,167	3,176	3,186	3,195	3,204	3,213
	Change	117	108	116	123	122	120	118	117	115	114	113	112
**** 231.	Notes payable - short term												
	Prior year												790
	Change	0	0	0	0	0	0	0	0	0	0	0	(790)
232.1	AP - general	4,171	3,689	3,779	2,976	3,158	3,091	3,334	3,387	2,910	2,877	3,516	3,966
	Prior year	4,134	3,743	3,027	2,683	3,033	3,394	3,507	3,316	3,031	3,193	3,990	4,099
	Change	37	(54)	752	293	125	(303)	(173)	71	(121)	(316)	(474)	(133)
232.37	Flower fund	3	3	3	2	2	3	3	3	3	3	3	3
	Prior year	2	2	2	3	2	2	2	2	3	3	3	3
	Change	1	1	1	(1)	0	1	1	1	0	0	0	0

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****	Total Payables	4,174	3,692	3,782	2,978	3,160	3,094	3,337	3,390	2,913	2,880	3,519	3,969
	Prior year	4,136	3,745	3,029	2,686	3,035	3,396	3,509	3,318	3,034	3,196	3,993	4,102
	Change	38	(53)	753	292	125	(302)	(172)	72	(121)	(316)	(474)	(133)
****	236 Customer deposits	1,376	1,383	1,339	1,340	1,328	1,324	1,331	1,331	1,322	1,334	1,339	1,349
	Prior year	1,387	1,370	1,395	1,387	1,397	1,399	1,399	1,383	1,360	1,365	1,371	1,371
	Change	(11)	13	(56)	(47)	(69)	(75)	(68)	(52)	(38)	(31)	(32)	(22)
236.1	Acc property taxes	53	106	159	212	265	318	371	188	241	248	151	242
	Prior year	68	102	153	204	255	306	357	189	191	205	121	
	Change	(15)	4	6	8	10	12	14	(1)	50	43	30	242
236.2	Acc FUTA tax	2	2	2									3
	Prior year	2	2	2									1
	Change	0	0	0	0	0	0	0	0	0	0	0	2
236.3	Acc FICA tax												
	Prior year		3										
	Change	0	(3)	0	0	0	0	0	0	0	0	0	0
236.4	Acc SUTA tax	3	5	5									
	Prior year	3	4	5									
	Change	0	1	0	0	0	0	0	0	0	0	0	0
236.5	Sales tax	25	18	19	24	23	25	21	21	19	19	18	22
	Prior year	28	33	24	23	28	23	25	27	19	25	27	21
	Change	(3)	(15)	(5)	1	(5)	2	(4)	(6)	0	(6)	(9)	1
236.65	School tax	158	129	124	100	91	103	105	104	92	85	100	135
	Prior year	149	146	96	90	99	92	119	118	89	93	122	122
	Change	9	(17)	28	10	(8)	11	(14)	(14)	3	(8)	(22)	13
237.1	RUS interest	28			5			6					
	Prior year	28		12	28			5		11	6		11
	Change	0	0	(12)	(23)	0	0	1	0	(11)	(6)	0	(11)
237.20	CFC interest	15	12	8	15	8	7	15	11	7	19	10	7
	Prior year	17	8	8	17	7	19	39	9	8	37	11	7
	Change	(2)	4	0	(2)	1	(12)	(24)	2	(1)	(18)	(1)	0
237.50	Interest on customer deposits	5	4	5	5	5	5	6	6	6	6	6	4
	Prior year	9	15	22	28	35	41	41	40	38	38	38	5
	Change	(4)	(11)	(17)	(23)	(30)	(36)	(35)	(34)	(32)	(32)	(32)	(1)

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241.00	Federal withholding												
	Prior year												
	Change	0	0	0	0	0	0	0	0	0	0	0	0
241.1	State tax withholding												9
	Prior year												8
	Change	0	0	0	0	0	0	0	0	0	0	0	1
241.20	City tax withholding	2	4	6	2	4	6	2	4	6	2	4	7
	Prior year	2	4	6	2	12	6	2	4	6	2	4	6
	Change	0	0	0	0	(8)	0	0	0	0	0	0	1
242.30	Sick leave	928	932	900	903	905	910	915	917	932	950	953	958
	Prior year	881	881	879	880	883	883	883	882	910	915	920	925
	Change	47	51	21	23	22	27	32	35	22	35	33	33
242.31	Accrue vacation	163	163	163	163	163	163	163	163	163	163	163	181
	Prior year	149	149	149	146	146	146	146	146	146	146	146	163
	Change	14	14	14	17	17	17	17	17	17	17	17	18
242.90	Annual meeting	3	6	8	11	10		3	(17)	(10)	(13)	(6)	
	Prior year	4	8	13	17	16	6	3	(9)	(7)	(4)	(2)	
	Change	(1)	(2)	(5)	(6)	(6)	(6)	0	(8)	(3)	(9)	(4)	0
****	Total Current & Accrued L	1,385	1,381	1,399	1,440	1,474	1,537	1,607	1,397	1,456	1,479	1,399	1,568
	Prior year	1,340	1,355	1,369	1,435	1,481	1,522	1,620	1,406	1,411	1,463	1,387	1,269
	Change	45	26	30	5	(7)	15	(13)	(9)	45	16	12	299
**** 252.	Consumer advances for con	49	49	46	46	66	50	51	58	54	47	86	87
	Prior year	31	36	44	30	83	84	77	41	48	40	46	52
	Change	18	13	2	16	(17)	(34)	(26)	17	6	7	40	35
*****	Total Equities & Liabilities	88,843	88,505	88,316	87,681	87,586	89,045	89,300	89,002	88,212	87,893	87,928	93,205
	Prior year	82,644	82,830	81,757	81,445	81,715	81,225	83,848	83,642	82,931	82,808	83,475	85,719
	Change	6,199	5,675	6,559	6,236	5,871	7,820	5,452	5,360	5,281	5,085	4,453	7,486



CUMBERLAND VALLEY ELECTRIC
 COMPARISON OF INCOME STATEMENT TO PRIOR YER
 CASE NO. 2014-00159
 December 31, 2013

Exhibit X
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 Witness: Jim Adkins

Account	Description	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	Total
440.1	RESIDENTIAL SALES-RURAL FARM	4,074,922	3,197,275	3,124,021	2,280,988	1,999,627	2,327,611	2,472,963	2,417,653	2,101,962	1,937,251	2,450,634	3,464,251	31,849,156
440.1	RESIDENTIAL SALES-RURAL FARM	3,617,228	3,375,248	2,062,810	1,855,983	2,054,013	1,936,313	2,824,650	2,809,683	1,915,100	2,052,490	2,936,335	2,946,637	30,386,490
	CHANGE FROM PRIOR YEAR	457,695	(177,974)	1,061,210	425,004	(54,386)	391,299	(351,688)	(392,030)	186,862	(115,239)	(485,702)	517,614	1,462,666
440.11	RESIDENTIAL SALES-ENVIROWATTS	63	63	63	63	63	63	63	63	63	63	63	61	756
440.11	RESIDENTIAL SALES-ENVIROWATTS	78	48	63	63	63	63	63	63	63	63	63	63	759
	CHANGE FROM PRIOR YEAR	(15)	15	-	-	-	-	-	-	-	-	-	(3)	(3)
442.1	COMM-INDUST SALE-SMALL	288,199	253,144	241,148	230,443	237,223	261,126	268,657	265,404	251,898	230,293	215,140	250,789	2,993,463
442.1	COMM-INDUST SALE-SMALL	272,010	274,235	218,132	222,075	255,419	226,817	275,981	296,142	236,575	237,382	245,716	209,629	2,970,114
	CHANGE FROM PRIOR YEAR	16,189	(21,091)	23,016	8,368	(18,196)	34,309	(7,325)	(30,737)	15,323	(7,090)	(30,576)	41,160	23,349
442.2	COMM-INDUST SALES-LARGE	933,041	879,383	798,864	872,375	881,433	913,012	840,123	870,690	818,154	778,135	783,027	807,710	10,175,948
442.2	COMM-INDUST SALES-LARGE	1,107,229	1,241,489	961,075	955,748	1,032,469	940,379	944,895	924,424	916,830	913,682	1,005,059	930,017	11,873,297
	CHANGE FROM PRIOR YEAR	(174,188)	(362,106)	(162,211)	(83,373)	(151,035)	(27,367)	(104,772)	(53,735)	(98,676)	(135,547)	(222,032)	(122,306)	(1,697,349)
450.0	FORFEITED DISCOUNTS	51,576	68,531	46,327	49,001	36,700	29,997	41,465	41,165	39,576	36,391	28,470	43,817	513,016
450.0	FORFEITED DISCOUNTS	62,496	62,101	55,801	32,664	28,348	30,739	34,366	45,729	47,895	31,585	33,486	55,150	520,359
	CHANGE FROM PRIOR YEAR	(10,920)	6,430	(9,473)	16,337	8,351	(742)	7,100	(4,563)	(8,319)	4,806	(5,016)	(11,333)	(7,343)
451.0	MISC SERVICE REVENUES	3,315	6,030	8,050	19,300	25,470	6,320	15,150	23,570	6,975	16,120	9,525	10,260	150,085
451.0	MISC SERVICE REVENUES	2,650	7,420	14,435	9,040	12,785	6,305	8,215	13,905	4,220	9,630	12,465	4,150	105,220
	CHANGE FROM PRIOR YEAR	665	(1,390)	(6,385)	10,260	12,685	15	6,935	9,665	2,755	6,490	(2,940)	6,110	44,865
454.0	RENT FROM ELECTRIC PROPERTY	73,000	73,000	89,985	73,000	76,700	89,985	73,000	73,000	89,985	73,000	73,000	122,070	979,726
454.0	RENT FROM ELECTRIC PROPERTY	66,000	66,000	82,985	66,000	96,691	82,985	66,000	66,000	82,985	81,229	66,000	173,714	996,590
	CHANGE FROM PRIOR YEAR	7,000	7,000	7,000	7,000	(19,991)	7,000	7,000	7,000	7,000	(8,229)	7,000	(51,644)	(16,864)
456.0	OTHER ELEC REVENUES	474	485	427	406	448	458	478	45	47	51	28	348	3,695
456.0	OTHER ELEC REVENUES	621	587	630	550	508	540	499	502	526	456	484	2,515	8,418
	CHANGE FROM PRIOR YEAR	(148)	(102)	(202)	(144)	(61)	(82)	(21)	(457)	(480)	(405)	(455)	(2,167)	(4,722)
555.0	PURCHASED POWER	3,697,825	3,309,674	3,450,506	2,574,211	2,558,689	2,869,619	2,850,387	2,811,101	2,460,358	2,374,286	3,144,006	3,671,514	35,772,176
555.0	PURCHASED POWER	3,801,329	3,395,318	2,672,673	2,358,565	2,613,233	2,881,181	3,126,948	2,881,181	2,530,988	2,722,905	3,470,378	3,630,989	36,085,688
	CHANGE FROM PRIOR YEAR	(103,504)	(85,644)	777,833	215,646	(54,544)	(11,562)	(276,561)	(70,080)	(70,630)	(348,619)	(326,372)	40,525	(313,512)
582.0	STATION EQUIPMENT	445	445	445	445	445	445	445	445	445	445	445	445	5,345
582.0	STATION EQUIPMENT	420	420	420	420	420	420	420	420	420	768	420	420	5,384
	CHANGE FROM PRIOR YEAR	26	26	26	26	26	26	26	26	26	(323)	26	26	(38)
583.0	OVERHEAD LINE EXPENSE	44,215	57,149	45,423	40,777	49,752	48,142	45,178	47,433	49,712	46,385	45,781	110,468	630,416
583.0	OVERHEAD LINE EXPENSE	42,345	41,745	41,723	48,894	45,659	45,938	38,825	48,055	41,295	52,878	41,915	65,680	554,951
	CHANGE FROM PRIOR YEAR	1,871	15,404	3,700	(8,117)	4,093	2,203	6,353	(622)	8,418	(6,493)	3,866	44,788	75,465

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Account	Description	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	Total
584.0	UNDERGROUND LINE EXP	1,918	2,010	1,959	2,027	4,124	2,056	4,388	3,860	4,000	4,247	2,137	3,340	36,067
584.0	UNDERGROUND LINE EXP	1,832	1,832	1,845	1,832	1,832	1,875	1,832	2,041	1,832	1,832	2,013	2,001	22,596
	CHANGE FROM PRIOR YEAR	87	179	115	195	2,293	181	2,557	1,819	2,169	2,415	124	1,339	13,472
586.0	METER EXPENSES	76,238	44,116	35,380	21,764	(6,065)	38,309	40,394	11,492	45,537	47,435	42,691	59,944	457,235
586.0	METER EXPENSES	46,152	32,776	45,537	55,745	53,555	45,816	43,216	(63,815)	14,805	36,192	(50,664)	209,751	469,065
	CHANGE FROM PRIOR YEAR	30,086	11,340	(10,157)	(33,981)	(59,619)	(7,507)	(2,822)	75,307	30,732	11,243	93,355	(149,807)	(11,830)
587.0	CONSUMER INSTALL EXPENSES	11,991	7,967	8,990	12,420	8,839	7,991	8,192	7,362	8,601	11,689	8,718	11,111	113,872
587.0	CONSUMER INSTALL EXPENSES	10,041	9,262	11,219	8,095	8,057	7,598	9,319	8,980	9,320	10,556	10,981	7,992	111,420
	CHANGE FROM PRIOR YEAR	1,950	(1,295)	(2,229)	4,325	782	393	(1,127)	(1,618)	(719)	1,133	(2,263)	3,119	2,452
588.0	MISC DISTRIBUTION EXPENSE	14,690	12,765	10,560	13,413	15,128	9,597	11,531	13,313	15,524	16,430	11,867	15,739	160,557
588.0	MISC DISTRIBUTION EXPENSE	14,582	10,067	11,460	12,866	11,130	12,762	15,416	16,232	12,040	14,166	12,588	12,104	155,413
	CHANGE FROM PRIOR YEAR	108	2,698	(900)	547	3,998	(3,164)	(3,885)	(2,919)	3,484	2,264	(721)	3,635	5,144
589.0	RENTS	-	-	-	-	-	-	-	-	1,500	-	-	-	1,500
589.0	RENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
	CHANGE FROM PRIOR YEAR	-	-	-	-	-	-	-	-	1,500	-	-	-	1,500
593.0	MAINT OF OVERHEAD LINES	115,765	97,775	97,891	69,662	122,593	123,504	125,333	98,736	110,286	110,733	117,853	126,511	1,316,641
593.0	MAINT OF OVERHEAD LINES	98,601	159,818	95,120	68,261	86,450	89,376	146,312	102,788	95,283	119,877	85,490	97,070	1,244,449
	CHANGE FROM PRIOR YEAR	17,163	(62,044)	2,770	1,401	36,143	34,128	(20,979)	(4,052)	15,002	(9,144)	32,363	29,440	72,193
593.01	RIGHT OF WAY CUTTING	88,755	77,910	81,940	90,770	67,190	53,458	60,823	66,787	61,309	81,041	78,872	88,308	897,164
593.01	RIGHT OF WAY CUTTING	52,261	75,879	115,819	89,736	104,044	128,360	107,009	132,222	89,128	95,236	89,091	74,005	1,152,790
	CHANGE FROM PRIOR YEAR	36,494	2,030	(33,879)	1,034	(36,854)	(74,901)	(46,186)	(65,435)	(27,819)	(14,195)	(10,218)	14,304	(255,626)
593.02	RIGHT OF WAY MATERIALS	191	-	135	727	299	646	1,075	956	146	676	446	98	5,394
593.02	RIGHT OF WAY MATERIALS	1,028	2,703	643	206	1,451	3,250	2,274	2,512	611	969	68	207	15,921
	CHANGE FROM PRIOR YEAR	(837)	(2,703)	(508)	522	(1,152)	(2,604)	(1,199)	(1,557)	(465)	(294)	379	(109)	(10,527)
593.03	RIGHT-OF-WAY BUSHHOGGING	1,558	2,166	3,080	5,776	24,630	23,056	22,293	27,982	23,413	233	240	69	134,495
593.03	RIGHT-OF-WAY BUSHHOGGING	3,554	574	3,275	11,375	13,559	13,081	14,170	14,628	12,538	16,986	12,595	10,237	126,571
	CHANGE FROM PRIOR YEAR	(1,996)	1,593	(195)	(5,599)	11,071	9,975	8,123	13,354	10,874	(16,753)	(12,355)	(10,168)	7,924
595.0	MAINT OF LINE TRANSFORMERS	3,832	7,352	-	5,160	1,534	-	5,401	6,591	5,631	5,241	2,814	1,676	45,231
595.0	MAINT OF LINE TRANSFORMERS	1,840	225	347	1,037	-	-	-	1,661	49	1,830	-	10,721	17,711
	CHANGE FROM PRIOR YEAR	1,992	7,127	(347)	4,123	1,534	-	5,401	4,930	5,581	3,411	2,814	(9,046)	27,520
597.0	MAINTENANCE OF METERS	19,380	10,330	5,610	14,630	5,761	5,259	7,691	6,472	18,431	10,301	5,948	12,603	122,416
597.0	MAINTENANCE OF METERS	9,966	6,580	11,536	11,789	7,647	7,411	23,277	11,760	9,152	9,539	16,329	8,808	133,795
	CHANGE FROM PRIOR YEAR	9,414	3,750	(5,926)	2,840	(1,885)	(2,152)	(15,587)	(5,288)	9,280	762	(10,381)	3,795	(11,379)
597.1	MAINT OF METERS-METER TEST FEE	-	(30)	-	-	-	-	-	-	-	(30)	-	-	(60)
597.1	MAINT OF METERS-METER TEST FEE	-	(60)	(30)	-	-	-	(30)	-	-	-	-	(30)	(150)
	CHANGE FROM PRIOR YEAR	-	30	30	-	-	-	30	-	-	(30)	-	30	90

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598.0	MAINT OF MISC DISTR PLANT	14,241	10,341	10,662	10,787	8,994	8,905	11,985	9,805	12,698	13,536	12,162	14,635	138,751
598.0	MAINT OF MISC DISTR PLANT	11,636	9,414	16,380	10,752	10,157	9,984	10,998	12,821	9,041	13,034	15,132	9,861	139,209
	CHANGE FROM PRIOR YEAR	2,604	928	(5,718)	35	(1,163)	(1,079)	987	(3,016)	3,657	501	(2,970)	4,775	(459)
902.0	METER READING EXPENSES	44,897	23,492	19,818	19,405	15,249	14,216	18,019	12,471	11,147	11,350	12,511	12,864	215,438
902.0	METER READING EXPENSES	22,603	40,433	18,833	17,177	13,048	12,789	8,701	10,139	9,036	7,829	12,192	9,483	182,262
	CHANGE FROM PRIOR YEAR	22,294	(16,940)	986	2,228	2,201	1,427	9,318	2,331	2,111	3,520	319	3,381	33,176
903.0	CONSUMER RECORDS-COLLECT EXP	133,098	114,697	118,932	108,894	150,332	101,535	137,947	142,521	106,832	147,501	106,039	143,826	1,512,153
903.0	CONSUMER RECORDS-COLLECT EXP	119,775	110,647	109,613	119,098	133,658	133,695	123,172	141,335	120,470	138,727	126,235	116,498	1,492,924
	CHANGE FROM PRIOR YEAR	13,323	4,051	9,319	(10,204)	16,674	(32,161)	14,774	1,185	(13,638)	8,774	(20,196)	27,328	19,229
903.1	CONS REC-COLL EXP-OVER-UNDER	(373)	200	32	67	16	(96)	247	176	20	2,559	(2,489)	25	385
903.1	CONS REC-COLL EXP-OVER-UNDER	4	90	(50)	(153)	61	100	209	50	(40)	6	5	113	395
	CHANGE FROM PRIOR YEAR	(377)	110	82	220	(45)	(196)	38	126	60	2,553	(2,494)	(88)	(10)
904.0	UNCOLLECTIBLE ACCOUNTS	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
904.0	UNCOLLECTIBLE ACCOUNTS	12,000	12,000	12,000	12,000	11,939	12,000	12,000	12,000	12,000	12,000	12,000	12,000	143,939
	CHANGE FROM PRIOR YEAR	-	-	-	-	61	-	-	-	-	-	-	-	61
908.0	CUSTOM ASSIST EXP	16,553	12,008	9,820	11,487	5,805	11,194	3,263	15,704	7,670	9,516	9,091	3,345	115,455
908.0	CUSTOM ASSIST EXP	6,212	4,916	8,550	5,874	3,536	7,591	13,786	18,760	17,091	15,040	16,644	16,461	134,461
	CHANGE FROM PRIOR YEAR	10,341	7,092	1,270	5,613	2,269	3,603	(10,524)	(3,056)	(9,421)	(5,525)	(7,553)	(13,116)	(19,006)
909.0	INFO AND INST ADV EXP	3,211	3,385	3,116	2,938	3,055	3,942	-	5,855	3,460	2,900	3,444	2,910	38,215
909.0	INFO AND INST ADV EXP	3,544	4,127	3,839	3,051	3,676	4,095	6,776	2,300	3,247	3,199	3,233	3,705	44,791
	CHANGE FROM PRIOR YEAR	(333)	(742)	(723)	(113)	(621)	(153)	(6,776)	3,555	212	(298)	211	(795)	(6,576)
920.0	ADMIN AND GENERAL SALARIES	64,858	62,221	55,196	53,673	58,815	60,357	60,900	57,477	62,486	70,842	64,887	77,729	749,441
920.0	ADMIN AND GENERAL SALARIES	55,374	46,787	52,575	54,061	53,448	51,164	51,097	52,308	60,107	52,163	53,982	62,694	645,759
	CHANGE FROM PRIOR YEAR	9,484	15,435	2,621	(388)	5,368	9,193	9,804	5,169	2,379	18,678	10,905	15,035	103,682
921.0	OFFICE SUPPLIES AND EXPENSES	8,822	9,553	7,489	9,291	8,657	6,552	6,612	5,889	6,568	6,850	6,468	20,286	103,036
921.0	OFFICE SUPPLIES AND EXPENSES	11,351	9,291	7,455	8,546	7,623	6,187	7,692	7,914	8,186	9,957	10,261	17,742	112,202
	CHANGE FROM PRIOR YEAR	(2,529)	262	34	745	1,034	365	(1,080)	(2,024)	(1,618)	(3,107)	(3,793)	2,544	(9,167)
923.0	OUTSIDE SERVICES EMPLOYED	2,995	5,155	1,795	1,795	1,795	4,020	3,719	2,079	5,599	4,072	3,036	16,330	52,389
923.0	OUTSIDE SERVICES EMPLOYED	2,137	4,675	6,058	3,395	3,095	2,303	5,295	1,797	2,374	5,717	1,797	5,170	43,812
	CHANGE FROM PRIOR YEAR	858	480	(4,263)	(1,600)	(1,300)	1,717	(1,576)	282	3,224	(1,645)	1,239	11,160	8,577
929.0	DUPLICATE CHARGES	(4,431)	(5,858)	(4,286)	(4,080)	(3,476)	(1,962)	(2,694)	(2,301)	(2,642)	(2,379)	(3,310)	(5,464)	(42,883)
929.0	DUPLICATE CHARGES	(2,890)	(3,303)	(2,523)	(1,724)	(1,958)	(2,356)	(2,427)	(2,416)	(2,236)	(2,181)	(3,179)	(2,859)	(30,052)
	CHANGE FROM PRIOR YEAR	(1,540)	(2,555)	(1,763)	(2,356)	(1,518)	394	(267)	115	(406)	(199)	(131)	(2,605)	(12,831)
930.1	MISC GENERAL EXP-DIRECTORS EXP	14,057	29,737	14,263	9,333	21,242	16,020	17,573	13,671	13,127	14,887	18,587	18,522	201,020
930.1	MISC GENERAL EXP-DIRECTORS EXP	13,595	10,266	12,246	12,252	16,985	19,595	13,919	19,449	13,865	20,104	15,757	18,832	186,866
	CHANGE FROM PRIOR YEAR	462	19,471	2,017	(2,918)	4,257	(3,575)	3,654	(5,778)	(738)	(5,217)	2,830	(311)	14,154
930.11	GENERAL ADVERTISING EXP	6,504	6,019	6,431	6,175	5,946	7,984	1,513	11,710	6,168	5,800	6,153	6,114	76,518
930.11	GENERAL ADVERTISING EXP	6,700	5,956	6,227	5,862	6,023	7,869	5,949	6,525	5,470	5,856	5,862	6,054	74,352
	CHANGE FROM PRIOR YEAR	(196)	63	204	314	(77)	115	(4,436)	5,185	699	(56)	291	60	2,165

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930.2	MISC GENERAL EXPENSE-OTHER	7,207	7,207	7,207	7,207	7,207	7,207	7,207	7,207	7,207	7,207	7,207	7,207	86,489
930.2	MISC GENERAL EXPENSE-OTHER	7,157	7,157	7,157	7,157	7,157	7,157	7,157	7,157	7,157	7,157	7,157	7,157	85,885
	CHANGE FROM PRIOR YEAR	50	50	50	50	50	50	50	50	50	50	50	50	604
930.3	MISC GEN EXP-CAPITAL CREDITS	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
930.3	MISC GEN EXP-CAPITAL CREDITS	-	-	-	-	-	-	-	-	-	-	(9)	-	(9)
	CHANGE FROM PRIOR YEAR	-	-	-	-	-	-	-	-	-	-	9	(7)	2
930.4	MISC GEN EXP-ANNUAL MEETING	2,400	2,400	2,400	2,400	2,400	2,400	2,400	5,888	5,888	5,888	5,888	5,888	46,238
930.4	MISC GEN EXP-ANNUAL MEETING	3,375	3,375	3,375	3,375	3,375	3,375	1,500	1,375	1,375	1,375	1,420	1,420	28,715
	CHANGE FROM PRIOR YEAR	(975)	(975)	(975)	(975)	(975)	(975)	900	4,513	4,513	4,513	4,467	4,467	17,523
932.0	MAINT OF GEN PLANT	6,229	13,707	7,316	5,766	8,321	9,846	7,695	7,839	7,843	9,138	6,992	6,959	97,652
932.0	MAINT OF GEN PLANT	10,287	5,466	6,582	6,156	6,043	7,797	6,057	11,883	6,894	8,750	16,152	7,717	99,783
	CHANGE FROM PRIOR YEAR	(4,057)	8,241	734	(390)	2,278	2,049	1,638	(4,044)	949	388	(9,160)	(758)	(2,131)
403.6	DEPT EXP-DISTRIBUTION PLANT	241,140	241,632	242,467	243,030	243,836	244,947	245,655	246,412	247,304	248,774	250,424	251,137	2,946,757
403.6	DEPT EXP-DISTRIBUTION PLANT	230,253	230,891	231,600	232,162	232,673	233,533	234,025	234,836	236,316	237,999	238,314	240,576	2,813,178
	CHANGE FROM PRIOR YEAR	10,887	10,741	10,867	10,868	11,162	11,414	11,630	11,576	10,987	10,775	12,110	10,562	133,579
403.7	DEPT EXP-GENERAL PLANT	13,702	13,765	13,394	13,407	13,463	13,497	14,846	14,853	14,803	14,399	14,652	13,731	168,513
403.7	DEPT EXP-GENERAL PLANT	12,681	12,696	12,712	12,795	12,846	12,853	12,874	13,037	13,037	13,058	13,057	13,695	155,341
	CHANGE FROM PRIOR YEAR	1,021	1,069	682	612	617	644	1,972	1,816	1,766	1,342	1,596	36	13,172
408.0	TAXES-OTHER THAN INCOME TAXES	-	-	-	-	-	-	-	-	-	51,441	-	-	51,441
408.0	TAXES-OTHER THAN INCOME TAXES	-	-	-	-	-	52,902	-	-	-	-	-	-	52,902
	CHANGE FROM PRIOR YEAR	-	-	-	-	-	(52,902)	-	-	-	51,441	-	-	(1,461)
427.1	INT ON REA CONST LOAN	11,244	11,456	11,315	11,315	10,278	11,225	11,225	10,964	11,138	11,138	10,518	10,931	132,748
427.1	INT ON REA CONST LOAN	11,714	11,411	11,613	11,613	11,709	11,645	11,645	11,393	11,561	11,561	10,610	11,244	137,718
	CHANGE FROM PRIOR YEAR	(470)	46	(298)	(298)	(1,430)	(420)	(420)	(429)	(423)	(423)	(93)	(313)	(4,971)
427.15	INT ON FFB CONST LOAN	5,823	5,823	283	3,976	3,976	8,485	5,479	5,479	3,675	4,878	4,878	2,708	55,465
427.15	INT ON FFB CONST LOAN	3,930	3,930	2,545	3,468	3,468	7,103	4,680	4,680	7,374	5,578	5,578	6,313	58,648
	CHANGE FROM PRIOR YEAR	1,893	1,893	(2,262)	508	508	1,381	799	799	(3,699)	(700)	(700)	(3,605)	(3,183)
427.2	INT ON OTHER LONG TERM DEBT CFU	10,940	2,105	-	-	-	-	-	-	-	-	-	-	13,045
427.2	INT ON OTHER LONG TERM DEBT CFU	12,119	11,190	11,809	11,809	10,865	11,494	11,494	10,670	11,219	11,219	10,382	10,940	135,210
	CHANGE FROM PRIOR YEAR	(1,178)	(9,085)	(11,809)	(11,809)	(10,865)	(11,494)	(11,494)	(10,670)	(11,219)	(11,219)	(10,382)	(10,940)	(122,165)

CUMBERLAND VALLEY ELECTRIC
 COMPARISON OF INCOME STATEMENT TO PRIOR YER
 CASE NO. 2014-00159
 December 31, 2013

Exhibit X
 Page 5 of 5
 Witness: Jim Adkins

Account	Description	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	Total
427.25	INT ON OTHER LONG TERM DEBT NC	7,786	7,121	7,564	7,564	6,895	7,341	7,341	6,669	7,117	7,117	6,433	6,889	85,839
427.25	INT ON OTHER LONG TERM DEBT NC	8,412	7,946	8,257	8,257	7,788	8,101	8,101	7,630	7,944	7,944	7,471	7,786	95,636
	CHANGE FROM PRIOR YEAR	(626)	(825)	(692)	(692)	(893)	(759)	(759)	(962)	(827)	(827)	(1,038)	(897)	(9,797)
427.26	INT ON OTHER LONG TERM DEBT-CO	-	9,544	-	-	6,004	7,612	7,355	7,551	7,489	7,201	7,393	7,096	67,245
	CHANGE FROM PRIOR YEAR	-	(9,544)	-	-	(6,004)	(7,612)	(7,355)	(7,551)	(7,489)	(7,201)	(7,393)	(7,096)	(67,245)
431.0	INTEREST EXP-OTHER	202	203	197	197	194	194	195	195	195	196	197	198	2,363
431.0	INTEREST EXP-OTHER	6,841	6,749	6,782	6,844	6,839	6,950	124	123	121	121	122	122	41,738
	CHANGE FROM PRIOR YEAR	(6,639)	(6,545)	(6,586)	(6,648)	(6,645)	(6,756)	71	73	74	75	76	76	(39,375)
431.1	INT EXP-CFC LINE OF CREDIT	-	-	813	-	-	-	-	-	-	-	-	-	813
431.1	INT EXP-CFC LINE OF CREDIT	-	-	-	-	-	-	-	-	274	-	-	-	274
	CHANGE FROM PRIOR YEAR	-	-	813	-	-	-	-	-	(274)	-	-	-	539
426.1	DONATIONS	1,000	1,250	845	575	358	350	2,100	2,159	425	200	860	550	10,671
426.1	DONATIONS	1,400	1,101	1,214	1,045	175	-	1,950	1,650	350	-	203	1,125	10,213
	CHANGE FROM PRIOR YEAR	(400)	149	(369)	(470)	183	350	150	509	75	200	657	(575)	459
419.3	INT DIV INCOME	(835)	4,809	20,631	6,118	20,692	4,718	4,803	20,797	4,542	5,132	20,141	10,340	121,888
419.3	INT DIV INCOME	362	20,985	5,892	7,306	21,550	6,035	4,940	20,608	4,933	21,156	4,550	9,840	128,155
	CHANGE FROM PRIOR YEAR	(1,196)	(16,176)	14,740	(1,188)	(858)	(1,317)	(137)	189	(390)	(16,024)	15,591	500	(6,267)
423.0	GEN-TRANS COOP CAPITAL CREDITS	-	-	-	-	-	-	-	-	-	-	-	2,957,019	2,957,019
423.0	GEN-TRANS COOP CAPITAL CREDITS	-	-	-	-	-	-	-	-	-	-	-	2,364,260	2,364,260
	CHANGE FROM PRIOR YEAR	-	-	-	-	-	-	-	-	-	-	-	592,759	592,759
424.0	OTH CAP CR-PATRON CAP ALLOC	-	-	26,661	-	-	-	-	-	1,229	8,773	-	18,079	54,741
424.0	OTH CAP CR-PATRON CAP ALLOC	-	-	19,776	-	-	-	-	-	11,939	-	-	13,147	44,863
	CHANGE FROM PRIOR YEAR	-	-	6,885	-	-	-	-	-	(10,710)	8,773	-	4,931	9,878
	Patronage Capital or Margins	722,845	253,927	65,188	142,709	(165,928)	(106,562)	(49,012)	7,583	(48,679)	(290,912)	(445,812)	2,946,509	3,031,856
	Patronage Capital or Margins	474,515	752,849	(144,835)	(14,891)	(9,417)	(634,817)	73,849	429,472	(158,628)	(322,273)	32,578	1,995,044	2,473,447
	CHANGE FROM PRIOR YEAR	248,330	(498,922)	210,023	157,600	(156,511)	528,255	(122,861)	(421,889)	109,950	31,361	(478,390)	951,465	558,409



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General Ledger
Summary Trial Balance

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Period Ending: DEC 2013

Div	Account	Description	Balance Forward	YTD Trans	----- Current Month Balance -----		----- Year-To-Date Balance -----	
					Debit	Credit	Debit	Credit
0	107.2	CONST WORK IN PROGRESS	417,883.75	-120,134.98	46,431.34	0.00	297,748.77	0.00
0	107.53	WK IN PROG-RADIO TOWER @ ROCKHOL	0.00	82,327.55	28,116.18	0.00	82,327.55	0.00
0	107.75	WK IN PROG-OFFICE REMODEL @ GRAY	27,815.50	352,273.19	0.00	0.00	380,088.69	0.00
0	107.8	WK IN PROG-GRAY OFFICE ADDITION	0.00	56,457.00	0.00	0.00	56,457.00	0.00
0	108.6	ACCUM PROV-DEPR OF DIST PT	-28,627,789.83	-956,183.91	0.00	170,771.28	0.00	29,583,973.74
0	108.7	ACCUM PROV-DEPR OF TRANS	-2,288,921.73	-104,421.01	0.00	81.84	0.00	2,393,342.74
0	108.71	ACCUM PROV-DEPR OF COMMUN EQUI	-278,001.19	84,835.62	108,226.07	0.00	0.00	193,165.57
0	108.72	ACCUM PROV-DEPR OR GRAY OFF	-908,467.30	-35,252.04	0.00	2,937.67	0.00	943,719.34
0	108.73	ACCUM PROV-DEPR FOR OTHER	-500,682.32	113,851.72	112,818.14	0.00	0.00	386,830.60
0	108.8	RETIREMENT WORK IN PROGRESS	14,460.32	3,973.13	4,607.27	0.00	18,433.45	0.00
0	123.11	PATRON CAPITAL-EAST KY RECC	17,620,030.92	2,957,019.04	2,957,019.04	0.00	20,577,049.96	0.00
0	123.12	PATRON CAPITAL-KY RECC-KAEC	63,955.21	861.49	0.00	0.00	64,816.70	0.00
0	123.14	PATRON CAPITAL-STATEWIDE RECC-UUS	267,617.30	121.50	0.00	0.00	267,738.80	0.00
0	123.15	PATRON CAPITAL-ASSOC COOP-CFC	189,529.58	4,386.33	0.00	0.00	193,915.91	0.00
0	123.16	PATRON CAPITAL-NISC	59,969.98	15,317.55	18,078.53	0.00	75,287.53	0.00
0	123.17	PATRON CAPITAL-FEDERATED INS	134,089.09	9,320.00	0.00	9,004.00	143,409.09	0.00
0	123.18	PATRON CAPITAL-COBANK	1,000.00	0.00	0.00	0.00	1,000.00	0.00
0	123.22	INVEST IN CAP TERM CERT CFC	851,836.48	-894.28	0.00	0.00	850,942.20	0.00
0	123.23	OTHER INVEST IN ASSOC ORGAN	2,000.00	0.00	0.00	0.00	2,000.00	0.00
0	123.24	INVEST-ENVISION	25,000.00	-15,000.00	0.00	15,000.00	10,000.00	0.00
0	123.26	INVEST-ASSOC COMP E KY MEMBER	100.00	0.00	0.00	0.00	100.00	0.00
0	123.3	INVEST-CFC MBR CAP SECURITIES	25,000.00	0.00	0.00	0.00	25,000.00	0.00
0	128.0	OTHER SPEC FDS-DEFERR COMP	71,643.06	0.00	0.00	0.00	71,643.06	0.00
0	128.1	SPEC FDS RESERVE-DEFERR COMP	-71,643.06	0.00	0.00	0.00	0.00	71,643.06
0	131.12	CASH-GENERAL COMMERCIAL	447,038.70	-139,149.57	98,317.46	0.00	307,889.13	0.00
0	131.13	CASH-COMMERCIAL BANK CUMBERLAN	86,156.06	66,612.06	116,741.24	0.00	152,768.12	0.00
0	131.15	CASH-E ACCOUNT-COMMERCIAL BANK	380,416.41	673,688.62	855,316.85	0.00	1,054,105.03	0.00
0	131.25	CASH-CAPITAL CREDITS COMMERCIAL	-12,233.28	242.19	15.87	0.00	0.00	11,991.09
0	134.0	SPECIAL DEPOSITS	4,000.00	0.00	0.00	0.00	4,000.00	0.00
0	134.1	SPEC DEPOSIT-WATER DEPOSIT TOTZ	300.00	0.00	0.00	0.00	300.00	0.00
0	135.0	WORKING FUNDS	2,150.00	0.00	0.00	0.00	2,150.00	0.00
0	136.0	TEMPORARY CASH INVESTMENTS	5,000.00	0.00	0.00	0.00	5,000.00	0.00
0	142.0	CONSUMER ACCOUNTS	4,669,716.84	105,784.34	1,122,756.11	0.00	4,775,501.18	0.00
0	143.0	OTHER ACCOUNTS RECEIVABLE	970,292.86	53,665.48	926,028.91	0.00	1,023,958.34	0.00
0	144.2	ACCUM PROV UNCOLL CONS ACCTS	3,296,433.00	175,060.55	0.00	5,178.94	3,471,493.55	0.00
0	144.21	ACCURAL OF BAD DEBTS	-3,491,123.84	-144,000.00	0.00	12,000.00	0.00	3,635,123.84
0	154.0	MATERIALS-SUPPLIES-ELEC	680,007.88	-196,361.80	0.00	24.76	483,646.08	0.00
0	154.1	MATERIALS-SUPPLIES-FUEL	20,206.97	-7,178.07	0.00	5,653.47	13,028.90	0.00
0	165.12	PREP INS FEDERATED-VARIOUS	26,394.00	664.00	0.00	8,904.00	27,058.00	0.00

General Ledger
Summary Trial Balance

Period Ending: DEC 2013

Div	Account	Description	Balance Forward	YTD Trans	----- Current Month Balance -----		----- Year-To-Date Balance -----	
					Debit	Credit	Debit	Credit
0	165.13	PREP INS FEDERATED-AUTO	10,153.00	-394.00	0.00	3,255.00	9,759.00	0.00
0	165.14	PREPAID INS FEDERATED-DIRECTORS LIA	2,599.00	100.00	0.00	900.00	2,699.00	0.00
0	165.4	PREPAID GPS FOR TRUCKS	6,973.20	-25.20	0.00	868.50	6,948.00	0.00
0	165.5	PREPAID FOR UNIFORMS	0.00	23,219.25	23,219.25	0.00	23,219.25	0.00
0	171.0	INT AND DIVIDEND RECEIC CFC	9,600.09	26.34	3,208.81	0.00	9,626.43	0.00
0	186.3	MISC DEF DEBITS-RS PREPAYMENT	0.00	884,355.00	0.00	5,082.00	884,355.00	0.00
0	200.1	MEMBERSHIPS ISSUES	-430,710.00	-1,105.00	0.00	385.00	0.00	431,815.00
0	201.1	PATRONS CAPITAL CREDITS	-32,804,711.18	-2,473,439.88	0.00	2,473,439.88	0.00	35,278,151.06
0	208.0	DONATED CAPITAL	-94,756.85	-8,508.63	0.00	0.00	0.00	103,265.48
0	215.0	ACCUM OTHER COMPREHENSIVE INCOM	929,349.00	-52,620.00	0.00	4,385.00	876,729.00	0.00
0	217.0	Capital Credit Unclaimed	-2,121,841.96	302.59	0.00	0.00	0.00	2,121,539.37
0	217.1	Capital Credit Retire No check	-4,274.30	0.00	0.00	0.00	0.00	4,274.30
0	219.1	OPERATING MARGINS	-2,285,919.86	-624,048.18	0.00	2,909,968.04	0.00	2,909,968.04
0	219.2	NONOPERATING MARGINS	-187,527.14	65,639.10	0.00	121,888.04	0.00	121,888.04
0	224.14	OTHER LONG TERM DEBT-NCSC	-2,649,841.04	432,849.94	0.00	0.00	0.00	2,216,991.10
0	224.15	OTHER LONG TERM DEBT-COBANK	0.00	-2,638,657.93	18,578.96	0.00	0.00	2,638,657.93
0	224.3	LONG-TERM DEBT-CONST NOTE EXEC	-3,575,127.29	123,830.76	10,275.33	0.00	0.00	3,451,296.53
0	224.35	L-T DEBT-FFB CONST NOTE EXEC	-30,053,248.81	-16,473,655.35	284,237.24	0.00	0.00	46,526,904.16
0	224.45	FFB NOTES EXECUTED-CONST DEBIT	0.00	10,708,000.00	0.00	2,000,000.00	10,708,000.00	0.00
0	224.6	ADV PMTS UNAPPLIED - L-T DEBT	1,249,164.80	63,624.04	0.00	0.00	1,312,788.84	0.00
0	228.3	ACCUM PROV FOR PENS & BEN	-3,212,656.26	-112,095.28	0.00	7,859.30	0.00	3,324,751.54
0	232.1	ACCOUNTS PAYABLE-GENERAL	-4,099,121.60	133,498.76	0.00	449,608.87	0.00	3,965,622.84
0	232.37	ACCTS PAYABLE-FLOWER FUND	-2,605.95	-213.76	0.00	88.00	0.00	2,819.71
0	235.0	CONSUMER DEPOSITS	-1,367,450.00	22,625.00	0.00	9,775.00	0.00	1,344,825.00
0	235.1	CONSUMER DEPOSITS-CATV	-4,000.00	0.00	0.00	0.00	0.00	4,000.00
0	236.1	ACC PROPERTY TAXES	0.00	-241,874.25	0.00	90,633.85	0.00	241,874.25
0	236.2	ACC US SOC SEC TAX-UNEMPLO	-1,275.03	-2,199.13	0.00	3,474.16	0.00	3,474.16
0	236.4	ACC ST SS TAX-UNEMPLOYMENT	0.00	-138.71	0.00	6.51	0.00	138.71
0	236.5	ACC ST SALES TAX-CONSUMERS	-20,645.62	-503.37	0.00	2,898.17	0.00	21,148.99
0	236.51	ACC STATE SALES TAX-OTHER	-598.35	-693.89	0.00	903.74	0.00	1,292.24
0	236.54	ACCR FRANCHISE TAX-CUMBERLAND	-157.37	-16.69	0.00	174.06	0.00	174.06
0	236.65	ACCR SCHOOL TAX	-122,325.45	-13,032.94	0.00	35,349.67	0.00	135,358.39
0	237.1	INT ACC-REA CONST OBLIGATION	190.17	-11.05	179.12	0.00	179.12	0.00
0	237.25	INTEREST ACCRUED NCSC	-7,786.19	897.15	0.00	6,889.04	0.00	6,889.04
0	237.6	ACC INT ON CONSUMER DEPOSITS	-4,641.93	383.98	1,849.25	0.00	0.00	4,257.95
0	241.1	TAX COLL PAYABLE-STATE INC	-7,698.72	-1,580.21	0.00	9,278.93	0.00	9,278.93
0	241.15	TAX COLL PAYABLE-WHITLEY OCCUP	-1,042.47	-131.01	0.00	397.67	0.00	1,173.48
0	241.17	TAX COLL PAYABLE-LESLIE OCCUP	-27.19	-3.31	0.00	30.50	0.00	30.50
0	241.2	TAX COLL PAYABLE-KNOX OCCUP	-5,371.76	-227.09	0.00	2,064.73	0.00	5,598.85

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Summary Trial Balance

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Period Ending: DEC 2013

Div	Account	Description	Balance Forward	YTD Trans	----- Current Month Balance -----		----- Year-To-Date Balance -----	
					Debit	Credit	Debit	Credit
0	242.31	OTH CURR-ACC LIAB=SICK LEAVE	-924,576.16	-33,792.36	0.00	5,320.32	0.00	958,368.52
0	242.32	OTH CURR-ACC LIAB - VACATION	-162,811.23	-18,677.57	0.00	18,677.48	0.00	181,488.80
0	252.3	ADV CONST REFUNDABLE	-20,966.71	2,396.89	0.00	50.00	0.00	18,569.82
0	253.3	OTH DEFERR CR-ADV FOR CONST	-33,127.24	-30,662.49	3,426.97	0.00	0.00	63,789.73
0	253.5	ADV FOR CONST-LONNIE COLLETT DEC'1	0.00	-5,189.75	0.00	5,189.75	0.00	5,189.75
0	360.1	LAND RIGHTS	5,485.38	0.00	0.00	0.00	5,485.38	0.00
0	362.0	STATION EQUIPMENT	169,341.17	0.00	0.00	0.00	169,341.17	0.00
0	362.01	TS2 STATION EQUIPMENT	587,481.35	-6,000.00	0.00	6,000.00	581,481.35	0.00
0	364.0	POLES-TOWERS-FIXTURES	26,376,021.20	1,152,667.22	76,216.01	0.00	27,528,688.42	0.00
0	365.0	OVERHEAD COND AND DEVICES	25,564,253.72	993,075.26	50,376.91	0.00	26,557,328.98	0.00
0	367.0	UNDERGROUND COND AND DEVICES	3,259,171.47	377,401.65	38,490.19	0.00	3,636,573.12	0.00
0	368.0	LINE TRANSFORMERS	9,831,948.09	240,127.87	0.00	0.00	10,072,075.96	0.00
0	369.0	SERVICES	7,701,524.47	308,792.70	14,586.35	0.00	8,010,317.17	0.00
0	370.0	METERS	2,310,251.59	-98,369.15	0.00	698.40	2,211,882.44	0.00
0	370.1	TURTLES	139,455.12	0.00	0.00	0.00	139,455.12	0.00
0	370.11	TURTLE II	3,460,728.03	177,224.47	0.00	0.00	3,637,952.50	0.00
0	370.12	METER W/DISCONNECT SWITCH	170,476.81	199,724.06	0.00	0.00	370,200.87	0.00
0	370.15	REMOTE SERVICE SWITCHES	371,560.05	-222.89	0.00	0.00	371,337.16	0.00
0	371.0	INSTALL ON CONSUMERS PREMISES	4,280,631.68	254,828.04	25,181.50	0.00	4,535,459.72	0.00
0	389.1	LAND RTS-GEN PLT-OFF SITE GRA	38,421.74	0.00	0.00	0.00	38,421.74	0.00
0	389.2	LAND CUMBERLAND OFFICE	60,230.09	0.00	0.00	0.00	60,230.09	0.00
0	390.0	STRUCTURES CUMBER. RADIO SHACK	5,381.58	0.00	0.00	0.00	5,381.58	0.00
0	390.1	STRUCTURES-IMPROVE-GRAY OFF	775,358.01	0.00	0.00	0.00	775,358.01	0.00
0	390.15	STRUCTURES-IMPROVE-GRAY ENG	185,660.91	0.00	0.00	0.00	185,660.91	0.00
0	390.17	STRUCT-IMPROV GRAY TRANS BLDG	86,660.95	0.00	0.00	0.00	86,660.95	0.00
0	390.18	STRUCT-IMPROV GRAY TRANS #2 BLDG	153,165.95	0.00	0.00	0.00	153,165.95	0.00
0	390.19	STRUCT-GENERATOR BLDG-GRAY	33,473.47	0.00	0.00	0.00	33,473.47	0.00
0	390.2	STRUCTURES CUMBERLAND OFFICE	432,728.45	0.00	0.00	0.00	432,728.45	0.00
0	390.21	STRUCTURES CUMBERLAND GARAGE	82,699.02	0.00	0.00	0.00	82,699.02	0.00
0	391.0	OFFICE FURN AND EQUIP	881,536.54	-73,250.07	0.00	79,596.09	808,286.47	0.00
0	392.0	TRANSPORTATION EQUIPMENT	2,930,952.15	233,066.26	0.00	25,491.00	3,164,018.41	0.00
0	394.0	TOOLS-SHOP-GARAGE EQUIP	101,548.15	-3,617.48	0.00	3,617.48	97,930.67	0.00
0	395.0	LABORATORY EQUIPMENT	93,176.29	0.00	0.00	0.00	93,176.29	0.00
0	396.0	POWER OPERATED EQUIPMENT	391,113.56	-85,346.91	0.00	18,906.48	305,766.65	0.00
0	397.0	COMMUNICATIONS EQUIPMENT	437,678.12	51,230.23	0.00	110,259.92	488,908.35	0.00
0	398.0	MISCELLANEOUS EQUIPMENT	258,079.58	153,969.62	0.00	5,068.11	412,049.20	0.00
0	403.6	DEPT EXP-DISTRIBUTION PLANT	0.00	2,946,757.28	251,137.30	0.00	2,946,757.28	0.00
0	403.7	DEPT EXP-GENERAL PLANT	0.00	168,512.92	13,730.90	0.00	168,512.92	0.00
0	408.0	TAXES-OTHER THAN INCOME TAXES	0.00	51,440.85	0.00	0.00	51,440.85	0.00

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Period Ending: DEC 2013

Div	Account	Description	Balance Forward	YTD Trans	----- Current Month Balance -----		----- Year-To-Date Balance -----	
					Debit	Credit	Debit	Credit
0	419.3	INT DIV INCOME-P AND P INVEST	0.00	-83,487.76	0.00	7,130.86	0.00	83,487.76
0	419.4	INTEREST AND DIVIDEND INC CFC	0.00	-38,400.28	0.00	3,208.81	0.00	38,400.28
0	423.0	GEN-TRANS COOP CAPITAL CREDITS	0.00	-2,957,019.04	0.00	2,957,019.04	0.00	2,957,019.04
0	424.0	OTH CAP CR-PATRON CAP ALLOC	0.00	-54,740.94	0.00	18,078.53	0.00	54,740.94
0	426.1	DONATIONS	0.00	6,259.00	50.00	0.00	6,259.00	0.00
0	426.11	DONATIONS-SCHOLARSHIPS	0.00	2,500.00	0.00	0.00	2,500.00	0.00
0	426.12	DONATIONS-MEMBERSHIPS, DUES	0.00	1,912.22	500.00	0.00	1,912.22	0.00
0	427.1	INT ON REA CONST LOAN	0.00	132,747.65	10,931.27	0.00	132,747.65	0.00
0	427.15	INT ON FFB CONST LOAN	0.00	55,465.33	2,708.05	0.00	55,465.33	0.00
0	427.2	INT ON OTHER LONG TERM DEBT CFC	0.00	13,044.71	0.00	0.00	13,044.71	0.00
0	427.25	INT ON OTHER LONG TERM DEBT NCSC	0.00	85,838.99	6,889.04	0.00	85,838.99	0.00
0	427.26	INT ON OTHER LONG TERM DEBT-COBAN	0.00	67,244.82	7,095.89	0.00	67,244.82	0.00
0	431.0	INTEREST EXP-OTHER	0.00	2,362.90	198.28	0.00	2,362.90	0.00
0	431.1	INT EXP-CFC LINE OF CREDIT	0.00	813.19	0.00	0.00	813.19	0.00
0	440.1	RESIDENTIAL SALES-RURAL FARM	0.00	-31,849,156.07	0.00	3,464,250.87	0.00	31,849,156.07
0	440.11	RESIDENTIAL SALES-ENVIROWATTS	0.00	-756.25	0.00	60.50	0.00	756.25
0	442.1	COMM-INDUST SALE-SMALL	0.00	-2,993,463.09	0.00	250,789.11	0.00	2,993,463.09
0	442.2	COMM-INDUST SALES-LARGE	0.00	-10,175,947.56	0.00	807,710.49	0.00	10,175,947.56
0	450.0	FORFEITED DISCOUNTS	0.00	-513,016.10	0.00	43,816.84	0.00	513,016.10
0	451.0	MISC SERVICE REVENUES	0.00	-150,085.00	0.00	10,260.00	0.00	150,085.00
0	454.0	RENT FROM ELECTRIC PROPERTY	0.00	-979,725.97	0.00	122,069.89	0.00	979,725.97
0	456.0	OTHER ELEC REVENUES	0.00	-3,695.33	0.00	348.12	0.00	3,695.33
0	555.0	PURCHASED POWER	0.00	35,772,176.00	3,671,514.00	0.00	35,772,176.00	0.00
0	582.0	STATION EQUIPMENT	0.00	5,345.28	445.44	0.00	5,345.28	0.00
0	583.0	OVERHEAD LINE EXPENSE	0.00	630,415.68	110,468.16	0.00	630,415.68	0.00
0	584.0	UNDERGROUND LINE EXP	0.00	36,067.18	3,339.76	0.00	36,067.18	0.00
0	586.0	METER EXPENSES	0.00	457,234.81	59,943.87	0.00	457,234.81	0.00
0	587.0	CONSUMER INSTALL EXPENSES	0.00	113,871.74	11,111.32	0.00	113,871.74	0.00
0	588.0	MISC DISTRIBUTION EXPENSE	0.00	160,556.93	15,738.79	0.00	160,556.93	0.00
0	589.0	RENTS	0.00	1,500.00	0.00	0.00	1,500.00	0.00
0	593.0	MAINT OF OVERHEAD LINES	0.00	1,316,641.40	126,510.63	0.00	1,316,641.40	0.00
0	593.01	RIGHT OF WAY CUTTING	0.00	897,163.65	88,308.46	0.00	897,163.65	0.00
0	593.02	RIGHT OF WAY MATERIALS	0.00	5,394.15	97.96	0.00	5,394.15	0.00
0	593.03	RIGHT-OF-WAY BUSHHOGGING	0.00	134,495.01	68.54	0.00	134,495.01	0.00
0	595.0	MAINT OF LINE TRANSFORMERS	0.00	45,230.51	1,675.97	0.00	45,230.51	0.00
0	597.0	MAINTENANCE OF METERS	0.00	122,415.91	12,602.51	0.00	122,415.91	0.00
0	597.1	MAINT OF METERS-METER TEST FEE	0.00	-60.00	0.00	0.00	0.00	60.00
0	598.0	MAINT OF MISC DISTR PLANT	0.00	138,750.52	14,635.39	0.00	138,750.52	0.00
0	902.0	METER READING EXPENSES	0.00	215,438.12	12,863.98	0.00	215,438.12	0.00

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General Ledger
Summary Trial Balance

Period Ending: DEC 2013

Div	Account	Description	Balance Forward	YTD Trans	----- Current Month Balance -----		----- Year-To-Date Balance -----	
					Debit	Credit	Debit	Credit
0	903.0	CONSUMER RECORDS-COLLECT EXP	0.00	1,512,153.29	143,826.12	0.00	1,512,153.29	0.00
0	903.1	CONS REC-COLL EXP-OVER-UNDER	0.00	384.65	24.98	0.00	384.65	0.00
0	904.0	UNCOLLECTIBLE ACCOUNTS	0.00	144,000.00	12,000.00	0.00	144,000.00	0.00
0	908.0	CUSTOM ASSIST EXP	0.00	115,455.00	3,345.08	0.00	115,455.00	0.00
0	909.0	INFO AND INST ADV EXP	0.00	38,214.84	2,909.56	0.00	38,214.84	0.00
0	920.0	ADMIN AND GENERAL SALARIES	0.00	749,440.57	77,728.97	0.00	749,440.57	0.00
0	921.0	OFFICE SUPPLIES AND EXPENSES	0.00	103,035.80	20,286.04	0.00	103,035.80	0.00
0	923.0	OUTSIDE SERVICES EMPLOYED	0.00	52,388.97	16,330.03	0.00	52,388.97	0.00
0	929.0	DUPLICATE CHARGES	0.00	-42,882.89	0.00	5,463.96	0.00	42,882.89
0	930.1	MISC GENERAL EXP-DIRECTORS EXP	0.00	201,020.06	18,521.71	0.00	201,020.06	0.00
0	930.11	GENERAL ADVERTISING EXP	0.00	76,517.81	6,114.14	0.00	76,517.81	0.00
0	930.2	MISC GENERAL EXPENSE-OTHER	0.00	86,489.37	7,207.42	0.00	86,489.37	0.00
0	930.3	MISC GEN EXP-CAPITAL CREDITS	0.00	-7.12	0.00	7.12	0.00	7.12
0	930.4	MISC GEN EXP-ANNUAL MEETING	0.00	46,237.73	5,887.54	0.00	46,237.73	0.00
0	932.0	MAINT OF GEN PLANT	0.00	97,652.48	6,958.54	0.00	97,652.48	0.00
0	998.1	Profit Clearing Operating	0.00	2,909,968.04	2,909,968.04	0.00	2,909,968.04	0.00
0	998.2	Profit Clearing Non Operating	0.00	121,888.04	121,888.04	0.00	121,888.04	0.00

Balance Forward:	3,358,561.65
YTD Transactions:	-3,358,561.65
Current Month Debit Balance:	14,719,860.62
Current Month Credit Balance:	16,338,248.79
Current Month Balance:	-1,618,388.17
Current Year Debit Balance:	193,167,099.65
Current Year Credit Balance:	193,167,099.65
Current Year Balance:	0.00
Current Year Profit/Loss:	-3,031,856.08

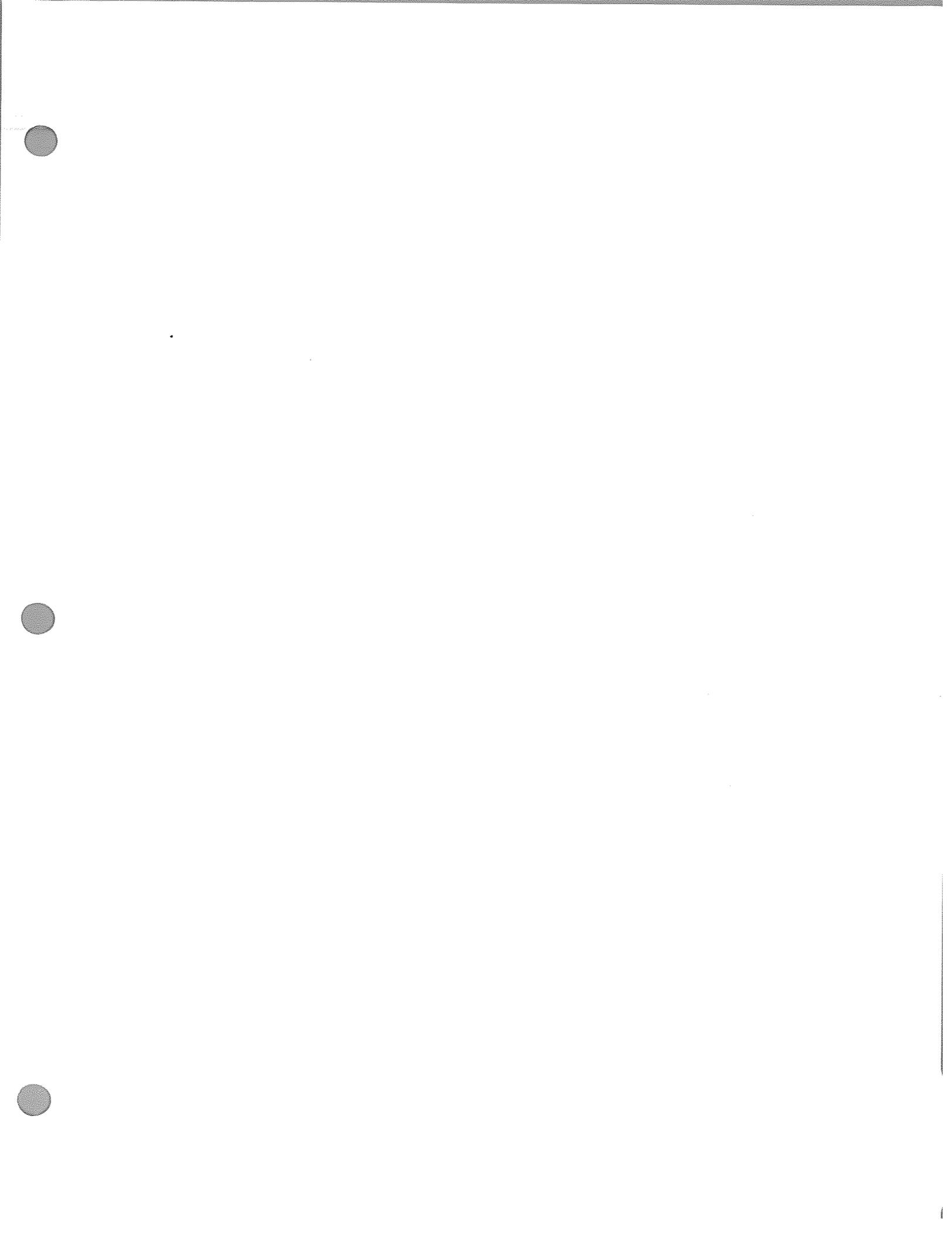
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General Ledger Summary Trial Balance

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PARAMETERS ENTERED:

Division: All
Account: All
Status: All
Sort By: Acct/Div
Primary Accounts Only: No
Period: DEC 2013
Format: Summary
Accounts With Zero YTD Balance: No



CAPITAL STRUCTURE

Capital Structure						
			Actual Test Year		Proforma Test Year	
	Amount		Return	%	Return	%
Debt	\$ 42,813,061	Interest Expense	\$ 354,342	0.828%	\$ 896,650	2.09%
Equity	\$ 19,517,122	Margins	\$ 74,837	0.383%	\$ 896,650	4.59%
	\$ 62,330,183		\$ 429,179	0.689%	\$ 1,793,300	2.88%



**Cumberland Valley Electric
Gray, Kentucky
Service Life and Net Salvage Study
December 31, 2004**

INDEX

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Cumberland Valley Electric Cooperative

Distribution Plant Depreciation Study

as of December 31, 2004

INTRODUCTION

This depreciation study was performed for Cumberland Valley Electric Cooperative in Gray, Kentucky. The purpose of the study was as follows:

1. To recommend appropriate depreciation rates based on estimates of average life mortality characteristics and net salvage that will fully recover the cost of the property, adjusted for net salvage over its estimated life.
2. To determine the adequacy of the book reserve for depreciation at a point in time by comparing it with a theoretical reserve based on the same average lives, mortality characteristics, and net salvage as used to determine the recommended depreciation rates.
3. To determine if necessary some method to adjust the book reserve for past over or under accruals as indicated by comparison with the theoretical depreciation reserve requirement.
4. To review in detail the history, status, procedures and policies of Cumberland Valley Electric's depreciation functions, records and operating techniques.

Cumberland Valley Electric last had a depreciation study performed as of December 31, 1990. The proposed rates in that study were modified and have been in use since then.

Since there are many factors affecting estimates of depreciation rates and accrued depreciation, and these factors are constantly changing, a depreciation study only represents the best judgment at the time the study is performed. Actual results may vary from the forecasts and variations may be material. A review of depreciation should be made at least every five (5) years so that Cumberland Valley Electric's depreciation practices reflect these changes.

DEPRECIATION

Book depreciation accounting is merely the recognition in financial statements that physical assets are being consumed in the process of providing a service or product. Generally accepted accounting principles require the recording of depreciation provisions to be systematic and rational. In order to be systematic and rational, depreciation should, to the extent possible, match either the consumption of the facilities or the revenues generated by the facilities. Accounting theory requires the matching of expenses with either consumption or revenues to ensure that financial statements reflect the results of operations and changes in financial position as accurately as possible. The matching principle is often referred to as the cause and effect principle, thus, both the cause and the effect are required to be recognized for financial purposes.

Because price regulation and not the market place controls revenues, for utility accounting purposes consumption is important and is usually assumed to occur at a constant rate. The key to the validity of the utility book depreciation accounting lies in accurately measuring property consumption through determining its mortality characteristics. The term "mortality characteristics" encompasses average service life and dispersion (variation) of retirements around average service life, as well as salvage and cost of removal (net salvage).

DEPRECIATION DEFINITIONS

The Uniform System of Accounts prescribed for electric borrowers of the Rural Utilities Service (RUS) states that depreciation "as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities".

DEPRECIATION DEFINITIONS

Service value as defined "means the difference between original cost and net salvage of electric plant".

Net salvage value is "the salvage value of property retired less the cost of removal. Salvage value' means the amount received for the property retired", and "'cost of removal' means the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto". Thus, is the salvage that will actually be received and the cost of removal that will actually be incurred, both measured at the price level at the time of receipt or incurrence, that is required to be recognized by the company through capital recovery.

Cumberland Valley Electric Cooperative

SCOPE

The study included construction and retirement activity for distribution plant from 1942 through 2004. Cumberland Valley Electric has maintained its plant and depreciation records in accordance with the Uniform System of Accounts as issued by the Rural Utilities Service (RUS). As such Cumberland Valley Electric's plant records are maintained on a mass property, average historical cost basis in its continuing property records.

The study was performed utilizing a computer program which incorporated the "Iowa Type Survivor Curves". These curves are frequently used by utilities for analyzing depreciation of property recorded on a mass basis. The curves analyze the life of mass property accounted for on the vintage basis. Vintage accounting is a system where plant is accounted for by year of installation and its life is tagged as such through retirement. Since vintage accounting is not required by the uniform system of accounts, this type of record was not maintained for the mass plant items. The study therefore used the technique of creating simulated plant records on a vintage basis.

The computer program used utilizes incorporates the Simulated Plant Record (SPR) method of analyzing data. Studies have shown that mass property kept on a vintage record basis generally fits one of 31 Iowa survivor curves. Through additional studies it has been shown that if plant is retired but it was not recorded on a vintage basis it would still follow the pattern of one of these curves. The SPR method of analyzing the data test the additions, retirements and plant balances for each year to fit the data to the best curve for analysis.

The result of simulating the plant balances and the depreciation reserve, and allocating the net salvage is to be able to develop the average plant lives and calculate the plant balances, reserve balances and annual depreciation accruals for distribution assets in service.

The most likely retirement patterns and average service lives were developed based on the SPR analysis. This information was then analyzed for appropriateness and a curve and service life were selected for each account.

Cumberland Valley Electric Cooperative

SCOPE

The study of depreciation also utilizes the estimates of net salvage for the primary plant accounts. Net salvage is the result of combining salvage received for plant removed from service and the cost of removal. These records were not maintained on a primary account basis since it was not required by the uniform system of accounts. As part of this study, both the cost of removal and salvage were allocated to the primary plant accounts on a percentage basis. The percentages were based on a review of salvage and cost of removal accounts at Cumberland Valley Electric for a ten (10) year period.

When utilizing the whole life method of accounting for depreciation, it is necessary to determine the adequacy of the depreciation reserve for each account. However, as is acceptable with the uniform system of accounts, Cumberland Valley Electric has not maintained separate depreciation reserve accounts. Therefore, it is necessary to develop a calculated depreciation reserve for each individual account. This was done by utilizing the average service life developed above, along with the net salvage ratio (as noted above) and applying the rate to the historical additions and the simulated retirements to date to obtain the calculated depreciation reserve.

The depreciation expense and the depreciation reserve were calculated on a composite basis for each account historically by Cumberland Valley Electric. For comparative purposes the depreciation expense was calculated for each year based on the proposed rates in this study, and the composite rate was calculated and compared to the current composite rate.

There was not enough activity, nor any retirements, in Account 362, Station Equipment, or Account 370.10, Automated Meters and Account 370.11, Turtle II Meters, to generate acceptable simulated plant study results. Therefore, it was estimated that Account 362 would utilize a 25 year life and Account 370.10 would use the same life as Account 370, Meters of 31 years. Based on judgmental factors, this appeared to be an acceptable life.

Following is a summary of the proposed composite depreciation rates, current rates and the RUS recommended maximum and minimum rates for distribution plant:

Cumberland Valley Electric Cooperative

SCOPE

<u>Distribution Account</u>	<u>Proposed</u>	<u>Current</u>	<u>RUS</u>	
	<u>Rate</u>	<u>Rate</u>	<u>Low</u>	<u>High</u>
362 Station equipment	4.00%	3.10%	3.00%	4.00%
364 Poles towers and fixtures	4.44%	4.00%	3.00%	4.00%
365 Overhead conductor & devices	3.99%	2.80%	2.30%	2.80%
367 Underground conductor & device	5.44%	4.00%	2.40%	2.90%
368 Line transformers	2.33%	3.10%	2.60%	3.10%
369 Services	3.78%	3.60%	3.10%	3.60%
370 Meters	3.23%	3.40%	2.90%	3.40%
370.1 Automated meters	3.23%	3.40%	2.90%	3.40%
370.11 Automated meters II	3.23%	3.40%	2.90%	3.40%
371 Installations on cust. premises	4.66%	4.00%	3.90%	4.40%

1. The "Proposed" rates are the rates determined from this depreciation study.
2. The "Current Rates" are those currently in effect at Cumberland Valley Electric. Cumberland Valley Electric currently utilizes a rate for each distribution plant account. These rates were determined based upon a study performed as of December 31, 1990.
3. The "RUS Low and High" range are those included in RUS Bulletin 183-1, Depreciation Rates and Procedures. The ranges were developed by RUS in the 1960's as a result of the study of rural electric borrowers. As per the bulletin rates can be selected from within the range of rates without prior RUS approval. The bulletin also provides for rates higher or lower than those in the range when supported by a depreciation study. However, the Kentucky Public Service Commission does not allow for changing rates without the support of a depreciation study.

The study findings are based upon many factors and assumptions which were discussed with Cumberland Valley Electric's personnel during my visit. Any changes in the assumptions could significantly impact the results of the study findings. In the future as plant is added and retired, and methods and technology change appropriate revisions to the study findings may be necessary. Cumberland Valley Electric should consider the effects of such changes on an ongoing basis.

Cumberland Valley Electric Cooperative

SCOPE

Cumberland Valley Electric also considered the Whole Life Method of calculating the annual depreciation, with the Net Salvage Ratio as ordered by the Kentucky Public Service Commission in Case Number 2000-373, Adjustment of Rates of Jackson Energy Cooperative. This method of recognizing net salvage ratio is in essence the average of the last five (5) years salvage and removal costs that have been recognized in the accumulated depreciation account.

Based on the lives of the assets and the current reserve ratio to total distribution plant, Cumberland Valley Electric has decided to use these rates as a result of this study.

**Cumberland Valley Electric
Mortality Characteristics
Distribution Plant**

Distribution Plant		Existing			Proposed		
		Average Service Life	lowa Curve Type	Net Salvage Factor	Average Service Life	lowa Curve Type	Net Salvage Factor
362	Station equipment				25	L3	0%
364	Poles, towers & fixtures	19	R1	-45%	26	S3	-60%
365	Overhead conductors & devices	19	R2	-25%	29	R4	-55%
367	Underground conductors & devices	20	S4	-15%	20	S5	-45%
368	Line transformers	25	R2	-10%	43	R1	0%
369	Services	20	R0.5	-50%	30	L0	-45%
370	Meters	30	R2.5	0%	31	R2	0%
370.1	Turtle I meters	30	R2.5	0%	31	R2	0%
370.11	Turtle II meters	30	R2.5	0%	31	R2	0%
371	Installations on customers premises	20	R0.5	-55%	24	S6	-50%

Cumberland Valley Electric Calculated Annual Accrual Rates

Acct Distribution Plant Accounts	Survivor		Net	Original	Book	Net	Future	Composite	Calculated Annual	
	Curve	Life	Salvage	Cost	Accumulated	Book	Accruals	Remaining	Amount	Rate
			Percent		Depreciation	Value		Life		
362 Station Equipment	L3	25	0%	\$215,708	\$23,907	\$191,801	\$181,943	21.12	\$8,614	3.99%
364 Poles, Towers & Fixtures	S3	26	-60%	\$17,966,549	\$8,050,131	\$9,916,418	\$17,424,454	15.80	\$1,102,895	6.14%
365 Overhead Conductors & Devices	R4	29	-55%	\$16,204,094	\$7,519,170	\$8,684,924	\$14,624,906	16.87	\$866,678	5.35%
367 Underground Conductors & Devices	S5	20	-45%	\$1,824,459	\$525,711	\$1,298,748	\$1,910,946	14.45	\$132,284	7.25%
368 Line Transformers	R1	43	0%	\$9,111,258	\$1,206,534	\$7,904,724	\$7,428,710	35.05	\$211,976	2.33%
369 Service (Pole-to-House)	L0	30	-45%	\$5,648,958	\$881,696	\$4,767,262	\$6,958,924	25.49	\$273,039	4.83%
370 Meters	R2	31		\$1,768,229	\$434,375	\$1,333,854	\$1,161,368	20.36	\$57,047	3.23%
370.10 Turtle I Meters	R2	31	0%	\$1,614,675	\$1,097,463	\$517,212	\$1,352,771	26.55	\$50,945	3.16%
370.11 Turtle II Meters	R2	31	0%	\$64,376	\$0	\$64,376	\$63,583	30.68	\$2,073	3.22%
371 Installations on Customers' Premises	S6	24	-50%	\$2,241,439	\$434,375	\$1,829,045	\$1,829,045	13.05	\$140,119	6.25%
Total Distribution Plant				\$56,659,745	\$20,173,363		\$52,936,650			

Cumberland Valley Electric

Existing and Proposed Depreciation Accrual Rates and Amounts

Acct	Distribution Plant Accounts	Original Cost	Existing Estimated Annual Accrual Per Books		Proposed Estimate Calculated Annual Remaining Life Accrual		Increase\ (Decrease) in Accrual	
			Rate	Amount	Rate	Amount	Amount	Percent
362	Station Equipment	\$215,708	3.10%	\$6,687	3.99%	\$8,614	\$1,927	29%
364	Poles, Towers & Fixtures	\$17,966,549	4.00%	\$718,662	6.14%	\$1,102,895	\$384,233	53%
365	Overhead Conductors & Devices	\$16,204,094	2.80%	\$453,715	5.35%	\$866,678	\$412,963	91%
367	Underground Conductors & Devices	\$1,824,459	4.00%	\$72,978	7.25%	\$132,284	\$59,306	81%
368	Line Transformers	\$9,111,258	3.10%	\$282,449	2.33%	\$211,976	-\$70,473	-25%
369	Service (Pole-to-House)	\$5,648,958	3.60%	\$203,362	4.83%	\$273,039	\$69,677	34%
370	Meters	\$1,768,229	3.40%	\$60,120	3.23%	\$57,047	-\$3,073	-5%
370.10	Turtle I Meters	\$1,614,675	3.40%	\$54,899	6.25%	\$100,938	\$46,039	84%
370.11	Turtle II Meters	\$64,376	3.40%	\$2,189	0.00%	\$0	-\$2,189	-100%
371	Installations on Customers' Premises	\$2,241,439	4.00%	\$89,658	6.25%	\$140,119	\$50,461	56%
Total Distribution Plant		<u>\$56,659,745</u>		<u>\$1,944,718</u>		<u>\$2,893,589</u>	<u>\$948,871</u>	49%

Cumberland Valley Electric

Accrued Depreciation - Calculated

Acct Distribution Plant Accounts	Survivor Curve	Life	Net Salvage Percent	Original Cost	Calculated		Book	
					Accrued Depreciation Amount	Percent	Accumulated Depreciation Amount	Percent
362 Station Equipment	L3	25	0%	\$215,708	\$33,412	0.12%	\$23,907	0.12%
364 Poles, Towers & Fixtures	S3	26	-60%	\$17,966,549	\$11,250,815	40.50%	\$8,050,131	40.50%
365 Overhead Conductors & Devices	R4	29	-55%	\$16,204,094	\$10,508,748	37.83%	\$7,519,170	37.83%
367 Underground Conductors & Devices	S5	20	-45%	\$1,824,459	\$734,731	2.64%	\$525,711	2.64%
368 Line Transformers	R1	43	0%	\$9,111,258	\$1,686,245	6.07%	\$1,206,534	6.07%
369 Service (Pole-to-House)	L0	30	-45%	\$5,648,958	\$1,232,254	4.44%	\$881,696	4.44%
370 Meters	R2	31	0%	\$1,768,229	\$607,081	2.19%	\$434,375	2.19%
370.10 Turtle I Meters	R2	31	0%	\$1,614,675	\$226,531	0.82%	\$162,086	0.82%
370.11 Turtle II Meters	R2	31	0%	\$64,376	\$669	0.00%	\$479	0.00%
371 Installations on Customers' Premises	S6	24	-50%	\$2,241,439	\$1,533,808	5.52%	\$1,097,463	5.52%
				<u>\$56,659,745</u>	<u>\$27,814,293</u>	<u>100.12%</u>	<u>\$19,877,645</u>	<u>100.12%</u>

Cumberland Valley Electric Service Life Statistics

Account: 362 Station Equipment
Historical Life Curve: L3

Historical Life: 25

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$215,708	0.5	0.020	1.000000	\$56,137	0.50	24.512	24.512
2003	\$159,571	1.5	0.060	1.000000	\$30,813	1.50	23.512	23.512
2002	\$128,758	2.5	0.100	0.999996	\$5,104	2.50	22.512	22.512
2001	\$123,654	3.5	0.140	0.999912	\$0	3.50	21.512	21.514
2000	\$123,654	4.5	0.180	0.999554	\$20,425	4.50	20.513	20.522
1999	\$103,220	5.5	0.220	0.998689	\$41,416	5.50	19.513	19.539
1998	\$61,750	6.5	0.260	0.997072	\$29,901	6.50	18.516	18.570
1997	\$31,761	7.5	0.300	0.994476	\$24,628	7.49	17.520	17.617
1996	\$6,996	8.5	0.340	0.990688	\$6,931	8.49	16.527	16.683
1995	\$0	9.5	0.380	0.985500	\$0	9.47	15.539	15.768
				25.012244	\$215,355			

Cumberland Valley Electric Service Life Statistics

Account: 364 Poles, Towers & Fixtures
Historical Life Curve: S3

Historical Life: 26

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$17,966,549	0.5	0.020	1.000000	\$1,080,208	0.50	25.500	25.500
2003	\$17,092,058	1.5	0.060	1.000000	\$1,068,050	1.50	24.500	24.500
2002	\$16,201,688	2.5	0.100	1.000000	\$1,177,931	2.50	23.500	23.500
2001	\$15,173,400	3.5	0.130	0.999998	\$903,438	3.50	22.500	22.500
2000	\$14,493,828	4.5	0.170	0.999989	\$886,637	4.50	21.500	21.500
1999	\$13,753,079	5.5	0.210	0.999947	\$1,006,347	5.50	20.500	20.501
1998	\$12,915,567	6.5	0.250	0.999816	\$820,030	6.50	19.500	19.504
1997	\$12,243,111	7.5	0.290	0.999481	\$798,175	7.50	18.501	18.510
1996	\$11,594,571	8.5	0.330	0.998748	\$986,927	8.50	17.501	17.523
1995	\$10,750,106	9.5	0.370	0.997319	\$799,409	9.50	16.503	16.548
1994	\$10,093,468	10.5	0.400	0.995547	\$626,147	10.49	15.507	15.576
1993	\$9,586,984	11.5	0.440	0.991837	\$609,567	11.49	14.513	14.633
1992	\$9,104,796	12.5	0.480	0.986025	\$453,413	12.48	13.524	13.716
1991	\$8,740,159	13.5	0.520	0.977420	\$585,815	13.46	12.543	12.832
1990	\$8,277,077	14.5	0.560	0.965287	\$571,250	14.43	11.571	11.987
1989	\$7,843,573	15.5	0.600	0.948899	\$458,860	15.39	10.614	11.186
1988	\$7,506,181	16.5	0.630	0.933413	\$477,836	16.33	9.673	10.363
1987	\$7,147,198	17.5	0.670	0.908057	\$447,305	17.25	8.752	9.638
1986	\$6,773,679	18.5	0.710	0.876957	\$530,317	18.14	7.860	8.963
1985	\$6,369,748	19.5	0.750	0.839926	\$446,973	19.00	7.001	8.336
1984	\$6,006,211	20.5	0.790	0.797029	\$433,266	19.82	6.183	7.757
1983	\$5,624,588	21.5	0.830	0.748608	\$354,106	20.59	5.410	7.227
1982	\$5,408,420	22.5	0.870	0.695278	\$339,601	21.31	4.688	6.743
1981	\$5,112,070	23.5	0.900	0.652577	\$344,913	21.99	4.014	6.151
1980	\$4,715,332	24.5	0.940	0.592892	\$278,754	22.61	3.391	5.720
1979	\$4,483,785	25.5	0.980	0.531192	\$275,066	23.17	2.829	5.326
1978	\$4,101,122	26.5	1.020	0.468808	\$312,088	23.67	2.329	4.969
1977	\$3,606,448	27.5	1.060	0.407108	\$207,389	24.11	1.891	4.646
1976	\$3,305,295	28.5	1.100	0.347423	\$203,887	24.49	1.514	4.358
1975	\$2,961,068	29.5	1.130	0.304722	\$139,508	24.81	1.188	3.899
1974	\$2,639,301	30.5	1.170	0.251392	\$113,891	25.09	0.910	3.620
1973	\$2,495,765	31.5	1.210	0.202971	\$83,921	25.32	0.683	3.364
1972	\$2,239,465	32.5	1.250	0.160074	\$25,454	25.50	0.501	3.132
1971	\$2,133,805	33.5	1.290	0.123043	\$23,894	25.64	0.360	2.924
1970	\$1,988,762	34.5	1.330	0.091943	\$11,994	25.75	0.252	2.743
1969	\$1,898,744	35.5	1.370	0.066587	\$25,309	25.83	0.173	2.598
1968	\$1,560,304	36.5	1.400	0.051101	\$6,694	25.89	0.114	2.234
1967	\$1,483,335	37.5	1.440	0.034713	\$2,354	25.93	0.071	2.052
1966	\$1,434,270	38.5	1.480	0.022580	\$3,702	25.96	0.043	1.886
1965	\$1,314,378	39.5	1.520	0.013975	\$581	25.98	0.024	1.739
1964	\$1,287,657	40.5	1.560	0.008163	\$513	25.99	0.013	1.622
1963	\$1,235,570	41.5	1.600	0.004453	\$241	25.99	0.007	1.556

Cumberland Valley Electric Service Life Statistics

Account: 364 Poles, Towers & Fixtures
Historical Life Curve: S3

Historical Life: 26

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
1962	\$1,203,768	42.5	1.630	0.002681	\$176	26.00	0.003	1.254
1961	\$1,164,103	43.5	1.670	0.001252	\$57	26.00	0.001	1.115
1960	\$1,135,832	44.5	1.710	0.000519	\$40	26.00	0.001	0.983
1959	\$1,094,501	45.5	1.750	0.000184	\$5	26.00	0.000	0.860
1958	\$1,085,319	46.5	1.790	0.000053	\$5	26.00	0.000	0.749
1957	\$1,017,510	47.5	1.830	0.000011	\$0	26.00	0.000	0.656
1956	\$991,676	48.5	1.870	0.000002	\$0	26.00	0.000	0.641
1955	\$950,595	49.5	1.900	0.000000	\$0	26.00	0.000	0.520
1954	\$907,226	50.5	1.940	0.000000	\$0	26.00	0.000	0.500
1953	\$860,823	51.5	1.980	0.000000	\$0	26.00	0.000	0.500
1952	\$845,253	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1951	\$652,747	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1950	\$515,061	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1949	\$490,938	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1948	\$202,098	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1947	\$123,619	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1946	\$105,622	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1945	\$91,163	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1944	\$91,163	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1943	\$91,163	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1942	\$91,163	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
1941	\$0	52.5	2.020	0.000000	\$0	26.00	0.000	0.000
				26.000000	\$17,922,044			

Cumberland Valley Electric Service Life Statistics

Account: 365 Overhead Conductors & Devices
Historical Life Curve: R4

Historical Life: 29

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$16,204,094	0.5	0.020	0.999982	\$969,598	0.50	28.497	28.498
2003	\$15,357,435	1.5	0.050	0.999943	\$738,766	1.50	27.497	27.499
2002	\$14,700,816	2.5	0.090	0.999858	\$859,102	2.50	26.497	26.501
2001	\$13,922,792	3.5	0.120	0.999757	\$508,525	3.50	25.498	25.504
2000	\$13,486,353	4.5	0.160	0.999546	\$546,930	4.50	24.498	24.509
1999	\$12,991,869	5.5	0.190	0.999306	\$873,963	5.50	23.499	23.515
1998	\$12,222,326	6.5	0.220	0.998968	\$477,289	6.50	22.499	22.523
1997	\$11,816,502	7.5	0.260	0.998303	\$554,320	7.50	21.501	21.537
1996	\$11,343,120	8.5	0.290	0.997587	\$713,331	8.49	20.503	20.552
1995	\$10,711,306	9.5	0.330	0.996630	\$606,888	9.49	19.506	19.572
1994	\$10,191,942	10.5	0.360	0.994816	\$658,036	10.49	18.510	18.607
1993	\$9,629,457	11.5	0.400	0.992226	\$501,879	11.48	17.517	17.654
1992	\$9,167,178	12.5	0.430	0.989611	\$380,025	12.47	16.526	16.699
1991	\$8,822,847	13.5	0.470	0.984967	\$425,164	13.46	15.538	15.775
1990	\$8,469,154	14.5	0.500	0.980412	\$846,335	14.44	14.556	14.846
1989	\$7,785,851	15.5	0.530	0.974737	\$849,181	15.42	13.578	13.930
1988	\$7,091,203	16.5	0.570	0.965072	\$774,761	16.39	12.608	13.064
1987	\$6,483,244	17.5	0.600	0.955961	\$455,155	17.35	11.648	12.184
1986	\$6,102,681	18.5	0.640	0.940875	\$446,260	18.30	10.699	11.372
1985	\$5,707,336	19.5	0.670	0.927037	\$483,611	19.23	9.765	10.534
1984	\$5,279,671	20.5	0.710	0.904750	\$377,281	20.15	8.849	9.781
1983	\$4,941,827	21.5	0.740	0.884858	\$221,814	21.04	7.955	8.990
1982	\$4,741,463	22.5	0.780	0.853713	\$132,123	21.91	7.085	8.299
1981	\$4,625,120	23.5	0.810	0.826687	\$184,285	22.75	6.245	7.554
1980	\$4,443,034	24.5	0.840	0.796402	\$822,498	23.56	5.434	6.823
1979	\$3,532,201	25.5	0.880	0.750316	\$257,687	24.34	4.660	6.211
1978	\$3,268,149	26.5	0.910	0.710228	\$432,810	25.07	3.930	5.533
1977	\$2,782,212	27.5	0.950	0.647522	\$305,365	25.75	3.251	5.021
1976	\$2,495,361	28.5	0.980	0.593173	\$262,303	26.37	2.631	4.435
1975	\$2,224,911	29.5	1.020	0.512420	\$150,622	26.92	2.078	4.055
1974	\$2,082,234	30.5	1.050	0.447904	\$172,762	27.40	1.598	3.567
1973	\$2,004,216	31.5	1.090	0.361021	\$141,934	27.80	1.193	3.305
1972	\$1,772,373	32.5	1.120	0.298324	\$20,705	28.13	0.864	2.895
1971	\$1,734,228	33.5	1.160	0.221888	\$23,673	28.39	0.603	2.720
1970	\$1,653,835	34.5	1.190	0.171757	\$8,857	28.59	0.407	2.368
1969	\$1,633,556	35.5	1.220	0.128634	\$11,564	28.74	0.256	1.994
1968	\$1,565,948	36.5	1.260	0.082281	\$11,941	28.85	0.151	1.835
1967	\$1,452,802	37.5	1.290	0.055529	\$1,936	28.92	0.082	1.478
1966	\$1,427,515	38.5	1.330	0.029540	\$5,377	28.96	0.040	1.339
1965	\$1,266,374	39.5	1.360	0.016439	\$344	28.98	0.017	1.008
1964	\$1,253,018	40.5	1.400	0.005968	\$201	28.99	0.005	0.900
1963	\$1,222,518	41.5	1.430	0.002116	\$49	29.00	0.001	0.627
1962	\$1,211,237	42.5	1.470	0.000256	\$8	29.00	0.000	0.550
1961	\$1,193,873	43.5	1.500	0.000013	\$0	29.00	0.000	0.500

Cumberland Valley Electric Service Life Statistics

Account: 365 Overhead Conductors & Devices
Historical Life Curve: R4

Historical Life: 29

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
1960	\$1,174,565	44.5	1.530	0.000000	\$0	29.00	0.000	0.000
1959	\$1,124,505	45.5	1.570	0.000000	\$0	29.00	0.000	0.000
1958	\$1,119,212	46.5	1.600	0.000000	\$0	29.00	0.000	0.000
1957	\$1,031,990	47.5	1.640	0.000000	\$0	29.00	0.000	0.000
1956	\$1,003,045	48.5	1.670	0.000000	\$0	29.00	0.000	0.000
1955	\$954,227	49.5	1.710	0.000000	\$0	29.00	0.000	0.000
1954	\$898,817	50.5	1.740	0.000000	\$0	29.00	0.000	0.000
1953	\$858,039	51.5	1.780	0.000000	\$0	29.00	0.000	0.000
1952	\$846,876	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1951	\$667,822	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1950	\$643,158	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1949	\$513,593	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1948	\$186,504	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1947	\$115,374	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1946	\$96,441	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1945	\$84,882	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1944	\$84,882	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1943	\$84,882	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1942	\$84,882	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
1941	\$0	52.5	1.810	0.000000	\$0	29.00	0.000	0.000
				<u>28.997332</u>	<u>\$16,215,260</u>			

Cumberland Valley Electric Service Life Statistics

Account: 367 Underground Conductors & Devices
Historical Life Curve: S5 Historical Life: 20

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$1,824,459	0.5	0.030	1.000000	\$219,553	0.50	19.400	19.400
2003	\$1,613,654	1.5	0.080	1.000000	\$216,029	1.50	18.400	18.400
2002	\$1,403,765	2.5	0.130	1.000000	\$209,008	2.50	17.400	17.400
2001	\$1,203,400	3.5	0.180	1.000000	\$190,113	3.50	16.400	16.400
2000	\$1,020,811	4.5	0.230	1.000000	\$199,360	4.50	15.400	15.400
1999	\$822,690	5.5	0.280	1.000000	\$178,847	5.50	14.400	14.400
1998	\$647,893	6.5	0.330	1.000000	\$117,901	6.50	13.400	13.400
1997	\$531,745	7.5	0.380	1.000000	\$81,658	7.50	12.400	12.400
1996	\$450,758	8.5	0.430	1.000000	\$70,048	8.50	11.400	11.400
1995	\$382,862	9.5	0.480	1.000000	\$72,379	9.50	10.400	10.400
1994	\$312,199	10.5	0.530	0.999993	\$35,439	10.50	9.400	9.400
1993	\$277,667	11.5	0.580	0.999923	\$32,506	11.50	8.400	8.401
1992	\$246,349	12.5	0.630	0.999462	\$35,408	12.50	7.400	7.404
1991	\$213,838	13.5	0.680	0.997306	\$26,808	13.50	6.402	6.419
1990	\$189,028	14.5	0.730	0.989763	\$19,826	14.49	5.408	5.464
1989	\$174,402	15.5	0.780	0.969172	\$36,578	15.47	4.429	4.570
1988	\$136,788	16.5	0.830	0.923994	\$37,540	16.42	3.482	3.769
1987	\$96,830	17.5	0.880	0.842612	\$26,959	17.30	2.599	3.085
1986	\$65,037	18.5	0.930	0.720453	\$8,434	18.08	1.818	2.523
1985	\$53,331	19.5	0.980	0.566164	\$4,421	18.73	1.174	2.074
1984	\$46,694	20.5	1.030	0.401304	\$2,704	19.21	0.691	1.721
1983	\$44,630	21.5	1.080	0.252054	\$1,569	19.54	0.364	1.443
1982	\$38,755	22.5	1.130	0.137832	\$1,304	19.73	0.169	1.225
1981	\$29,421	23.5	1.180	0.064395	\$160	19.83	0.068	1.052
1980	\$26,939	24.5	1.230	0.025150	\$32	19.88	0.023	0.914
1979	\$25,676	25.5	1.280	0.007995	\$19	19.89	0.006	0.804
1978	\$23,605	26.5	1.330	0.001999	\$4	19.90	0.001	0.715
1977	\$21,892	27.5	1.380	0.000375	\$0	19.90	0.000	0.644
1976	\$21,680	28.5	1.430	0.000050	\$0	19.90	0.000	0.589
1975	\$21,510	29.5	1.480	0.000004	\$0	19.90	0.000	0.548
1974	\$21,246	30.5	1.530	0.000000	\$0	19.90	0.000	0.521
1973	\$19,033	31.5	1.580	0.000000	\$0	19.90	0.000	0.506
1972	\$12,857	32.5	1.630	0.000000	\$0	19.90	0.000	0.501
1971	\$10,219	33.5	1.680	0.000000	\$0	19.90	0.000	0.500
1970	\$8,340	34.5	1.730	0.000000	\$0	19.90	0.000	0.500
1969	\$1,410	35.5	1.780	0.000000	\$0	19.90	0.000	0.500
1968	\$1,410	36.5	1.830	0.000000	\$0	19.90	0.000	0.000
1967	\$0	37.5	1.880	0.000000	\$0	19.90	0.000	0.000
				19.900000	\$1,824,605			

Cumberland Valley Electric Service Life Statistics

Account: 368 Line Transformers
Historical Life Curve: R1

Historical Life: 43

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$9,111,258	0.5	0.010	0.997419	\$309,001	0.50	45.652	45.770
2003	\$8,932,942	1.5	0.030	0.992148	\$282,265	1.49	44.657	45.011
2002	\$8,648,443	2.5	0.060	0.983969	\$376,229	2.48	43.669	44.381
2001	\$8,283,833	3.5	0.080	0.978335	\$303,725	3.46	42.688	43.633
2000	\$8,069,258	4.5	0.100	0.972555	\$350,414	4.44	41.712	42.890
1999	\$7,708,955	5.5	0.130	0.963614	\$273,350	5.41	40.744	42.283
1998	\$7,425,283	6.5	0.150	0.957474	\$381,522	6.37	39.784	41.551
1997	\$7,045,769	7.5	0.170	0.951190	\$342,505	7.32	38.830	40.822
1996	\$6,700,715	8.5	0.200	0.941499	\$351,210	8.27	37.883	40.237
1995	\$6,378,860	9.5	0.220	0.934862	\$330,519	9.21	36.945	39.519
1994	\$6,059,730	10.5	0.240	0.928084	\$305,349	10.14	36.014	38.804
1993	\$5,745,956	11.5	0.270	0.917660	\$277,869	11.06	35.091	38.239
1992	\$5,471,668	12.5	0.290	0.910539	\$220,470	11.97	34.177	37.534
1991	\$5,262,025	13.5	0.310	0.903282	\$158,818	12.88	33.270	36.832
1990	\$5,122,964	14.5	0.340	0.892137	\$131,299	13.78	32.372	36.286
1989	\$5,009,313	15.5	0.360	0.884527	\$181,767	14.67	31.484	35.594
1988	\$4,839,819	16.5	0.380	0.876768	\$171,491	15.55	30.603	34.904
1987	\$4,687,286	17.5	0.410	0.864832	\$268,769	16.42	29.732	34.379
1986	\$4,458,493	18.5	0.430	0.856667	\$268,437	17.28	28.871	33.702
1985	\$4,217,065	19.5	0.450	0.848327	\$213,282	18.13	28.019	33.028
1984	\$4,030,186	20.5	0.480	0.835469	\$285,356	18.97	27.177	32.529
1983	\$3,843,151	21.5	0.500	0.826654	\$148,451	19.80	26.346	31.871
1982	\$3,810,711	22.5	0.520	0.817635	\$116,452	20.63	25.524	31.217
1981	\$3,726,215	23.5	0.550	0.803708	\$235,797	21.44	24.713	30.749
1980	\$3,544,988	24.5	0.570	0.794146	\$419,650	22.24	23.914	30.113
1979	\$3,040,066	25.5	0.590	0.784356	\$236,614	23.03	23.125	29.483
1978	\$2,793,760	26.5	0.620	0.769225	\$221,290	23.80	22.348	29.053
1977	\$2,647,849	27.5	0.640	0.758835	\$317,041	24.57	21.584	28.444
1976	\$2,266,262	28.5	0.660	0.748195	\$225,691	25.32	20.831	27.841
1975	\$2,120,781	29.5	0.690	0.731761	\$172,390	26.06	20.091	27.455
1974	\$1,976,299	30.5	0.710	0.720484	\$163,001	26.79	19.365	26.877
1973	\$1,785,107	31.5	0.730	0.708948	\$173,803	27.50	18.650	26.306
1972	\$1,558,864	32.5	0.760	0.691157	\$113,194	28.20	17.950	25.971
1971	\$1,422,610	33.5	0.780	0.678971	\$72,213	28.89	17.265	25.428
1970	\$1,340,382	34.5	0.800	0.666527	\$63,370	29.56	16.592	24.893
1969	\$1,261,047	35.5	0.830	0.647383	\$41,383	30.22	15.935	24.614
1968	\$1,216,013	36.5	0.850	0.634306	\$54,886	30.86	15.294	24.112
1967	\$1,149,422	37.5	0.870	0.620985	\$25,575	31.48	14.666	23.618
1966	\$1,115,765	38.5	0.900	0.600557	\$49,008	32.09	14.056	23.404
1965	\$1,036,274	39.5	0.920	0.586652	\$25,384	32.69	13.462	22.947
1964	\$1,006,756	40.5	0.940	0.572529	\$19,307	33.27	12.883	22.501
1963	\$980,889	41.5	0.970	0.550956	\$23,099	33.83	12.321	22.363

Cumberland Valley Electric Service Life Statistics

Account: 368 Line Transformers
Historical Life Curve: R1

Historical Life: 43

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
1962	\$941,616	42.5	0.990	0.536332	\$29,484	34.37	11.777	21.959
1961	\$893,095	43.5	1.010	0.521529	\$25,653	34.90	11.248	21.568
1960	\$851,669	44.5	1.030	0.506560	\$38,264	35.42	10.734	21.190
1959	\$782,242	45.5	1.060	0.483831	\$33,897	35.91	10.239	21.162
1958	\$721,374	46.5	1.080	0.468516	\$30,597	36.39	9.763	20.838
1957	\$667,300	47.5	1.100	0.453093	\$24,989	36.85	9.302	20.530
1956	\$619,028	48.5	1.130	0.429794	\$17,134	37.29	8.861	20.616
1955	\$579,163	49.5	1.150	0.414181	\$18,931	37.71	8.439	20.374
1954	\$536,726	50.5	1.170	0.398526	\$11,048	38.12	8.032	20.155
1953	\$509,027	51.5	1.200	0.375015	\$8,489	38.51	7.645	20.387
1952	\$486,581	52.5	1.220	0.359355	\$31,407	38.87	7.278	20.254
1951	\$399,183	52.5	1.220	0.359355	\$13,276	39.23	6.919	19.254
1950	\$362,699	52.5	1.220	0.359355	\$21,818	39.59	6.560	18.254
1949	\$302,140	52.5	1.220	0.359355	\$29,356	39.95	6.200	17.254
1948	\$220,708	52.5	1.220	0.359355	\$37,813	40.31	5.841	16.254
1947	\$115,612	52.5	1.220	0.359355	\$16,992	40.67	5.481	15.254
1946	\$68,326	52.5	1.220	0.359355	\$5,644	41.03	5.122	14.254
1945	\$52,621	52.5	1.220	0.359355	\$1,078	41.39	4.763	13.254
1944	\$49,620	52.5	1.220	0.359355	\$398	41.75	4.403	12.254
1943	\$48,513	52.5	1.220	0.359355	\$320	42.11	4.044	11.254
1942	\$47,623	52.5	1.220	0.359355	\$16,819	42.47	3.685	10.254
1941	\$820	52.5	1.220	0.359355	\$295	42.83	3.325	9.254
				46.150623	\$9,114,955			

Cumberland Valley Electric Service Life Statistics

Account: 369 Service (Pole-to-House)
Historical Life Curve: L0

Historical Life: 30

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$5,648,958	0.5	0.020	0.996804	\$288,776	0.50	30.701	30.799
2003	\$5,456,899	1.5	0.050	0.988895	\$304,904	1.49	29.708	30.042
2002	\$5,235,694	2.5	0.080	0.978719	\$279,191	2.48	28.724	29.349
2001	\$5,024,363	3.5	0.120	0.962660	\$283,613	3.45	27.754	28.830
2000	\$4,828,402	4.5	0.150	0.949167	\$286,295	4.40	26.798	28.233
1999	\$4,606,586	5.5	0.180	0.934671	\$259,268	5.34	25.856	27.663
1998	\$4,422,409	6.5	0.220	0.914052	\$279,202	6.27	24.931	27.276
1997	\$4,187,604	7.5	0.250	0.897781	\$275,900	7.17	24.025	26.761
1996	\$3,965,359	8.5	0.280	0.880936	\$319,594	8.06	23.136	26.263
1995	\$3,673,739	9.5	0.320	0.857736	\$310,797	8.93	22.267	25.960
1994	\$3,379,917	10.5	0.350	0.839886	\$241,706	9.78	21.418	25.501
1993	\$3,166,022	11.5	0.380	0.821731	\$206,459	10.61	20.587	25.053
1992	\$2,978,301	12.5	0.420	0.797166	\$196,933	11.42	19.778	24.810
1991	\$2,789,957	13.5	0.450	0.778558	\$186,444	12.21	18.990	24.391
1990	\$2,614,316	14.5	0.480	0.759861	\$159,948	12.98	18.221	23.979
1989	\$2,470,363	15.5	0.520	0.734893	\$139,653	13.73	17.473	23.777
1988	\$2,341,452	16.5	0.550	0.716181	\$142,911	14.45	16.748	23.385
1987	\$2,209,738	17.5	0.580	0.697501	\$131,910	15.16	16.041	22.998
1986	\$2,074,586	18.5	0.620	0.672671	\$123,950	15.84	15.356	22.828
1985	\$1,942,174	19.5	0.650	0.654127	\$113,907	16.51	14.692	22.461
1984	\$1,822,633	20.5	0.680	0.635669	\$124,174	17.15	14.047	22.099
1983	\$1,682,793	21.5	0.720	0.611219	\$96,613	17.78	13.424	21.963
1982	\$1,580,850	22.5	0.750	0.593023	\$87,716	18.38	12.822	21.621
1981	\$1,481,040	23.5	0.780	0.574966	\$91,075	18.96	12.238	21.285
1980	\$1,362,406	24.5	0.820	0.551130	\$98,440	19.52	11.675	21.183
1979	\$1,226,727	25.5	0.850	0.533453	\$74,103	20.07	11.133	20.869
1978	\$1,116,519	26.5	0.880	0.515963	\$98,397	20.59	10.608	20.559
1977	\$956,870	27.5	0.920	0.492958	\$74,560	21.10	10.103	20.495
1976	\$849,021	28.5	0.950	0.475959	\$62,234	21.58	9.619	20.210
1975	\$748,857	29.5	0.980	0.459190	\$60,508	22.05	9.151	19.929
1974	\$640,475	30.5	1.020	0.437213	\$47,810	22.50	8.703	19.906
1973	\$564,319	31.5	1.050	0.421031	\$31,957	22.93	8.274	19.652
1972	\$512,112	32.5	1.080	0.405119	\$22,534	23.34	7.861	19.404
1971	\$474,310	33.5	1.120	0.384341	\$24,109	23.73	7.466	19.426
1970	\$422,617	34.5	1.150	0.369099	\$21,527	24.11	7.090	19.208
1969	\$375,338	35.5	1.180	0.354158	\$11,484	24.47	6.728	18.997
1968	\$351,868	36.5	1.220	0.334720	\$9,523	24.82	6.383	19.071
1967	\$331,470	37.5	1.250	0.320515	\$8,115	25.14	6.056	18.894
1966	\$312,466	38.5	1.280	0.306636	\$9,450	25.46	5.742	18.727
1965	\$288,669	39.5	1.320	0.288650	\$3,611	25.75	5.445	18.862
1964	\$280,422	40.5	1.350	0.275557	\$6,676	26.04	5.162	18.735
1963	\$260,268	41.5	1.380	0.262807	\$3,879	26.31	4.893	18.619

Cumberland Valley Electric Service Life Statistics

Account: 369 Service (Pole-to-House)
Historical Life Curve: L0

Historical Life: 30

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
1962	\$253,365	42.5	1.420	0.246349	\$5,166	26.56	4.639	18.830
1961	\$241,369	43.5	1.450	0.234416	\$3,525	26.80	4.398	18.763
1960	\$232,344	44.5	1.480	0.222837	\$4,010	27.03	4.170	18.712
1959	\$220,173	45.5	1.520	0.207951	\$1,083	27.24	3.954	19.016
1958	\$220,914	46.5	1.550	0.197203	\$3,172	27.45	3.752	19.025
1957	\$211,716	47.5	1.580	0.186811	\$2,076	27.64	3.560	19.055
1956	\$204,261	48.5	1.620	0.173508	\$2,621	27.82	3.380	19.478
1955	\$193,066	49.5	1.650	0.163944	\$1,569	27.99	3.211	19.585
1954	\$185,137	50.5	1.680	0.154732	\$2,684	28.15	3.052	19.721
1953	\$168,945	51.5	1.720	0.142992	\$2,033	28.30	2.903	20.299
1952	\$156,518	52.5	1.750	0.134590	\$5,627	28.44	2.764	20.535
1951	\$115,758	52.5	1.750	0.134590	\$1,566	28.57	2.629	19.535
1950	\$104,554	52.5	1.750	0.134590	\$2,554	28.70	2.495	18.535
1949	\$85,638	52.5	1.750	0.134590	\$5,146	28.84	2.360	17.535
1948	\$47,471	52.5	1.750	0.134590	\$2,150	28.97	2.226	16.535
1947	\$31,563	52.5	1.750	0.134590	\$745	29.11	2.091	15.535
1946	\$26,035	52.5	1.750	0.134590	\$1,072	29.24	1.956	14.535
1945	\$18,068	52.5	1.750	0.134590	\$0	29.38	1.822	13.535
1944	\$18,068	52.5	1.750	0.134590	\$0	29.51	1.687	12.535
1943	\$18,065	52.5	1.750	0.134590	\$34	29.65	1.553	11.535
1942	\$17,811	52.5	1.750	0.134590	\$2,397	29.78	1.418	10.535
1941	\$0	52.5	1.750	0.134590	\$0	29.92	1.283	9.535
				31.199284	\$5,649,088			

Cumberland Valley Electric Service Life Statistics

Account: 370 Meters
Historical Life Curve: R2

Historical Life: 31

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$1,768,229	0.5	0.020	0.998071	\$96,123	0.50	30.618	30.677
2003	\$1,678,141	1.5	0.050	0.994922	\$65,201	1.50	29.622	29.773
2002	\$1,612,607	2.5	0.080	0.991447	\$84,129	2.49	28.628	28.875
2001	\$1,617,137	3.5	0.110	0.987619	\$29,500	3.48	27.639	27.985
2000	\$1,649,988	4.5	0.150	0.981918	\$144,359	4.46	26.654	27.145
1999	\$1,554,655	5.5	0.180	0.977158	\$136,507	5.44	25.675	26.275
1998	\$1,476,695	6.5	0.210	0.971948	\$91,680	6.42	24.700	25.413
1997	\$1,382,369	7.5	0.240	0.966257	\$58,664	7.39	23.731	24.560
1996	\$1,321,656	8.5	0.270	0.960051	\$42,647	8.35	22.768	23.715
1995	\$1,282,664	9.5	0.310	0.950913	\$86,955	9.30	21.812	22.938
1994	\$1,202,306	10.5	0.340	0.943364	\$50,186	10.25	20.865	22.118
1993	\$1,149,107	11.5	0.370	0.935175	\$24,618	11.19	19.926	21.307
1992	\$1,129,280	12.5	0.400	0.926306	\$44,105	12.12	18.995	20.506
1991	\$1,088,416	13.5	0.440	0.913348	\$21,669	13.04	18.075	19.790
1990	\$1,074,642	14.5	0.470	0.902722	\$36,301	13.95	17.167	19.017
1989	\$1,053,205	15.5	0.500	0.891267	\$62,293	14.85	16.270	18.255
1988	\$1,003,673	16.5	0.530	0.878934	\$41,835	15.73	15.385	17.504
1987	\$982,206	17.5	0.560	0.865675	\$52,024	16.60	14.513	16.765
1986	\$946,229	18.5	0.600	0.846471	\$39,088	17.46	13.657	16.134
1985	\$900,455	19.5	0.630	0.830859	\$40,047	18.30	12.818	15.428
1984	\$863,706	20.5	0.660	0.814157	\$66,929	19.12	11.996	14.734
1983	\$796,704	21.5	0.690	0.796319	\$30,407	19.93	11.190	14.053
1982	\$775,598	22.5	0.730	0.770696	\$46,285	20.71	10.407	13.503
1981	\$734,886	23.5	0.760	0.750052	\$53,178	21.47	9.647	12.861
1980	\$694,541	24.5	0.790	0.728154	\$19,915	22.21	8.907	12.233
1979	\$667,191	25.5	0.820	0.704985	\$39,791	22.93	8.191	11.618
1978	\$610,749	26.5	0.850	0.680540	\$63,980	23.62	7.498	11.018
1977	\$538,503	27.5	0.890	0.645983	\$54,290	24.28	6.835	10.581
1976	\$454,460	28.5	0.920	0.618634	\$29,800	24.91	6.203	10.026
1975	\$408,123	29.5	0.950	0.590122	\$22,955	25.52	5.598	9.486
1974	\$370,297	30.5	0.980	0.560528	\$11,722	26.09	5.023	8.961
1973	\$349,944	31.5	1.020	0.519581	\$20,682	26.63	4.483	8.628
1972	\$310,699	32.5	1.050	0.487940	\$13,650	27.14	3.979	8.155
1971	\$294,026	33.5	1.080	0.455694	\$11,318	27.61	3.507	7.696
1970	\$278,342	34.5	1.110	0.423048	\$4,032	28.05	3.068	7.252
1969	\$269,632	35.5	1.150	0.379299	\$4,205	28.45	2.667	7.030
1968	\$261,779	36.5	1.180	0.346651	\$6,477	28.81	2.304	6.646
1967	\$249,632	37.5	1.210	0.314443	\$2,327	29.14	1.973	6.275
1966	\$242,458	38.5	1.240	0.282951	\$3,951	29.44	1.674	5.918
1965	\$228,837	39.5	1.270	0.252448	\$2,580	29.71	1.407	5.572
1964	\$222,049	40.5	1.310	0.213758	\$2,938	29.94	1.174	5.491
1963	\$213,405	41.5	1.340	0.186523	\$827	30.14	0.973	5.219

Cumberland Valley Electric Service Life Statistics

Account: 370 Meters
Historical Life Curve: R2

Historical Life: 31

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
1962	\$209,499	42.5	1.370	0.161030	\$1,330	30.32	0.800	4.966
1961	\$202,358	43.5	1.400	0.137424	\$1,277	30.47	0.650	4.733
1960	\$193,073	44.5	1.440	0.109050	\$1,118	30.59	0.527	4.835
1959	\$182,825	45.5	1.470	0.090152	\$880	30.69	0.428	4.744
1958	\$173,060	46.5	1.500	0.073294	\$478	30.77	0.346	4.720
1957	\$168,636	47.5	1.530	0.058435	\$914	30.84	0.280	4.793
1956	\$153,962	48.5	1.560	0.045509	\$474	30.89	0.228	5.012
1955	\$144,549	49.5	1.600	0.031142	\$297	30.93	0.190	6.094
1954	\$140,063	50.5	1.630	0.022401	\$193	30.95	0.163	7.276
1953	\$131,462	51.5	1.660	0.015303	\$78	30.97	0.144	9.420
1952	\$126,483	52.5	1.690	0.009750	\$84	30.99	0.132	13.500
1951	\$117,896	52.5	1.690	0.009750	\$144	31.00	0.122	12.500
1950	\$103,111	52.5	1.690	0.009750	\$89	31.01	0.112	11.500
1949	\$93,999	52.5	1.690	0.009750	\$296	31.01	0.102	10.500
1948	\$63,646	52.5	1.690	0.009750	\$140	31.02	0.093	9.500
1947	\$49,296	52.5	1.690	0.009750	\$91	31.03	0.083	8.500
1946	\$40,184	52.5	1.690	0.009750	\$176	31.04	0.073	7.500
1945	\$22,151	52.5	1.690	0.009750	\$48	31.05	0.063	6.500
1944	\$17,236	52.5	1.690	0.009750	\$6	31.06	0.054	5.500
1943	\$16,624	52.5	1.690	0.009750	\$0	31.07	0.044	4.500
1942	\$16,624	52.5	1.690	0.009750	\$162	31.08	0.034	3.500
1941	\$0	52.5	1.690	0.009750	\$0	31.09	0.024	2.500
				31.117166	\$1,768,449			

Cumberland Valley Electric Service Life Statistics

Account: 370.10 Turtle I Meters
Historical Life Curve: R2

Historical Life: 31

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$1,614,675	0.5	0.020	0.998071	\$87,388	0.50	30.618	30.677
2003	\$1,527,118	1.5	0.050	0.994922	\$74,527	1.50	29.622	29.773
2002	\$1,452,211	2.5	0.080	0.991447	\$56,877	2.49	28.628	28.875
2001	\$1,394,843	3.5	0.110	0.987619	\$11,092	3.48	27.639	27.985
2000	\$1,383,612	4.5	0.150	0.981918	\$315,030	4.46	26.654	27.145
1999	\$1,062,781	5.5	0.180	0.977158	\$441,569	5.44	25.675	26.275
1998	\$610,890	6.5	0.210	0.971948	\$434,099	6.42	24.700	25.413
1997	\$164,262	7.5	0.240	0.966257	\$158,719	7.39	23.731	24.560
				<u>31.117166</u>	<u>\$1,579,302</u>			

Cumberland Valley Electric Service Life Statistics

Account: 370.11 Turtle II Meters
Historical Life Curve: R2

Historical Life: 31

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$64,376	0.5	0.020	0.998071	\$64,252	0.50	30.618	30.677
				<u>31.117166</u>	<u>\$64,252</u>			

Cumberland Valley Electric Service Life Statistics

Account: 371 Installations on Customers' Premises
Historical Life Curve: S6 Historical Life: 24

	B Acct Data	C Beg Age	D C / "HL"	E Lookup	F Add x %Srvg	G "RL" Area	H "FL" Area	I "FL" / E
Year	Ending Balance	Age	Age/Life	Historical Percent Surviving	Simulated Plant Survivors	Realized Life (RL)	Future Unrealized Life	Remaining Life Years
2004	\$2,241,439	0.5	0.020	1.000000	\$0	0.50	23.500	23.500
2003	\$2,241,439	1.5	0.060	1.000000	\$0	1.50	22.500	22.500
2002	\$2,241,439	2.5	0.100	1.000000	\$0	2.50	21.500	21.500
2001	\$2,241,439	3.5	0.150	1.000000	\$0	3.50	20.500	20.500
2000	\$2,241,439	4.5	0.190	1.000000	\$230,009	4.50	19.500	19.500
1999	\$2,103,586	5.5	0.230	1.000000	\$192,437	5.50	18.500	18.500
1998	\$1,974,897	6.5	0.270	1.000000	\$238,450	6.50	17.500	17.500
1997	\$1,783,202	7.5	0.310	1.000000	\$180,144	7.50	16.500	16.500
1996	\$1,636,562	8.5	0.350	1.000000	\$182,859	8.50	15.500	15.500
1995	\$1,483,701	9.5	0.400	1.000000	\$142,030	9.50	14.500	14.500
1994	\$1,363,721	10.5	0.440	1.000000	\$131,952	10.50	13.500	13.500
1993	\$1,257,788	11.5	0.480	1.000000	\$128,833	11.50	12.500	12.500
1992	\$1,159,334	12.5	0.520	1.000000	\$121,980	12.50	11.500	11.500
1991	\$1,057,516	13.5	0.560	1.000000	\$78,958	13.50	10.500	10.500
1990	\$997,088	14.5	0.600	1.000000	\$87,431	14.50	9.500	9.500
1989	\$927,261	15.5	0.650	1.000000	\$72,370	15.50	8.500	8.500
1988	\$865,735	16.5	0.690	0.999992	\$64,614	16.50	7.500	7.500
1987	\$816,863	17.5	0.730	0.999892	\$82,749	17.50	6.500	6.501
1986	\$746,147	18.5	0.770	0.999079	\$63,447	18.50	5.501	5.506
1985	\$695,266	19.5	0.810	0.994600	\$53,428	19.50	4.504	4.528
1984	\$656,155	20.5	0.850	0.977126	\$61,003	20.48	3.518	3.600
1983	\$605,715	21.5	0.900	0.907091	\$49,315	21.42	2.576	2.840
1982	\$566,976	22.5	0.940	0.785586	\$29,935	22.27	1.729	2.201
1981	\$539,383	23.5	0.980	0.603840	\$22,209	22.97	1.035	1.714
1980	\$515,143	24.5	1.020	0.396160	\$17,959	23.47	0.535	1.350
1979	\$482,837	25.5	1.060	0.214414	\$6,138	23.77	0.229	1.070
1978	\$467,272	26.5	1.100	0.092909	\$2,620	23.92	0.076	0.815
1977	\$452,684	27.5	1.150	0.022874	\$645	23.98	0.018	0.781
1976	\$437,331	28.5	1.190	0.005400	\$343	24.00	0.004	0.692
1975	\$383,203	29.5	1.230	0.000921	\$39	24.00	0.001	0.627
1974	\$349,982	30.5	1.270	0.000108	\$5	24.00	0.000	0.580
1973	\$321,954	31.5	1.310	0.000008	\$1	24.00	0.000	0.547
1972	\$256,485	32.5	1.350	0.000000	\$0	24.00	0.000	0.509
1971	\$200,069	33.5	1.400	0.000000	\$0	24.00	0.000	0.509
1970	\$172,525	34.5	1.440	0.000000	\$0	24.00	0.000	0.503
1969	\$132,000	35.5	1.480	0.000000	\$0	24.00	0.000	0.501
1968	\$92,698	36.5	1.520	0.000000	\$0	24.00	0.000	0.500
1967	\$68,384	37.5	1.560	0.000000	\$0	24.00	0.000	0.500
1966	\$60,560	38.5	1.600	0.000000	\$0	24.00	0.000	0.500
1965	\$50,366	39.5	1.650	0.000000	\$0	24.00	0.000	0.500
1964	\$44,703	40.5	1.690	0.000000	\$0	24.00	0.000	0.500
1963	\$18,541	41.5	1.730	0.000000	\$0	24.00	0.000	0.000
1962	\$10,677	42.5	1.770	0.000000	\$0	24.00	0.000	0.000
1961	\$0	43.5	1.810	0.000000	\$0	24.00	0.000	0.000
				24.000000	\$2,241,901			

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 362 Station Equipment

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$56,137	25.00	4.00%	\$2,245.48	24.51	98.05%	\$55,042
2003	\$30,813	25.00	4.00%	\$1,232.52	23.51	94.05%	\$28,979
2002	\$5,104	25.00	4.00%	\$204.16	22.51	90.05%	\$4,596
2001	\$0	25.00	4.00%	\$0.00	21.51	86.06%	\$0
2000	\$20,425	25.00	4.00%	\$817.00	20.52	82.09%	\$16,766
1999	\$41,416	25.00	4.00%	\$1,656.62	19.54	78.16%	\$32,369
1998	\$29,901	25.00	4.00%	\$1,196.05	18.57	74.28%	\$22,211
1997	\$24,628	25.00	4.00%	\$985.13	17.62	70.47%	\$17,355
1996	\$6,931	25.00	4.00%	\$277.23	16.68	66.73%	\$4,625
1995	\$0	25.00	4.00%	\$0.00	15.77	63.07%	\$0
				\$8,614			\$181,943
	Net Salvage Adjustment	0%		\$0			\$0
				\$8,614			\$181,943

Composite Remaining Life in Years 21.12

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 364 Poles, Towers & Fixtures

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$1,080,208	26.00	3.85%	\$41,546.46	25.50	98.08%	\$1,059,435
2003	\$1,068,050	26.00	3.85%	\$41,078.85	24.50	94.23%	\$1,006,432
2002	\$1,177,931	26.00	3.85%	\$45,305.03	23.50	90.38%	\$1,064,668
2001	\$903,438	26.00	3.85%	\$34,747.60	22.50	86.54%	\$781,822
2000	\$886,637	26.00	3.85%	\$34,101.42	21.50	82.69%	\$733,189
1999	\$1,006,347	26.00	3.85%	\$38,705.67	20.50	78.85%	\$793,510
1998	\$820,030	26.00	3.85%	\$31,539.61	19.50	75.01%	\$615,141
1997	\$798,175	26.00	3.85%	\$30,699.03	18.51	71.19%	\$568,242
1996	\$986,927	26.00	3.85%	\$37,958.73	17.52	67.40%	\$665,163
1995	\$799,409	26.00	3.85%	\$30,746.50	16.55	63.65%	\$508,785
1994	\$626,147	26.00	3.85%	\$24,082.58	15.58	59.91%	\$375,117
1993	\$609,567	26.00	3.85%	\$23,444.89	14.63	56.28%	\$343,062
1992	\$453,413	26.00	3.85%	\$17,438.95	13.72	52.75%	\$239,192
1991	\$585,815	26.00	3.85%	\$22,531.33	12.83	49.36%	\$289,130
1990	\$571,250	26.00	3.85%	\$21,971.16	11.99	46.11%	\$263,376
1989	\$458,860	26.00	3.85%	\$17,648.47	11.19	43.02%	\$197,411
1988	\$477,836	26.00	3.85%	\$18,378.33	10.36	39.86%	\$190,455
1987	\$447,305	26.00	3.85%	\$17,204.04	9.64	37.07%	\$165,820
1986	\$530,317	26.00	3.85%	\$20,396.81	8.96	34.47%	\$182,807
1985	\$446,973	26.00	3.85%	\$17,191.29	8.34	32.06%	\$143,300
1984	\$433,266	26.00	3.85%	\$16,664.07	7.76	29.84%	\$129,269
1983	\$354,106	26.00	3.85%	\$13,619.45	7.23	27.80%	\$98,424
1982	\$339,601	26.00	3.85%	\$13,061.57	6.74	25.93%	\$88,070
1981	\$344,913	26.00	3.85%	\$13,265.90	6.15	23.66%	\$81,601
1980	\$278,754	26.00	3.85%	\$10,721.29	5.72	22.00%	\$61,327
1979	\$275,066	26.00	3.85%	\$10,579.45	5.33	20.49%	\$56,351
1978	\$312,088	26.00	3.85%	\$12,003.37	4.97	19.11%	\$59,641
1977	\$207,389	26.00	3.85%	\$7,976.49	4.65	17.87%	\$37,058
1976	\$203,887	26.00	3.85%	\$7,841.80	4.36	16.76%	\$34,176
1975	\$139,508	26.00	3.85%	\$5,365.70	3.90	15.00%	\$20,920
1974	\$113,891	26.00	3.85%	\$4,380.43	3.62	13.92%	\$15,856
1973	\$83,921	26.00	3.85%	\$3,227.75	3.36	12.94%	\$10,859
1972	\$25,454	26.00	3.85%	\$979.02	3.13	12.04%	\$3,066
1971	\$23,894	26.00	3.85%	\$919.01	2.92	11.24%	\$2,687
1970	\$11,994	26.00	3.85%	\$461.32	2.74	10.55%	\$1,266
1969	\$25,309	26.00	3.85%	\$973.44	2.60	9.99%	\$2,529
1968	\$6,694	26.00	3.85%	\$257.44	2.23	8.59%	\$575
1967	\$2,354	26.00	3.85%	\$90.56	2.05	7.89%	\$186
1966	\$3,702	26.00	3.85%	\$142.38	1.89	7.25%	\$269
1965	\$581	26.00	3.85%	\$22.33	1.74	6.69%	\$39
1964	\$513	26.00	3.85%	\$19.71	1.62	6.24%	\$32
1963	\$241	26.00	3.85%	\$9.26	1.56	5.98%	\$14
1962	\$176	26.00	3.85%	\$6.76	1.25	4.82%	\$8
1961	\$57	26.00	3.85%	\$2.18	1.11	4.29%	\$2

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 364 Poles, Towers & Fixtures

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
1960	\$40	26.00	3.85%	\$1.55	0.98	3.78%	\$2
1959	\$5	26.00	3.85%	\$0.18	0.86	3.31%	\$0
1958	\$5	26.00	3.85%	\$0.18	0.75	2.88%	\$0
1957	\$0	26.00	3.85%	\$0.02	0.66	2.52%	\$0
1956	\$0	26.00	3.85%	\$0.00	0.64	2.47%	\$0
1955	\$0	26.00	3.85%	\$0.00	0.52	2.00%	\$0
1954	\$0	26.00	3.85%	\$0.00	0.50	1.92%	\$0
1953	\$0	26.00	3.85%	\$0.00	0.50	1.92%	\$0
1952	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1951	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1950	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1949	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1948	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1947	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1946	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1945	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1944	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1943	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1942	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1941	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1940	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
1939	\$0	26.00	3.85%	\$0.00	0.00	0.00%	\$0
				<u>\$689,309</u>			<u>\$10,890,284</u>
				Net Salvage Adjustment 60%	<u>\$413,586</u>		<u>\$6,534,170</u>
					<u>\$1,102,895</u>		<u>\$17,424,454</u>

Composite Remaining Life in Years 15.80

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 365 Overhead Conductors & Devices

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$969,598	29.00	3.45%	\$33,434.40	28.50	98.27%	\$952,809
2003	\$738,766	29.00	3.45%	\$25,474.69	27.50	94.82%	\$700,527
2002	\$859,102	29.00	3.45%	\$29,624.21	26.50	91.38%	\$785,078
2001	\$508,525	29.00	3.45%	\$17,535.36	25.50	87.94%	\$447,219
2004	\$546,930	29.00	3.45%	\$18,859.65	24.51	84.51%	\$462,234
1999	\$873,963	29.00	3.45%	\$30,136.67	23.51	81.09%	\$708,661
1998	\$477,289	29.00	3.45%	\$16,458.24	22.52	77.66%	\$370,684
1997	\$554,320	29.00	3.45%	\$19,114.48	21.54	74.27%	\$411,675
1996	\$713,331	29.00	3.45%	\$24,597.63	20.55	70.87%	\$505,542
1995	\$606,888	29.00	3.45%	\$20,927.16	19.57	67.49%	\$409,581
1994	\$658,036	29.00	3.45%	\$22,690.89	18.61	64.16%	\$422,198
1993	\$501,879	29.00	3.45%	\$17,306.17	17.65	60.88%	\$305,519
1992	\$380,025	29.00	3.45%	\$13,104.32	16.70	57.58%	\$218,830
1991	\$425,164	29.00	3.45%	\$14,660.83	15.78	54.40%	\$231,281
1990	\$846,335	29.00	3.45%	\$29,183.97	14.85	51.19%	\$433,278
1989	\$849,181	29.00	3.45%	\$29,282.09	13.93	48.03%	\$407,899
1988	\$774,761	29.00	3.45%	\$26,715.91	13.06	45.05%	\$349,029
1987	\$455,155	29.00	3.45%	\$15,695.00	12.18	42.01%	\$191,231
1986	\$446,260	29.00	3.45%	\$15,388.28	11.37	39.21%	\$174,989
1985	\$483,611	29.00	3.45%	\$16,676.24	10.53	36.32%	\$175,665
1984	\$377,281	29.00	3.45%	\$13,009.68	9.78	33.73%	\$127,248
1983	\$221,814	29.00	3.45%	\$7,648.77	8.99	31.00%	\$68,760
1982	\$132,123	29.00	3.45%	\$4,555.97	8.30	28.62%	\$37,812
1981	\$184,285	29.00	3.45%	\$6,354.65	7.55	26.05%	\$48,005
1980	\$822,498	29.00	3.45%	\$28,361.99	6.82	23.53%	\$193,502
1979	\$257,687	29.00	3.45%	\$8,885.76	6.21	21.42%	\$55,189
1978	\$432,810	29.00	3.45%	\$14,924.49	5.53	19.08%	\$82,582
1977	\$305,365	29.00	3.45%	\$10,529.84	5.02	17.31%	\$52,867
1976	\$262,303	29.00	3.45%	\$9,044.94	4.43	15.29%	\$40,114
1975	\$150,622	29.00	3.45%	\$5,193.87	4.06	13.98%	\$21,061
1974	\$172,762	29.00	3.45%	\$5,957.30	3.57	12.30%	\$21,250
1973	\$141,934	29.00	3.45%	\$4,894.26	3.31	11.40%	\$16,177
1972	\$20,705	29.00	3.45%	\$713.97	2.89	9.98%	\$2,067
1971	\$23,673	29.00	3.45%	\$816.30	2.72	9.38%	\$2,220
1970	\$8,857	29.00	3.45%	\$305.42	2.37	8.16%	\$723
1969	\$11,564	29.00	3.45%	\$398.76	1.99	6.87%	\$795
1968	\$11,941	29.00	3.45%	\$411.76	1.84	6.33%	\$756
1967	\$1,936	29.00	3.45%	\$66.77	1.48	5.10%	\$99
1966	\$5,377	29.00	3.45%	\$185.42	1.34	4.62%	\$248
1965	\$344	29.00	3.45%	\$11.88	1.01	3.48%	\$12
1964	\$201	29.00	3.45%	\$6.94	0.90	3.10%	\$6
1963	\$49	29.00	3.45%	\$1.68	0.63	2.16%	\$1
1962	\$8	29.00	3.45%	\$0.27	0.55	1.90%	\$0
1961	\$0	29.00	3.45%	\$0.01	0.50	1.72%	\$0

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 365 Overhead Conductors & Devices

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
1960	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1959	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1958	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1957	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1956	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1955	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1954	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1953	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1952	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1951	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1950	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1949	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1948	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1947	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1946	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1945	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1944	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1943	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1942	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
1941	\$0	29.00	3.45%	\$0.00	0.00	0.00%	\$0
				<u>\$559,147</u>			<u>\$9,435,423</u>
	Net Salvage Adjustment	55%		<u>\$307,531</u>			<u>\$5,189,483</u>
				<u>\$866,678</u>			<u>\$14,624,906</u>

Composite Remaining Life in Years 16.87

Cumberland Valley Electric Composite Remaining Life Calculations

Accoun 367 Underground Conductors & Devices

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$219,553	20.00	5.00%	\$10,977.65	19.40	97.00%	\$212,966
2003	\$216,029	20.00	5.00%	\$10,801.45	18.40	92.00%	\$198,747
2002	\$209,008	20.00	5.00%	\$10,450.40	17.40	87.00%	\$181,837
2001	\$190,113	20.00	5.00%	\$9,505.65	16.40	82.00%	\$155,893
2004	\$199,360	20.00	5.00%	\$9,968.00	15.40	77.00%	\$153,507
1999	\$178,847	20.00	5.00%	\$8,942.35	14.40	72.00%	\$128,770
1998	\$117,901	20.00	5.00%	\$5,895.05	13.40	67.00%	\$78,994
1997	\$81,658	20.00	5.00%	\$4,082.90	12.40	62.00%	\$50,628
1996	\$70,048	20.00	5.00%	\$3,502.40	11.40	57.00%	\$39,927
1995	\$72,379	20.00	5.00%	\$3,618.95	10.40	52.00%	\$37,637
1994	\$35,439	20.00	5.00%	\$1,771.94	9.40	47.00%	\$16,656
1993	\$32,506	20.00	5.00%	\$1,625.28	8.40	42.00%	\$13,653
1992	\$35,408	20.00	5.00%	\$1,770.40	7.40	37.02%	\$13,109
1991	\$26,808	20.00	5.00%	\$1,340.38	6.42	32.10%	\$8,604
1990	\$19,826	20.00	5.00%	\$991.30	5.46	27.32%	\$5,417
1989	\$36,578	20.00	5.00%	\$1,828.92	4.57	22.85%	\$8,358
1988	\$37,540	20.00	5.00%	\$1,877.00	3.77	18.84%	\$7,074
1987	\$26,959	20.00	5.00%	\$1,347.93	3.08	15.42%	\$4,158
1986	\$8,434	20.00	5.00%	\$421.68	2.52	12.61%	\$1,064
1985	\$4,421	20.00	5.00%	\$221.06	2.07	10.37%	\$458
1984	\$2,704	20.00	5.00%	\$135.20	1.72	8.60%	\$233
1983	\$1,569	20.00	5.00%	\$78.44	1.44	7.22%	\$113
1982	\$1,304	20.00	5.00%	\$65.22	1.23	6.13%	\$80
1981	\$160	20.00	5.00%	\$7.99	1.05	5.26%	\$8
1980	\$32	20.00	5.00%	\$1.59	0.91	4.57%	\$1
1979	\$19	20.00	5.00%	\$0.95	0.80	4.02%	\$1
1978	\$4	20.00	5.00%	\$0.18	0.71	3.57%	\$0
1977	\$0	20.00	5.00%	\$0.00	0.64	3.22%	\$0
1976	\$0	20.00	5.00%	\$0.00	0.59	2.95%	\$0
1975	\$0	20.00	5.00%	\$0.00	0.55	2.74%	\$0
1974	\$0	20.00	5.00%	\$0.00	0.52	2.61%	\$0
1973	\$0	20.00	5.00%	\$0.00	0.51	2.53%	\$0
1972	\$0	20.00	5.00%	\$0.00	0.50	2.50%	\$0
1971	\$0	20.00	5.00%	\$0.00	0.50	2.50%	\$0
1970	\$0	20.00	5.00%	\$0.00	0.50	2.50%	\$0
1969	\$0	20.00	5.00%	\$0.00	0.50	2.50%	\$0
1968	\$0	20.00	5.00%	\$0.00	0.00	0.00%	\$0
1967	\$0	20.00	5.00%	\$0.00	0.00	0.00%	\$0
				\$91,230			\$1,317,894
	Net Salvage Adjustment	45%		\$41,054			\$593,052
				\$132,284			\$1,910,946

Composite Remaining Life in Years 14.45

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 368 Line Transformers

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$309,001	43.00	2.33%	\$7,186.08	45.77	106.44%	\$328,907
2003	\$282,265	43.00	2.33%	\$6,564.31	45.01	104.68%	\$295,463
2002	\$376,229	43.00	2.33%	\$8,749.52	44.38	103.21%	\$388,308
2001	\$303,725	43.00	2.33%	\$7,063.37	43.63	101.47%	\$308,198
2004	\$350,414	43.00	2.33%	\$8,149.17	42.89	99.74%	\$349,515
1999	\$273,350	43.00	2.33%	\$6,356.99	42.28	98.33%	\$268,792
1998	\$381,522	43.00	2.33%	\$8,872.60	41.55	96.63%	\$368,664
1997	\$342,505	43.00	2.33%	\$7,965.22	40.82	94.93%	\$325,157
1996	\$351,210	43.00	2.33%	\$8,167.68	40.24	93.57%	\$328,644
1995	\$330,519	43.00	2.33%	\$7,686.50	39.52	91.91%	\$303,764
1994	\$305,349	43.00	2.33%	\$7,101.14	38.80	90.24%	\$275,554
1993	\$277,869	43.00	2.33%	\$6,462.07	38.24	88.93%	\$247,105
1992	\$220,470	43.00	2.33%	\$5,127.20	37.53	87.29%	\$192,447
1991	\$158,818	43.00	2.33%	\$3,693.44	36.83	85.66%	\$136,036
1990	\$131,299	43.00	2.33%	\$3,053.47	36.29	84.39%	\$110,798
1989	\$181,767	43.00	2.33%	\$4,227.14	35.59	82.78%	\$150,459
1988	\$171,491	43.00	2.33%	\$3,988.15	34.90	81.17%	\$139,204
1987	\$268,769	43.00	2.33%	\$6,250.45	34.38	79.95%	\$214,885
1986	\$268,437	43.00	2.33%	\$6,242.71	33.70	78.38%	\$210,392
1985	\$213,282	43.00	2.33%	\$4,960.05	33.03	76.81%	\$163,823
1984	\$285,356	43.00	2.33%	\$6,636.19	32.53	75.65%	\$215,869
1983	\$148,451	43.00	2.33%	\$3,452.36	31.87	74.12%	\$110,029
1982	\$116,452	43.00	2.33%	\$2,708.20	31.22	72.60%	\$84,541
1981	\$235,797	43.00	2.33%	\$5,483.66	30.75	71.51%	\$168,616
1980	\$419,650	43.00	2.33%	\$9,759.30	30.11	70.03%	\$293,883
1979	\$236,614	43.00	2.33%	\$5,502.66	29.48	68.56%	\$162,233
1978	\$221,290	43.00	2.33%	\$5,146.28	29.05	67.56%	\$149,514
1977	\$317,041	43.00	2.33%	\$7,373.05	28.44	66.15%	\$209,717
1976	\$225,691	43.00	2.33%	\$5,248.62	27.84	64.75%	\$146,128
1975	\$172,390	43.00	2.33%	\$4,009.08	27.46	63.85%	\$110,070
1974	\$163,001	43.00	2.33%	\$3,790.72	26.88	62.50%	\$101,883
1973	\$173,803	43.00	2.33%	\$4,041.93	26.31	61.18%	\$106,328
1972	\$113,194	43.00	2.33%	\$2,632.42	25.97	60.40%	\$68,366
1971	\$72,213	43.00	2.33%	\$1,679.38	25.43	59.13%	\$42,703
1970	\$63,370	43.00	2.33%	\$1,473.72	24.89	57.89%	\$36,686
1969	\$41,383	43.00	2.33%	\$962.40	24.61	57.24%	\$23,689
1968	\$54,886	43.00	2.33%	\$1,276.42	24.11	56.07%	\$30,776
1967	\$25,575	43.00	2.33%	\$594.77	23.62	54.93%	\$14,047
1966	\$49,008	43.00	2.33%	\$1,139.73	23.40	54.43%	\$26,675
1965	\$25,384	43.00	2.33%	\$590.34	22.95	53.37%	\$13,547
1964	\$19,307	43.00	2.33%	\$449.01	22.50	52.33%	\$10,103
1963	\$23,099	43.00	2.33%	\$537.19	22.36	52.01%	\$12,013
1962	\$29,484	43.00	2.33%	\$685.68	21.96	51.07%	\$15,057
1961	\$25,653	43.00	2.33%	\$596.58	21.57	50.16%	\$12,867

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 368 Line Transformers

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
1960	\$38,264	43.00	2.33%	\$889.85	21.19	49.28%	\$18,856
1959	\$33,897	43.00	2.33%	\$788.31	21.16	49.21%	\$16,682
1958	\$30,597	43.00	2.33%	\$711.56	20.84	48.46%	\$14,827
1957	\$24,989	43.00	2.33%	\$581.15	20.53	47.74%	\$11,931
1956	\$17,134	43.00	2.33%	\$398.46	20.62	47.94%	\$8,215
1955	\$18,931	43.00	2.33%	\$440.25	20.37	47.38%	\$8,970
1954	\$11,048	43.00	2.33%	\$256.94	20.15	46.87%	\$5,179
1953	\$8,489	43.00	2.33%	\$197.42	20.39	47.41%	\$4,025
1952	\$31,407	43.00	2.33%	\$730.39	20.25	47.10%	\$14,793
1951	\$13,276	43.00	2.33%	\$308.75	19.25	44.78%	\$5,945
1950	\$21,818	43.00	2.33%	\$507.40	18.25	42.45%	\$9,262
1949	\$29,356	43.00	2.33%	\$682.71	17.25	40.12%	\$11,779
1948	\$37,813	43.00	2.33%	\$879.38	16.25	37.80%	\$14,293
1947	\$16,992	43.00	2.33%	\$395.17	15.25	35.47%	\$6,028
1946	\$5,644	43.00	2.33%	\$131.25	14.25	33.15%	\$1,871
1945	\$1,078	43.00	2.33%	\$25.08	13.25	30.82%	\$332
1944	\$398	43.00	2.33%	\$9.25	12.25	28.50%	\$113
1943	\$320	43.00	2.33%	\$7.44	11.25	26.17%	\$84
1942	\$16,819	43.00	2.33%	\$391.14	10.25	23.85%	\$4,011
1941	\$295	43.00	2.33%	\$6.85	9.25	21.52%	\$63
				\$211,976			\$7,428,710
	Net Salvage Adjustment	0%		\$0			\$0
				\$211,976			\$7,428,710

Composite Remaining Life in Years 35.05

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 369 Service (Pole-to-House)

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$288,776	30.00	3.33%	\$9,625.87	30.80	102.66%	\$296,470
2003	\$304,904	30.00	3.33%	\$10,163.47	30.04	100.14%	\$305,327
2002	\$279,191	30.00	3.33%	\$9,306.38	29.35	97.83%	\$273,131
2001	\$283,613	30.00	3.33%	\$9,453.77	28.83	96.10%	\$272,553
2004	\$286,295	30.00	3.33%	\$9,543.15	28.23	94.11%	\$269,430
1999	\$259,268	30.00	3.33%	\$8,642.28	27.66	92.21%	\$239,070
1998	\$279,202	30.00	3.33%	\$9,306.72	27.28	90.92%	\$253,847
1997	\$275,900	30.00	3.33%	\$9,196.66	26.76	89.20%	\$246,111
1996	\$319,594	30.00	3.33%	\$10,653.13	26.26	87.54%	\$279,784
1995	\$310,797	30.00	3.33%	\$10,359.88	25.96	86.53%	\$268,941
1994	\$241,706	30.00	3.33%	\$8,056.86	25.50	85.00%	\$205,458
1993	\$206,459	30.00	3.33%	\$6,881.97	25.05	83.51%	\$172,416
1992	\$196,933	30.00	3.33%	\$6,564.42	24.81	82.70%	\$162,863
1991	\$186,444	30.00	3.33%	\$6,214.81	24.39	81.30%	\$151,585
1990	\$159,948	30.00	3.33%	\$5,331.59	23.98	79.93%	\$127,845
1989	\$139,653	30.00	3.33%	\$4,655.11	23.78	79.26%	\$110,682
1988	\$142,911	30.00	3.33%	\$4,763.71	23.38	77.95%	\$111,398
1987	\$131,910	30.00	3.33%	\$4,397.00	23.00	76.66%	\$101,120
1986	\$123,950	30.00	3.33%	\$4,131.68	22.83	76.09%	\$94,318
1985	\$113,907	30.00	3.33%	\$3,796.90	22.46	74.87%	\$85,282
1984	\$124,174	30.00	3.33%	\$4,139.14	22.10	73.66%	\$91,470
1983	\$96,613	30.00	3.33%	\$3,220.43	21.96	73.21%	\$70,729
1982	\$87,716	30.00	3.33%	\$2,923.86	21.62	72.07%	\$63,217
1981	\$91,075	30.00	3.33%	\$3,035.84	21.28	70.95%	\$64,616
1980	\$98,440	30.00	3.33%	\$3,281.33	21.18	70.61%	\$69,510
1979	\$74,103	30.00	3.33%	\$2,470.10	20.87	69.56%	\$51,548
1978	\$98,397	30.00	3.33%	\$3,279.91	20.56	68.53%	\$67,433
1977	\$74,560	30.00	3.33%	\$2,485.35	20.50	68.32%	\$50,938
1976	\$62,234	30.00	3.33%	\$2,074.48	20.21	67.37%	\$41,924
1975	\$60,508	30.00	3.33%	\$2,016.95	19.93	66.43%	\$40,196
1974	\$47,810	30.00	3.33%	\$1,593.67	19.91	66.35%	\$31,724
1973	\$31,957	30.00	3.33%	\$1,065.22	19.65	65.51%	\$20,934
1972	\$22,534	30.00	3.33%	\$751.15	19.40	64.68%	\$14,575
1971	\$24,109	30.00	3.33%	\$803.63	19.43	64.75%	\$15,611
1970	\$21,527	30.00	3.33%	\$717.56	19.21	64.03%	\$13,783
1969	\$11,484	30.00	3.33%	\$382.81	19.00	63.32%	\$7,272
1968	\$9,523	30.00	3.33%	\$317.44	19.07	63.57%	\$6,054
1967	\$8,115	30.00	3.33%	\$270.49	18.89	62.98%	\$5,111
1966	\$9,450	30.00	3.33%	\$314.99	18.73	62.42%	\$5,899
1965	\$3,611	30.00	3.33%	\$120.36	18.86	62.87%	\$2,270
1964	\$6,676	30.00	3.33%	\$222.55	18.73	62.45%	\$4,169
1963	\$3,879	30.00	3.33%	\$129.30	18.62	62.06%	\$2,408
1962	\$5,166	30.00	3.33%	\$172.20	18.83	62.77%	\$3,242
1961	\$3,525	30.00	3.33%	\$117.49	18.76	62.54%	\$2,204

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 369 Service (Pole-to-House)

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
1960	\$4,010	30.00	3.33%	\$133.68	18.71	62.37%	\$2,501
1959	\$1,083	30.00	3.33%	\$36.10	19.02	63.39%	\$686
1958	\$3,172	30.00	3.33%	\$105.72	19.02	63.42%	\$2,011
1957	\$2,076	30.00	3.33%	\$69.19	19.06	63.52%	\$1,319
1956	\$2,621	30.00	3.33%	\$87.38	19.48	64.93%	\$1,702
1955	\$1,569	30.00	3.33%	\$52.29	19.59	65.28%	\$1,024
1954	\$2,684	30.00	3.33%	\$89.46	19.72	65.74%	\$1,764
1953	\$2,033	30.00	3.33%	\$67.78	20.30	67.66%	\$1,376
1952	\$5,627	30.00	3.33%	\$187.56	20.54	68.45%	\$3,852
1951	\$1,566	30.00	3.33%	\$52.21	19.54	65.12%	\$1,020
1950	\$2,554	30.00	3.33%	\$85.13	18.54	61.78%	\$1,578
1949	\$5,146	30.00	3.33%	\$171.53	17.54	58.45%	\$3,008
1948	\$2,150	30.00	3.33%	\$71.68	16.54	55.12%	\$1,185
1947	\$745	30.00	3.33%	\$24.83	15.54	51.78%	\$386
1946	\$1,072	30.00	3.33%	\$35.74	14.54	48.45%	\$520
1945	\$0	30.00	3.33%	\$0.00	13.54	45.12%	\$0
1944	\$0	30.00	3.33%	\$0.01	12.54	41.78%	\$0
1943	\$34	30.00	3.33%	\$1.14	11.54	38.45%	\$13
1942	\$2,397	30.00	3.33%	\$79.91	10.54	35.12%	\$842
1941	\$0	30.00	3.33%	\$0.00	9.54	31.78%	\$0
				\$188,303			\$4,799,258
				Net Salvage Adjustment 45%			\$2,159,666
				\$273,039			\$6,958,924

Composite Remaining Life in Years 25.49

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 370 Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$96,123	31.00	3.23%	\$3,100.75	30.68	98.96%	\$95,123
2003	\$65,201	31.00	3.23%	\$2,103.27	29.77	96.04%	\$62,620
2002	\$84,129	31.00	3.23%	\$2,713.85	28.88	93.15%	\$78,363
2001	\$29,500	31.00	3.23%	\$951.62	27.99	90.28%	\$26,631
2004	\$144,359	31.00	3.23%	\$4,656.73	27.14	87.56%	\$126,407
1999	\$136,507	31.00	3.23%	\$4,403.45	26.27	84.76%	\$115,700
1998	\$91,680	31.00	3.23%	\$2,957.42	25.41	81.98%	\$75,157
1997	\$58,664	31.00	3.23%	\$1,892.40	24.56	79.22%	\$46,477
1996	\$42,647	31.00	3.23%	\$1,375.72	23.72	76.50%	\$32,626
1995	\$86,955	31.00	3.23%	\$2,805.01	22.94	73.99%	\$64,342
1994	\$50,186	31.00	3.23%	\$1,618.90	22.12	71.35%	\$35,807
1993	\$24,618	31.00	3.23%	\$794.11	21.31	68.73%	\$16,920
1992	\$44,105	31.00	3.23%	\$1,422.75	20.51	66.15%	\$29,175
1991	\$21,669	31.00	3.23%	\$699.01	19.79	63.84%	\$13,833
1990	\$36,301	31.00	3.23%	\$1,171.01	19.02	61.35%	\$22,269
1989	\$62,293	31.00	3.23%	\$2,009.46	18.26	58.89%	\$36,683
1988	\$41,835	31.00	3.23%	\$1,349.50	17.50	56.47%	\$23,622
1987	\$52,024	31.00	3.23%	\$1,678.21	16.76	54.08%	\$28,135
1986	\$39,088	31.00	3.23%	\$1,260.91	16.13	52.04%	\$20,343
1985	\$40,047	31.00	3.23%	\$1,291.85	15.43	49.77%	\$19,930
1984	\$66,929	31.00	3.23%	\$2,159.01	14.73	47.53%	\$31,811
1983	\$30,407	31.00	3.23%	\$980.89	14.05	45.33%	\$13,784
1982	\$46,285	31.00	3.23%	\$1,493.06	13.50	43.56%	\$20,161
1981	\$53,178	31.00	3.23%	\$1,715.42	12.86	41.49%	\$22,062
1980	\$19,915	31.00	3.23%	\$642.42	12.23	39.46%	\$7,859
1979	\$39,791	31.00	3.23%	\$1,283.57	11.62	37.48%	\$14,913
1978	\$63,980	31.00	3.23%	\$2,063.86	11.02	35.54%	\$22,739
1977	\$54,290	31.00	3.23%	\$1,751.30	10.58	34.13%	\$18,530
1976	\$29,800	31.00	3.23%	\$961.28	10.03	32.34%	\$9,638
1975	\$22,955	31.00	3.23%	\$740.49	9.49	30.60%	\$7,025
1974	\$11,722	31.00	3.23%	\$378.14	8.96	28.91%	\$3,388
1973	\$20,682	31.00	3.23%	\$667.16	8.63	27.83%	\$5,756
1972	\$13,650	31.00	3.23%	\$440.33	8.15	26.31%	\$3,591
1971	\$11,318	31.00	3.23%	\$365.08	7.70	24.83%	\$2,810
1970	\$4,032	31.00	3.23%	\$130.08	7.25	23.39%	\$943
1969	\$4,205	31.00	3.23%	\$135.64	7.03	22.68%	\$954
1968	\$6,477	31.00	3.23%	\$208.94	6.65	21.44%	\$1,389
1967	\$2,327	31.00	3.23%	\$75.05	6.28	20.24%	\$471
1966	\$3,951	31.00	3.23%	\$127.46	5.92	19.09%	\$754
1965	\$2,580	31.00	3.23%	\$83.22	5.57	17.98%	\$464
1964	\$2,938	31.00	3.23%	\$94.77	5.49	17.71%	\$520
1963	\$827	31.00	3.23%	\$26.68	5.22	16.84%	\$139
1962	\$1,330	31.00	3.23%	\$42.91	4.97	16.02%	\$213
1961	\$1,277	31.00	3.23%	\$41.19	4.73	15.27%	\$195

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 370 Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
1960	\$1,118	31.00	3.23%	\$36.05	4.84	15.60%	\$174
1959	\$880	31.00	3.23%	\$28.40	4.74	15.30%	\$135
1958	\$478	31.00	3.23%	\$15.41	4.72	15.23%	\$73
1957	\$914	31.00	3.23%	\$29.50	4.79	15.46%	\$141
1956	\$474	31.00	3.23%	\$15.30	5.01	16.17%	\$77
1955	\$297	31.00	3.23%	\$9.59	6.09	19.66%	\$58
1954	\$193	31.00	3.23%	\$6.22	7.28	23.47%	\$45
1953	\$78	31.00	3.23%	\$2.52	9.42	30.39%	\$24
1952	\$84	31.00	3.23%	\$2.70	13.50	43.55%	\$36
1951	\$144	31.00	3.23%	\$4.66	12.50	40.32%	\$58
1950	\$89	31.00	3.23%	\$2.87	11.50	37.10%	\$33
1949	\$296	31.00	3.23%	\$9.55	10.50	33.87%	\$100
1948	\$140	31.00	3.23%	\$4.51	9.50	30.65%	\$43
1947	\$91	31.00	3.23%	\$2.93	8.50	27.42%	\$25
1946	\$176	31.00	3.23%	\$5.67	7.50	24.19%	\$43
1945	\$48	31.00	3.23%	\$1.55	6.50	20.97%	\$10
1944	\$6	31.00	3.23%	\$0.19	5.50	17.74%	\$1
1943	\$0	31.00	3.23%	\$0.00	4.50	14.52%	\$0
1942	\$162	31.00	3.23%	\$5.23	3.50	11.29%	\$18
1941	\$0	31.00	3.23%	\$0.00	2.50	8.06%	\$0
				\$57,047			\$1,161,368
	Net Salvage Adjustment	0%		\$0			\$0
				\$57,047			\$1,161,368

Composite Remaining Life in Years 20.36

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 370.10 Turtle I Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$87,388	31.00	3.23%	\$2,818.97	30.68	98.96%	\$86,478
2003	\$74,527	31.00	3.23%	\$2,404.09	29.77	96.04%	\$71,576
2002	\$56,877	31.00	3.23%	\$1,834.75	28.88	93.15%	\$52,979
2001	\$11,092	31.00	3.23%	\$357.80	27.99	90.28%	\$10,013
2004	\$315,030	31.00	3.23%	\$10,162.25	27.14	87.56%	\$275,854
1999	\$441,569	31.00	3.23%	\$14,244.16	26.27	84.76%	\$374,262
1998	\$434,099	31.00	3.23%	\$14,003.21	25.41	81.98%	\$355,862
1997	\$158,719	31.00	3.23%	\$5,119.98	24.56	79.22%	\$125,745
				\$50,945			\$1,352,771
Net Salvage Adjustment				0%	\$0		\$0
				\$50,945			\$1,352,771

Composite Remaining Life in Years 26.55

Cumberland Valley Electric Composite Remaining Life Calculations

Account: 370.11 Turtle II Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$64,252	31.00	3.23%	\$2,072.64	30.68	98.96%	\$63,583
				\$2,073			\$63,583
	Net Salvage Adjustment		0%	\$0			\$0
				\$2,073			\$63,583
Composite Remaining Life in Years					30.68		

Cumberland Valley Electric

Composite Remaining Life Calculations

Account 371 Installations on Customers' Premises

Year	Simulated Plant Survivors	Historical Life (HL)	Rate	Accrual Amount	Remaining Life	Remaining Life Percent	Future Accrual
2004	\$0	24.00	4.17%	\$0.00	23.50	97.92%	\$0
2003	\$0	24.00	4.17%	\$0.00	22.50	93.75%	\$0
2002	\$0	24.00	4.17%	\$0.00	21.50	89.58%	\$0
2001	\$0	24.00	4.17%	\$0.00	20.50	85.42%	\$0
2004	\$230,009	24.00	4.17%	\$9,583.71	19.50	81.25%	\$186,882
1999	\$192,437	24.00	4.17%	\$8,018.21	18.50	77.08%	\$148,337
1998	\$238,450	24.00	4.17%	\$9,935.42	17.50	72.92%	\$173,870
1997	\$180,144	24.00	4.17%	\$7,506.00	16.50	68.75%	\$123,849
1996	\$182,859	24.00	4.17%	\$7,619.13	15.50	64.58%	\$118,096
1995	\$142,030	24.00	4.17%	\$5,917.92	14.50	60.42%	\$85,810
1994	\$131,952	24.00	4.17%	\$5,498.00	13.50	56.25%	\$74,223
1993	\$128,833	24.00	4.17%	\$5,368.04	12.50	52.08%	\$67,101
1992	\$121,980	24.00	4.17%	\$5,082.50	11.50	47.92%	\$58,449
1991	\$78,958	24.00	4.17%	\$3,289.92	10.50	43.75%	\$34,544
1990	\$87,431	24.00	4.17%	\$3,642.96	9.50	39.58%	\$34,608
1989	\$72,370	24.00	4.17%	\$3,015.42	8.50	35.42%	\$25,631
1988	\$64,614	24.00	4.17%	\$2,692.27	7.50	31.25%	\$20,192
1987	\$82,749	24.00	4.17%	\$3,447.88	6.50	27.09%	\$22,414
1986	\$63,447	24.00	4.17%	\$2,643.61	5.51	22.94%	\$14,555
1985	\$53,428	24.00	4.17%	\$2,226.16	4.53	18.87%	\$10,080
1984	\$61,003	24.00	4.17%	\$2,541.79	3.60	15.00%	\$9,151
1983	\$49,315	24.00	4.17%	\$2,054.79	2.84	11.83%	\$5,835
1982	\$29,935	24.00	4.17%	\$1,247.28	2.20	9.17%	\$2,746
1981	\$22,209	24.00	4.17%	\$925.36	1.71	7.14%	\$1,586
1980	\$17,959	24.00	4.17%	\$748.28	1.35	5.62%	\$1,010
1979	\$6,138	24.00	4.17%	\$255.76	1.07	4.46%	\$274
1978	\$2,620	24.00	4.17%	\$109.18	0.82	3.40%	\$89
1977	\$645	24.00	4.17%	\$26.87	0.78	3.26%	\$21
1976	\$343	24.00	4.17%	\$14.30	0.69	2.88%	\$10
1975	\$39	24.00	4.17%	\$1.61	0.63	2.61%	\$1
1974	\$5	24.00	4.17%	\$0.20	0.58	2.42%	\$0
1973	\$1	24.00	4.17%	\$0.03	0.55	2.28%	\$0
1972	\$0	24.00	4.17%	\$0.00	0.51	2.12%	\$0
1971	\$0	24.00	4.17%	\$0.00	0.51	2.12%	\$0
1970	\$0	24.00	4.17%	\$0.00	0.50	2.10%	\$0
1969	\$0	24.00	4.17%	\$0.00	0.50	2.09%	\$0
1968	\$0	24.00	4.17%	\$0.00	0.50	2.08%	\$0
1967	\$0	24.00	4.17%	\$0.00	0.50	2.08%	\$0
1966	\$0	24.00	4.17%	\$0.00	0.50	2.08%	\$0
1965	\$0	24.00	4.17%	\$0.00	0.50	2.08%	\$0
1964	\$0	24.00	4.17%	\$0.00	0.50	2.08%	\$0
1963	\$0	24.00	4.17%	\$0.00	0.00	0.00%	\$0
1962	\$0	24.00	4.17%	\$0.00	0.00	0.00%	\$0
1961	\$0	24.00	4.17%	\$0.00	0.00	0.00%	\$0
				\$93,413			\$1,219,363
				50%			\$609,682
				\$46,706			\$1,829,045
				\$140,119			

Composite Remaining Life in Years 13.05

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 362 Station Equipment

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$56,137	25.00	24.51	1.95%	\$1,095
2003	\$30,813	25.00	23.51	5.95%	\$1,834
2002	\$5,104	25.00	22.51	9.95%	\$508
2001	\$0	25.00	21.51	13.94%	\$0
2000	\$20,425	25.00	20.52	17.91%	\$3,659
1999	\$41,416	25.00	19.54	21.84%	\$9,047
1998	\$29,901	25.00	18.57	25.72%	\$7,691
1997	\$24,628	25.00	17.62	29.53%	\$7,273
1996	\$6,931	25.00	16.68	33.27%	\$2,306
1995	\$0	25.00	15.77	36.93%	\$0
	<u>\$215,355</u>				<u>\$33,412</u>
	Net Salvage Adjustment		0%		\$0
					<u><u>\$33,412</u></u>

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 364 Poles, Towers & Fixtures

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$1,080,208	26.00	25.50	1.92%	\$20,773
2003	\$1,068,050	26.00	24.50	5.77%	\$61,618
2002	\$1,177,931	26.00	23.50	9.62%	\$113,262
2001	\$903,438	26.00	22.50	13.46%	\$121,615
2000	\$886,637	26.00	21.50	17.31%	\$153,448
1999	\$1,006,347	26.00	20.50	21.15%	\$212,837
1998	\$820,030	26.00	19.50	24.99%	\$204,889
1997	\$798,175	26.00	18.51	28.81%	\$229,932
1996	\$986,927	26.00	17.52	32.60%	\$321,763
1995	\$799,409	26.00	16.55	36.35%	\$290,624
1994	\$626,147	26.00	15.58	40.09%	\$251,030
1993	\$609,567	26.00	14.63	43.72%	\$266,506
1992	\$453,413	26.00	13.72	47.25%	\$214,220
1991	\$585,815	26.00	12.83	50.64%	\$296,685
1990	\$571,250	26.00	11.99	53.89%	\$307,874
1989	\$458,860	26.00	11.19	56.98%	\$261,449
1988	\$477,836	26.00	10.36	60.14%	\$287,381
1987	\$447,305	26.00	9.64	62.93%	\$281,485
1986	\$530,317	26.00	8.96	65.53%	\$347,511
1985	\$446,973	26.00	8.34	67.94%	\$303,674
1984	\$433,266	26.00	7.76	70.16%	\$303,997
1983	\$354,106	26.00	7.23	72.20%	\$255,681
1982	\$339,601	26.00	6.74	74.07%	\$251,530
1981	\$344,913	26.00	6.15	76.34%	\$263,312
1980	\$278,754	26.00	5.72	78.00%	\$217,427
1979	\$275,066	26.00	5.33	79.51%	\$218,715
1978	\$312,088	26.00	4.97	80.89%	\$252,447
1977	\$207,389	26.00	4.65	82.13%	\$170,331
1976	\$203,887	26.00	4.36	83.24%	\$169,711
1975	\$139,508	26.00	3.90	85.00%	\$118,588
1974	\$113,891	26.00	3.62	86.08%	\$98,035
1973	\$83,921	26.00	3.36	87.06%	\$73,063
1972	\$25,454	26.00	3.13	87.96%	\$22,388
1971	\$23,894	26.00	2.92	88.76%	\$21,207
1970	\$11,994	26.00	2.74	89.45%	\$10,729
1969	\$25,309	26.00	2.60	90.01%	\$22,781
1968	\$6,694	26.00	2.23	91.41%	\$6,119
1967	\$2,354	26.00	2.05	92.11%	\$2,169
1966	\$3,702	26.00	1.89	92.75%	\$3,433
1965	\$581	26.00	1.74	93.31%	\$542
1964	\$513	26.00	1.62	93.76%	\$481
1963	\$241	26.00	1.56	94.02%	\$226
1962	\$176	26.00	1.25	95.18%	\$167

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 364 Poles, Towers & Fixtures

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
1961	\$57	26.00	1.11	95.71%	\$54
1960	\$40	26.00	0.98	96.22%	\$39
1959	\$5	26.00	0.86	96.69%	\$5
1958	\$5	26.00	0.75	97.12%	\$5
1957	\$0	26.00	0.66	97.48%	\$0
1956	\$0	26.00	0.64	97.53%	\$0
1955	\$0	26.00	0.52	98.00%	\$0
1954	\$0	26.00	0.50	98.08%	\$0
1953	\$0	26.00	0.50	98.08%	\$0
1952	\$0	26.00	0.00	100.00%	\$0
1951	\$0	26.00	0.00	100.00%	\$0
1950	\$0	26.00	0.00	100.00%	\$0
1949	\$0	26.00	0.00	100.00%	\$0
1948	\$0	26.00	0.00	100.00%	\$0
1947	\$0	26.00	0.00	100.00%	\$0
1946	\$0	26.00	0.00	100.00%	\$0
1945	\$0	26.00	0.00	100.00%	\$0
1944	\$0	26.00	0.00	100.00%	\$0
1943	\$0	26.00	0.00	100.00%	\$0
1942	\$0	26.00	0.00	100.00%	\$0
1941	\$0	26.00	0.00	100.00%	\$0
1940	\$0	26.00	0.00	100.00%	\$0
1939	\$0	26.00	0.00	100.00%	\$0
	\$17,922,044				\$7,031,760
			Net Salvage Adjustment	60%	\$4,219,056
					\$11,250,815

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 365 Overhead Conductors & Devices

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$969,598	29.00	28.50	1.73%	\$16,789
2003	\$738,766	29.00	27.50	5.18%	\$38,239
2002	\$859,102	29.00	26.50	8.62%	\$74,024
2001	\$508,525	29.00	25.50	12.06%	\$61,306
2004	\$546,930	29.00	24.51	15.49%	\$84,696
1999	\$873,963	29.00	23.51	18.91%	\$165,303
1998	\$477,289	29.00	22.52	22.34%	\$106,605
1997	\$554,320	29.00	21.54	25.73%	\$142,644
1996	\$713,331	29.00	20.55	29.13%	\$207,789
1995	\$606,888	29.00	19.57	32.51%	\$197,307
1994	\$658,036	29.00	18.61	35.84%	\$235,838
1993	\$501,879	29.00	17.65	39.12%	\$196,360
1992	\$380,025	29.00	16.70	42.42%	\$161,195
1991	\$425,164	29.00	15.78	45.60%	\$193,883
1990	\$846,335	29.00	14.85	48.81%	\$413,057
1989	\$849,181	29.00	13.93	51.97%	\$441,282
1988	\$774,761	29.00	13.06	54.95%	\$425,732
1987	\$455,155	29.00	12.18	57.99%	\$263,924
1986	\$446,260	29.00	11.37	60.79%	\$271,271
1985	\$483,611	29.00	10.53	63.68%	\$307,946
1984	\$377,281	29.00	9.78	66.27%	\$250,033
1983	\$221,814	29.00	8.99	69.00%	\$153,055
1982	\$132,123	29.00	8.30	71.38%	\$94,311
1981	\$184,285	29.00	7.55	73.95%	\$136,280
1980	\$822,498	29.00	6.82	76.47%	\$628,995
1979	\$257,687	29.00	6.21	78.58%	\$202,498
1978	\$432,810	29.00	5.53	80.92%	\$350,229
1977	\$305,365	29.00	5.02	82.69%	\$252,498
1976	\$262,303	29.00	4.43	84.71%	\$222,190
1975	\$150,622	29.00	4.06	86.02%	\$129,561
1974	\$172,762	29.00	3.57	87.70%	\$151,511
1973	\$141,934	29.00	3.31	88.60%	\$125,757
1972	\$20,705	29.00	2.89	90.02%	\$18,638
1971	\$23,673	29.00	2.72	90.62%	\$21,453
1970	\$8,857	29.00	2.37	91.84%	\$8,134
1969	\$11,564	29.00	1.99	93.13%	\$10,769
1968	\$11,941	29.00	1.84	93.67%	\$11,185
1967	\$1,936	29.00	1.48	94.90%	\$1,838
1966	\$5,377	29.00	1.34	95.38%	\$5,129
1965	\$344	29.00	1.01	96.52%	\$332
1964	\$201	29.00	0.90	96.90%	\$195
1963	\$49	29.00	0.63	97.84%	\$48
1962	\$8	29.00	0.55	98.10%	\$8

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 365 Overhead Conductors & Devices

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
1961	\$0	29.00	0.50	98.28%	\$0
1960	\$0	29.00	0.00	100.00%	\$0
1959	\$0	29.00	0.00	100.00%	\$0
1958	\$0	29.00	0.00	100.00%	\$0
1957	\$0	29.00	0.00	100.00%	\$0
1956	\$0	29.00	0.00	100.00%	\$0
1955	\$0	29.00	0.00	100.00%	\$0
1954	\$0	29.00	0.00	100.00%	\$0
1953	\$0	29.00	0.00	100.00%	\$0
1952	\$0	29.00	0.00	100.00%	\$0
1951	\$0	29.00	0.00	100.00%	\$0
1950	\$0	29.00	0.00	100.00%	\$0
1949	\$0	29.00	0.00	100.00%	\$0
1948	\$0	29.00	0.00	100.00%	\$0
1947	\$0	29.00	0.00	100.00%	\$0
1946	\$0	29.00	0.00	100.00%	\$0
1945	\$0	29.00	0.00	100.00%	\$0
1944	\$0	29.00	0.00	100.00%	\$0
1943	\$0	29.00	0.00	100.00%	\$0
1942	\$0	29.00	0.00	100.00%	\$0
1941	\$0	29.00	0.00	100.00%	\$0
	\$16,215,260				\$6,779,837
			Net Salvage Adjustment 55%		\$3,728,910
					\$10,508,748

Cumberland Valley Electric

Accrued Depreciation - Calculated

Account: 367 Underground Conductors & Devices

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$219,553	20.00	19.40	3.00%	\$6,587
2003	\$216,029	20.00	18.40	8.00%	\$17,282
2002	\$209,008	20.00	17.40	13.00%	\$27,171
2001	\$190,113	20.00	16.40	18.00%	\$34,220
2004	\$199,360	20.00	15.40	23.00%	\$45,853
1999	\$178,847	20.00	14.40	28.00%	\$50,077
1998	\$117,901	20.00	13.40	33.00%	\$38,907
1997	\$81,658	20.00	12.40	38.00%	\$31,030
1996	\$70,048	20.00	11.40	43.00%	\$30,121
1995	\$72,379	20.00	10.40	48.00%	\$34,742
1994	\$35,439	20.00	9.40	53.00%	\$18,782
1993	\$32,506	20.00	8.40	58.00%	\$18,852
1992	\$35,408	20.00	7.40	62.98%	\$22,299
1991	\$26,808	20.00	6.42	67.90%	\$18,203
1990	\$19,826	20.00	5.46	72.68%	\$14,409
1989	\$36,578	20.00	4.57	77.15%	\$28,221
1988	\$37,540	20.00	3.77	81.16%	\$30,466
1987	\$26,959	20.00	3.08	84.58%	\$22,801
1986	\$8,434	20.00	2.52	87.39%	\$7,370
1985	\$4,421	20.00	2.07	89.63%	\$3,963
1984	\$2,704	20.00	1.72	91.40%	\$2,471
1983	\$1,569	20.00	1.44	92.78%	\$1,456
1982	\$1,304	20.00	1.23	93.87%	\$1,225
1981	\$160	20.00	1.05	94.74%	\$151
1980	\$32	20.00	0.91	95.43%	\$30
1979	\$19	20.00	0.80	95.98%	\$18
1978	\$4	20.00	0.71	96.43%	\$4
1977	\$0	20.00	0.64	96.78%	\$0
1976	\$0	20.00	0.59	97.05%	\$0
1975	\$0	20.00	0.55	97.26%	\$0
1974	\$0	20.00	0.52	97.39%	\$0
1973	\$0	20.00	0.51	97.47%	\$0
1972	\$0	20.00	0.50	97.50%	\$0
1971	\$0	20.00	0.50	97.50%	\$0
1970	\$0	20.00	0.50	97.50%	\$0
1969	\$0	20.00	0.50	97.50%	\$0
1968	\$0	20.00	0.00	100.00%	\$0
1967	\$0	20.00	0.00	100.00%	\$0
	\$1,824,605				\$506,711
					\$228,020
					\$734,731
		Net Salvage Adjustment	45%		

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 368 Line Transformers

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$309,001	43.00	45.77	-6.44%	-\$19,906
2003	\$282,265	43.00	45.01	-4.68%	-\$13,198
2002	\$376,229	43.00	44.38	-3.21%	-\$12,079
2001	\$303,725	43.00	43.63	-1.47%	-\$4,473
2004	\$350,414	43.00	42.89	0.26%	\$900
1999	\$273,350	43.00	42.28	1.67%	\$4,559
1998	\$381,522	43.00	41.55	3.37%	\$12,858
1997	\$342,505	43.00	40.82	5.07%	\$17,348
1996	\$351,210	43.00	40.24	6.43%	\$22,567
1995	\$330,519	43.00	39.52	8.09%	\$26,755
1994	\$305,349	43.00	38.80	9.76%	\$29,795
1993	\$277,869	43.00	38.24	11.07%	\$30,764
1992	\$220,470	43.00	37.53	12.71%	\$28,023
1991	\$158,818	43.00	36.83	14.34%	\$22,781
1990	\$131,299	43.00	36.29	15.61%	\$20,502
1989	\$181,767	43.00	35.59	17.22%	\$31,307
1988	\$171,491	43.00	34.90	18.83%	\$32,287
1987	\$268,769	43.00	34.38	20.05%	\$53,885
1986	\$268,437	43.00	33.70	21.62%	\$58,045
1985	\$213,282	43.00	33.03	23.19%	\$49,459
1984	\$285,356	43.00	32.53	24.35%	\$69,487
1983	\$148,451	43.00	31.87	25.88%	\$38,423
1982	\$116,452	43.00	31.22	27.40%	\$31,912
1981	\$235,797	43.00	30.75	28.49%	\$67,181
1980	\$419,650	43.00	30.11	29.97%	\$125,767
1979	\$236,614	43.00	29.48	31.44%	\$74,381
1978	\$221,290	43.00	29.05	32.44%	\$71,776
1977	\$317,041	43.00	28.44	33.85%	\$107,324
1976	\$225,691	43.00	27.84	35.25%	\$79,563
1975	\$172,390	43.00	27.46	36.15%	\$62,320
1974	\$163,001	43.00	26.88	37.50%	\$61,117
1973	\$173,803	43.00	26.31	38.82%	\$67,475
1972	\$113,194	43.00	25.97	39.60%	\$44,829
1971	\$72,213	43.00	25.43	40.87%	\$29,511
1970	\$63,370	43.00	24.89	42.11%	\$26,685
1969	\$41,383	43.00	24.61	42.76%	\$17,694
1968	\$54,886	43.00	24.11	43.93%	\$24,109
1967	\$25,575	43.00	23.62	45.07%	\$11,528
1966	\$49,008	43.00	23.40	45.57%	\$22,334
1965	\$25,384	43.00	22.95	46.63%	\$11,838
1964	\$19,307	43.00	22.50	47.67%	\$9,204
1963	\$23,099	43.00	22.36	47.99%	\$11,086
1962	\$29,484	43.00	21.96	48.93%	\$14,428

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 368 Line Transformers

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
1961	\$25,653	43.00	21.57	49.84%	\$12,786
1960	\$38,264	43.00	21.19	50.72%	\$19,407
1959	\$33,897	43.00	21.16	50.79%	\$17,215
1958	\$30,597	43.00	20.84	51.54%	\$15,770
1957	\$24,989	43.00	20.53	52.26%	\$13,058
1956	\$17,134	43.00	20.62	52.06%	\$8,919
1955	\$18,931	43.00	20.37	52.62%	\$9,961
1954	\$11,048	43.00	20.15	53.13%	\$5,870
1953	\$8,489	43.00	20.39	52.59%	\$4,464
1952	\$31,407	43.00	20.25	52.90%	\$16,614
1951	\$13,276	43.00	19.25	55.22%	\$7,332
1950	\$21,818	43.00	18.25	57.55%	\$12,556
1949	\$29,356	43.00	17.25	59.88%	\$17,577
1948	\$37,813	43.00	16.25	62.20%	\$23,520
1947	\$16,992	43.00	15.25	64.53%	\$10,965
1946	\$5,644	43.00	14.25	66.85%	\$3,773
1945	\$1,078	43.00	13.25	69.18%	\$746
1944	\$398	43.00	12.25	71.50%	\$284
1943	\$320	43.00	11.25	73.83%	\$236
1942	\$16,819	43.00	10.25	76.15%	\$12,808
1941	\$295	43.00	9.25	78.48%	\$231
	<u>\$9,114,955</u>				<u>\$1,686,245</u>
	Net Salvage Adjustment		0%		\$0
					<u><u>\$1,686,245</u></u>

Cumberland Valley Electric

Accrued Depreciation - Calculated

Account: 369 Service (Pole-to-House)

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$288,776	30.00	30.80	-2.66%	-\$7,694
2003	\$304,904	30.00	30.04	-0.14%	-\$423
2002	\$279,191	30.00	29.35	2.17%	\$6,060
2001	\$283,613	30.00	28.83	3.90%	\$11,061
2004	\$286,295	30.00	28.23	5.89%	\$16,865
1999	\$259,268	30.00	27.66	7.79%	\$20,198
1998	\$279,202	30.00	27.28	9.08%	\$25,355
1997	\$275,900	30.00	26.76	10.80%	\$29,789
1996	\$319,594	30.00	26.26	12.46%	\$39,810
1995	\$310,797	30.00	25.96	13.47%	\$41,855
1994	\$241,706	30.00	25.50	15.00%	\$36,248
1993	\$206,459	30.00	25.05	16.49%	\$34,043
1992	\$196,933	30.00	24.81	17.30%	\$34,070
1991	\$186,444	30.00	24.39	18.70%	\$34,859
1990	\$159,948	30.00	23.98	20.07%	\$32,102
1989	\$139,653	30.00	23.78	20.74%	\$28,971
1988	\$142,911	30.00	23.38	22.05%	\$31,513
1987	\$131,910	30.00	23.00	23.34%	\$30,790
1986	\$123,950	30.00	22.83	23.91%	\$29,632
1985	\$113,907	30.00	22.46	25.13%	\$28,625
1984	\$124,174	30.00	22.10	26.34%	\$32,705
1983	\$96,613	30.00	21.96	26.79%	\$25,884
1982	\$87,716	30.00	21.62	27.93%	\$24,498
1981	\$91,075	30.00	21.28	29.05%	\$26,459
1980	\$98,440	30.00	21.18	29.39%	\$28,930
1979	\$74,103	30.00	20.87	30.44%	\$22,555
1978	\$98,397	30.00	20.56	31.47%	\$30,965
1977	\$74,560	30.00	20.50	31.68%	\$23,622
1976	\$62,234	30.00	20.21	32.63%	\$20,310
1975	\$60,508	30.00	19.93	33.57%	\$20,312
1974	\$47,810	30.00	19.91	33.65%	\$16,087
1973	\$31,957	30.00	19.65	34.49%	\$11,023
1972	\$22,534	30.00	19.40	35.32%	\$7,959
1971	\$24,109	30.00	19.43	35.25%	\$8,498
1970	\$21,527	30.00	19.21	35.97%	\$7,744
1969	\$11,484	30.00	19.00	36.68%	\$4,212
1968	\$9,523	30.00	19.07	36.43%	\$3,469
1967	\$8,115	30.00	18.89	37.02%	\$3,004
1966	\$9,450	30.00	18.73	37.58%	\$3,551
1965	\$3,611	30.00	18.86	37.13%	\$1,341
1964	\$6,676	30.00	18.73	37.55%	\$2,507
1963	\$3,879	30.00	18.62	37.94%	\$1,472
1962	\$5,166	30.00	18.83	37.23%	\$1,923

Cumberland Valley Electric

Accrued Depreciation - Calculated

Account: 369 Service (Pole-to-House)

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
1961	\$3,525	30.00	18.76	37.46%	\$1,320
1960	\$4,010	30.00	18.71	37.63%	\$1,509
1959	\$1,083	30.00	19.02	36.61%	\$397
1958	\$3,172	30.00	19.02	36.58%	\$1,160
1957	\$2,076	30.00	19.06	36.48%	\$757
1956	\$2,621	30.00	19.48	35.07%	\$919
1955	\$1,569	30.00	19.59	34.72%	\$545
1954	\$2,684	30.00	19.72	34.26%	\$920
1953	\$2,033	30.00	20.30	32.34%	\$658
1952	\$5,627	30.00	20.54	31.55%	\$1,775
1951	\$1,566	30.00	19.54	34.88%	\$546
1950	\$2,554	30.00	18.54	38.22%	\$976
1949	\$5,146	30.00	17.54	41.55%	\$2,138
1948	\$2,150	30.00	16.54	44.88%	\$965
1947	\$745	30.00	15.54	48.22%	\$359
1946	\$1,072	30.00	14.54	51.55%	\$553
1945	\$0	30.00	13.54	54.88%	\$0
1944	\$0	30.00	12.54	58.22%	\$0
1943	\$34	30.00	11.54	61.55%	\$21
1942	\$2,397	30.00	10.54	64.88%	\$1,555
1941	\$0	30.00	9.54	68.22%	\$0
	\$5,649,088				\$849,830
					\$382,424
					\$1,232,254
		Net Salvage Adjustment	45%		

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 370 Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$96,123	31.00	30.68	1.04%	\$1,001
2003	\$65,201	31.00	29.77	3.96%	\$2,581
2002	\$84,129	31.00	28.88	6.85%	\$5,766
2001	\$29,500	31.00	27.99	9.72%	\$2,869
2004	\$144,359	31.00	27.14	12.44%	\$17,952
1999	\$136,507	31.00	26.27	15.24%	\$20,807
1998	\$91,680	31.00	25.41	18.02%	\$16,523
1997	\$58,664	31.00	24.56	20.78%	\$12,188
1996	\$42,647	31.00	23.72	23.50%	\$10,022
1995	\$86,955	31.00	22.94	26.01%	\$22,613
1994	\$50,186	31.00	22.12	28.65%	\$14,379
1993	\$24,618	31.00	21.31	31.27%	\$7,697
1992	\$44,105	31.00	20.51	33.85%	\$14,930
1991	\$21,669	31.00	19.79	36.16%	\$7,836
1990	\$36,301	31.00	19.02	38.65%	\$14,032
1989	\$62,293	31.00	18.26	41.11%	\$25,610
1988	\$41,835	31.00	17.50	43.53%	\$18,212
1987	\$52,024	31.00	16.76	45.92%	\$23,890
1986	\$39,088	31.00	16.13	47.96%	\$18,745
1985	\$40,047	31.00	15.43	50.23%	\$20,117
1984	\$66,929	31.00	14.73	52.47%	\$35,119
1983	\$30,407	31.00	14.05	54.67%	\$16,623
1982	\$46,285	31.00	13.50	56.44%	\$26,124
1981	\$53,178	31.00	12.86	58.51%	\$31,116
1980	\$19,915	31.00	12.23	60.54%	\$12,056
1979	\$39,791	31.00	11.62	62.52%	\$24,878
1978	\$63,980	31.00	11.02	64.46%	\$41,240
1977	\$54,290	31.00	10.58	65.87%	\$35,761
1976	\$29,800	31.00	10.03	67.66%	\$20,162
1975	\$22,955	31.00	9.49	69.40%	\$15,931
1974	\$11,722	31.00	8.96	71.09%	\$8,334
1973	\$20,682	31.00	8.63	72.17%	\$14,926
1972	\$13,650	31.00	8.15	73.69%	\$10,059
1971	\$11,318	31.00	7.70	75.17%	\$8,508
1970	\$4,032	31.00	7.25	76.61%	\$3,089
1969	\$4,205	31.00	7.03	77.32%	\$3,251
1968	\$6,477	31.00	6.65	78.56%	\$5,089
1967	\$2,327	31.00	6.28	79.76%	\$1,856
1966	\$3,951	31.00	5.92	80.91%	\$3,197
1965	\$2,580	31.00	5.57	82.02%	\$2,116
1964	\$2,938	31.00	5.49	82.29%	\$2,418
1963	\$827	31.00	5.22	83.16%	\$688
1962	\$1,330	31.00	4.97	83.98%	\$1,117

Cumberland Valley Electric

Accrued Depreciation - Calculated

Account: 370 Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
1961	\$1,277	31.00	4.73	84.73%	\$1,082
1960	\$1,118	31.00	4.84	84.40%	\$943
1959	\$880	31.00	4.74	84.70%	\$746
1958	\$478	31.00	4.72	84.77%	\$405
1957	\$914	31.00	4.79	84.54%	\$773
1956	\$474	31.00	5.01	83.83%	\$398
1955	\$297	31.00	6.09	80.34%	\$239
1954	\$193	31.00	7.28	76.53%	\$147
1953	\$78	31.00	9.42	69.61%	\$54
1952	\$84	31.00	13.50	56.45%	\$47
1951	\$144	31.00	12.50	59.68%	\$86
1950	\$89	31.00	11.50	62.90%	\$56
1949	\$296	31.00	10.50	66.13%	\$196
1948	\$140	31.00	9.50	69.35%	\$97
1947	\$91	31.00	8.50	72.58%	\$66
1946	\$176	31.00	7.50	75.81%	\$133
1945	\$48	31.00	6.50	79.03%	\$38
1944	\$6	31.00	5.50	82.26%	\$5
1943	\$0	31.00	4.50	85.48%	\$0
1942	\$162	31.00	3.50	88.71%	\$144
1941	\$0	31.00	2.50	91.94%	\$0
	\$1,768,449				\$607,081
	Net Salvage Adjustment		0%		\$0
					\$607,081

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 370.10 Turtle I Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$87,388	31.00	30.68	1.04%	\$910
2003	\$74,527	31.00	29.77	3.96%	\$2,950
2002	\$56,877	31.00	28.88	6.85%	\$3,898
2001	\$11,092	31.00	27.99	9.72%	\$1,079
2004	\$315,030	31.00	27.14	12.44%	\$39,176
1999	\$441,569	31.00	26.27	15.24%	\$67,307
1998	\$434,099	31.00	25.41	18.02%	\$78,237
1997	\$158,719	31.00	24.56	20.78%	\$32,974
	<u>\$1,579,302</u>				<u>\$226,531</u>
	Net Salvage Adjustment		0%		\$0
					<u><u>\$226,531</u></u>

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 370.11 Turtle II Meters

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$64,252	31.00	30.68	1.04%	\$669
	<u>\$64,252</u>				<u>\$669</u>
	Net Salvage Adjustment		0%		\$0
					<u><u>\$669</u></u>

Cumberland Valley Electric Accrued Depreciation - Calculated

Account: 371 Installations on Customers' Premise:

Year	Simulated Plant Survivors	Historical Life (HL)	Remaining Life	Factor	Future Accrual
2004	\$0	24.00	23.50	2.08%	\$0
2003	\$0	24.00	22.50	6.25%	\$0
2002	\$0	24.00	21.50	10.42%	\$0
2001	\$0	24.00	20.50	14.58%	\$0
2004	\$230,009	24.00	19.50	18.75%	\$43,127
1999	\$192,437	24.00	18.50	22.92%	\$44,100
1998	\$238,450	24.00	17.50	27.08%	\$64,580
1997	\$180,144	24.00	16.50	31.25%	\$56,295
1996	\$182,859	24.00	15.50	35.42%	\$64,763
1995	\$142,030	24.00	14.50	39.58%	\$56,220
1994	\$131,952	24.00	13.50	43.75%	\$57,729
1993	\$128,833	24.00	12.50	47.92%	\$61,732
1992	\$121,980	24.00	11.50	52.08%	\$63,531
1991	\$78,958	24.00	10.50	56.25%	\$44,414
1990	\$87,431	24.00	9.50	60.42%	\$52,823
1989	\$72,370	24.00	8.50	64.58%	\$46,739
1988	\$64,614	24.00	7.50	68.75%	\$44,422
1987	\$82,749	24.00	6.50	72.91%	\$60,335
1986	\$63,447	24.00	5.51	77.06%	\$48,892
1985	\$53,428	24.00	4.53	81.13%	\$43,347
1984	\$61,003	24.00	3.60	85.00%	\$51,852
1983	\$49,315	24.00	2.84	88.17%	\$43,480
1982	\$29,935	24.00	2.20	90.83%	\$27,189
1981	\$22,209	24.00	1.71	92.86%	\$20,623
1980	\$17,959	24.00	1.35	94.38%	\$16,949
1979	\$6,138	24.00	1.07	95.54%	\$5,865
1978	\$2,620	24.00	0.82	96.60%	\$2,531
1977	\$645	24.00	0.78	96.74%	\$624
1976	\$343	24.00	0.69	97.12%	\$333
1975	\$39	24.00	0.63	97.39%	\$38
1974	\$5	24.00	0.58	97.58%	\$5
1973	\$1	24.00	0.55	97.72%	\$1
1972	\$0	24.00	0.51	97.88%	\$0
1971	\$0	24.00	0.51	97.88%	\$0
1970	\$0	24.00	0.50	97.90%	\$0
1969	\$0	24.00	0.50	97.91%	\$0
1968	\$0	24.00	0.50	97.92%	\$0
1967	\$0	24.00	0.50	97.92%	\$0
1966	\$0	24.00	0.50	97.92%	\$0
1965	\$0	24.00	0.50	97.92%	\$0
1964	\$0	24.00	0.50	97.92%	\$0
1963	\$0	24.00	0.00	100.00%	\$0
1962	\$0	24.00	0.00	100.00%	\$0
1961	\$0	24.00	0.00	100.00%	\$0
	\$2,241,901				\$1,022,538
					\$511,269
					\$1,533,808
	Net Salvage Adjustment		50%		

Cumberland Valley Electric Cooperative

Distribution Plant

Summary of Salvage and Removal Costs

Year	Original Cost of Retirements	Cost of Removal		Gross Salvage		Net Salvage	
		Amount	Percent	Amount	Percent	Amount	Percent
1985	408,991	248,386	61%	64,304	16%	(184,082)	-45%
1986	416,555	252,799	61%	54,880	13%	(197,919)	-48%
1987	386,949	229,493	59%	61,512	16%	(167,981)	-43%
1988	501,220	243,377	49%	120,032	24%	(123,345)	-25%
1989	451,177	220,347	49%	123,995	27%	(96,352)	-21%
1990	480,081	236,702	49%	148,188	31%	(88,514)	-18%
1991	345,372	207,689	60%	71,289	21%	(136,400)	-39%
1992	255,899	183,341	72%	73,408	29%	(109,933)	-43%
1993	306,036	206,700	68%	37,163	12%	(169,537)	-55%
1994	337,495	229,274	68%	70,627	21%	(158,647)	-47%
1995	372,290	244,163	66%	66,378	18%	(177,785)	-48%
1996	386,869	234,461	61%	49,416	13%	(185,045)	-48%
1997	366,198	266,584	73%	61,701	17%	(204,883)	-56%
1998	357,794	237,421	66%	63,667	18%	(173,754)	-49%
1999	496,665	282,371	57%	87,828	18%	(194,543)	-39%
2000	423,482	262,451	62%	89,061	21%	(173,390)	-41%
2001	628,278	294,349	47%	47,204	8%	(247,145)	-39%
2002	478,353	263,964	55%	47,883	10%	(216,081)	-45%
2003	426,584	288,469	68%	5,959	1%	(282,510)	-66%
2004	651,580	338,083	52%	64,245	10%	(273,838)	-42%
Total	\$8,477,868	\$4,970,424	59%	\$1,408,740	17%	(\$3,561,684)	-42%

Three Year Moving Averages

95 - 97	\$375,119	\$248,403	66%	\$59,165	16%	(\$189,238)	-50%
96 - 98	\$370,287	\$246,155	66%	\$58,261	16%	(\$187,894)	-51%
97 - 99	\$406,886	\$262,125	64%	\$71,065	17%	(\$191,060)	-47%
98 - 2000	\$425,980	\$260,748	61%	\$80,185	19%	(\$180,562)	-42%
99 - 01	\$516,142	\$279,724	54%	\$74,698	14%	(\$205,026)	-40%
00 - 02	\$510,038	\$273,588	54%	\$61,383	12%	(\$212,205)	-42%
01 - 03	\$511,072	\$282,261	55%	\$33,682	7%	(\$248,579)	-49%
02 - 04	\$518,839	\$296,839	57%	\$39,362	8%	(\$257,476)	-50%

Five Year Average

00 - 04	\$521,655	\$289,463	55%	\$50,870	10%	(\$238,593)	-46%
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Ten Year Average

95 - 04	\$458,809	\$271,232	59%	\$58,334	13%	(\$212,897)	-46%
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Cumberland Valley Electric Company

Account: 362 Station Equipment		Type of Account: Plant				
Year	Beginning Balance	Additions	Retirements	Adj	Ending Balance	Remarks/Notes
1945	\$0.00				\$0.00	
1946	\$0.00				\$0.00	
1947	\$0.00				\$0.00	
1948	\$0.00				\$0.00	
1949	\$0.00				\$0.00	
1950	\$0.00				\$0.00	
1951	\$0.00				\$0.00	
1952	\$0.00				\$0.00	
1953	\$0.00				\$0.00	
1954	\$0.00				\$0.00	
1955	\$0.00				\$0.00	
1956	\$0.00				\$0.00	
1957	\$0.00				\$0.00	
1958	\$0.00				\$0.00	
1959	\$0.00				\$0.00	
1960	\$0.00				\$0.00	
1961	\$0.00				\$0.00	
1962	\$0.00				\$0.00	
1963	\$0.00				\$0.00	
1964	\$0.00				\$0.00	
1965	\$0.00				\$0.00	
1966	\$0.00				\$0.00	
1967	\$0.00				\$0.00	
1968	\$0.00				\$0.00	
1969	\$0.00				\$0.00	
1970	\$0.00				\$0.00	
1971	\$0.00				\$0.00	
1972	\$0.00				\$0.00	
1973	\$0.00				\$0.00	
1974	\$0.00				\$0.00	
1975	\$0.00				\$0.00	
1976	\$0.00				\$0.00	
1977	\$0.00				\$0.00	
1978	\$0.00				\$0.00	
1979	\$0.00				\$0.00	
1980	\$0.00				\$0.00	
1981	\$0.00				\$0.00	
1982	\$0.00				\$0.00	
1983	\$0.00				\$0.00	
1984	\$0.00				\$0.00	
1985	\$0.00				\$0.00	
1986	\$0.00				\$0.00	
1987	\$0.00				\$0.00	
1988	\$0.00				\$0.00	
1989	\$0.00				\$0.00	
1990	\$0.00				\$0.00	
1991	\$0.00				\$0.00	
1992	\$0.00				\$0.00	
1993	\$0.00				\$0.00	
1994	\$0.00				\$0.00	
1995	\$0.00				\$0.00	
1996	\$0.00	\$6,996.00			\$6,996.00	
1997	\$6,996.00	\$24,765.00			\$31,761.00	
1998	\$31,761.00	\$29,989.00			\$61,750.00	
1999	\$61,750.00	\$41,470.00			\$103,220.00	
2000	\$103,220.00	\$20,434.00			\$123,654.00	
2001	\$123,654.00	\$0.00		0	\$123,654.00	
2002	\$123,654.00	\$5,104.00			\$128,758.00	
2003	\$128,758.00	\$30,813.00			\$159,571.00	
2004	\$159,571.00	\$56,137.00			\$215,708.00	

Cumberland Valley Electric Company

Year	Account:	364 Poles, Towers & Fixtures			Type of Account: Plant
	Beginning Balance	Additions	Retirements	Adj	Ending Balance
1930	\$0.00				\$0.00
1940	\$0.00				\$0.00
1941	\$0.00				\$0.00
1942	\$0.00	\$91,163.00	\$0.00		\$91,163.00
1943	\$91,163.00				\$91,163.00
1944	\$91,163.00				\$91,163.00
1945	\$91,163.00				\$91,163.00
1946	\$91,163.00	\$14,459.00	\$0.00		\$105,622.00
1947	\$105,622.00	\$18,465.00	\$468.00		\$123,619.00
1948	\$123,619.00	\$78,711.00	\$232.00		\$202,098.00
1949	\$202,098.00	\$296,363.00	\$7,523.00		\$490,938.00
1950	\$490,938.00	\$24,755.00	\$632.00		\$515,061.00
1951	\$515,061.00	\$138,762.00	\$1,076.00		\$652,747.00
1952	\$652,747.00	\$194,349.00	\$1,843.00		\$845,253.00
1953	\$845,253.00	\$19,336.00	\$3,766.00		\$860,823.00
1954	\$860,823.00	\$50,403.00	\$4,000.00		\$907,226.00
1955	\$907,226.00	\$54,119.00	\$10,750.00		\$950,595.00
1956	\$950,595.00	\$48,798.00	\$7,717.00		\$991,676.00
1957	\$991,676.00	\$35,172.00	\$9,338.00		\$1,017,510.00
1958	\$1,017,510.00	\$87,213.00	\$19,404.00		\$1,085,319.00
1959	\$1,085,319.00	\$25,906.00	\$16,724.00		\$1,094,501.00
1960	\$1,094,501.00	\$77,708.00	\$36,377.00		\$1,135,832.00
1961	\$1,135,832.00	\$45,262.00	\$16,991.00		\$1,164,103.00
1962	\$1,164,103.00	\$65,600.00	\$25,935.00		\$1,203,768.00
1963	\$1,203,768.00	\$54,054.00	\$22,252.00		\$1,235,570.00
1964	\$1,235,570.00	\$62,794.00	\$10,707.00		\$1,287,657.00
1965	\$1,287,657.00	\$41,542.00	\$14,821.00		\$1,314,378.00
1966	\$1,314,378.00	\$163,950.00	\$44,058.00		\$1,434,270.00
1967	\$1,434,270.00	\$67,826.00	\$18,761.00		\$1,483,335.00
1968	\$1,483,335.00	\$130,987.00	\$54,018.00		\$1,560,304.00
1969	\$1,560,304.00	\$380,094.00	\$41,654.00		\$1,898,744.00
1970	\$1,898,744.00	\$130,453.00	\$40,435.00		\$1,988,762.00
1971	\$1,988,762.00	\$194,195.00	\$49,152.00		\$2,133,805.00
1972	\$2,133,805.00	\$159,017.00	\$53,357.00		\$2,239,465.00
1973	\$2,239,465.00	\$413,466.00	\$157,166.00		\$2,495,765.00
1974	\$2,495,765.00	\$453,041.00	\$309,505.00		\$2,639,301.00
1975	\$2,639,301.00	\$457,821.00	\$136,054.00		\$2,961,068.00
1976	\$2,961,068.00	\$586,854.00	\$242,627.00		\$3,305,295.00
1977	\$3,305,295.00	\$509,420.00	\$208,267.00		\$3,606,448.00
1978	\$3,606,448.00	\$665,705.00	\$171,031.00		\$4,101,122.00
1979	\$4,101,122.00	\$517,827.00	\$135,164.00		\$4,483,785.00
1980	\$4,483,785.00	\$470,159.00	\$238,612.00		\$4,715,332.00
1981	\$4,715,332.00	\$528,541.00	\$131,803.00		\$5,112,070.00
1982	\$5,112,070.00	\$488,439.00	\$192,089.00		\$5,408,420.00
1983	\$5,408,420.00	\$473,019.00	\$256,851.00		\$5,624,588.00
1984	\$5,624,588.00	\$543,601.00	\$161,978.00		\$6,006,211.00
1985	\$6,006,211.00	\$532,158.00	\$168,621.00		\$6,369,748.00
1986	\$6,369,748.00	\$604,724.00	\$200,793.00		\$6,773,679.00
1987	\$6,773,679.00	\$492,596.00	\$119,077.00		\$7,147,198.00
1988	\$7,147,198.00	\$511,924.00	\$152,941.00		\$7,506,181.00
1989	\$7,506,181.00	\$483,571.00	\$146,179.00		\$7,843,573.00
1990	\$7,843,573.00	\$591,793.00	\$158,289.00		\$8,277,077.00
1991	\$8,277,077.00	\$599,348.00	\$136,266.00		\$8,740,159.00
1992	\$8,740,159.00	\$459,839.00	\$95,202.00		\$9,104,796.00
1993	\$9,104,796.00	\$614,584.00	\$132,396.00		\$9,586,984.00
1994	\$9,586,984.00	\$628,948.00	\$122,464.00		\$10,093,468.00
1995	\$10,093,468.00	\$801,558.00	\$144,920.00		\$10,750,106.00
1996	\$10,750,106.00	\$988,164.00	\$143,699.00		\$11,594,571.00
1997	\$11,594,571.00	\$798,589.00	\$150,049.00		\$12,243,111.00
1998	\$12,243,111.00	\$820,181.00	\$147,725.00		\$12,915,567.00
1999	\$12,915,567.00	\$1,006,401.00	\$168,889.00		\$13,753,079.00
2000	\$13,753,079.00	\$886,647.00	\$145,898.00		\$14,493,828.00
2001	\$14,493,828.00	\$903,439.00	\$223,867.00		\$15,173,400.00
2002	\$15,173,400.00	\$1,177,931.00	\$149,643.00		\$16,201,688.00
2003	\$16,201,688.00	\$1,068,050.00	\$177,680.00		\$17,092,058.00
2004	\$17,092,058.00	\$1,080,208.00	\$205,717.00		\$17,966,549.00

Cumberland Valley Electric Company

Year	Account:	365 Overhead Conductors & Devices			Type of Account: Plant
	Beginning Balance	Additions	Retirements	Adj	Ending Balance
1939	\$0.00				\$0.00
1940	\$0.00				\$0.00
1941	\$0.00				\$0.00
1942	\$0.00	\$84,882.00	\$0.00		\$84,882.00
1943	\$84,882.00				\$84,882.00
1944	\$84,882.00				\$84,882.00
1945	\$84,882.00				\$84,882.00
1946	\$84,882.00	\$11,559.00	\$0.00		\$96,441.00
1947	\$96,441.00	\$19,048.00	\$115.00		\$115,374.00
1948	\$115,374.00	\$71,298.00	\$168.00		\$186,504.00
1949	\$186,504.00	\$328,251.00	\$1,162.00		\$513,593.00
1950	\$513,593.00	\$130,333.00	\$768.00		\$643,158.00
1951	\$643,158.00	\$24,947.00	\$283.00		\$667,822.00
1952	\$667,822.00	\$179,929.00	\$875.00		\$846,876.00
1953	\$846,876.00	\$12,914.00	\$1,751.00		\$858,039.00
1954	\$858,039.00	\$42,106.00	\$1,328.00		\$898,817.00
1955	\$898,817.00	\$57,252.00	\$1,842.00		\$954,227.00
1956	\$954,227.00	\$52,681.00	\$3,863.00		\$1,003,045.00
1957	\$1,003,045.00	\$32,759.00	\$3,814.00		\$1,031,990.00
1958	\$1,031,990.00	\$93,261.00	\$6,039.00		\$1,119,212.00
1959	\$1,119,212.00	\$14,202.00	\$8,909.00		\$1,124,505.00
1960	\$1,124,505.00	\$59,396.00	\$9,336.00		\$1,174,565.00
1961	\$1,174,565.00	\$26,372.00	\$7,064.00		\$1,193,873.00
1962	\$1,193,873.00	\$30,056.00	\$12,692.00		\$1,211,237.00
1963	\$1,211,237.00	\$23,077.00	\$11,796.00		\$1,222,518.00
1964	\$1,222,518.00	\$33,712.00	\$3,212.00		\$1,253,018.00
1965	\$1,253,018.00	\$20,951.00	\$7,595.00		\$1,266,374.00
1966	\$1,266,374.00	\$182,032.00	\$20,891.00		\$1,427,515.00
1967	\$1,427,515.00	\$34,873.00	\$9,586.00		\$1,452,802.00
1968	\$1,452,802.00	\$145,125.00	\$31,979.00		\$1,565,948.00
1969	\$1,565,948.00	\$89,899.00	\$22,291.00		\$1,633,556.00
1970	\$1,633,556.00	\$51,569.00	\$31,290.00		\$1,653,835.00
1971	\$1,653,835.00	\$106,688.00	\$26,295.00		\$1,734,228.00
1972	\$1,734,228.00	\$69,405.00	\$31,260.00		\$1,772,373.00
1973	\$1,772,373.00	\$393,145.00	\$161,302.00		\$2,004,216.00
1974	\$2,004,216.00	\$385,711.00	\$307,693.00		\$2,082,234.00
1975	\$2,082,234.00	\$293,943.00	\$151,266.00		\$2,224,911.00
1976	\$2,224,911.00	\$442,204.00	\$171,754.00		\$2,495,361.00
1977	\$2,495,361.00	\$471,591.00	\$184,740.00		\$2,782,212.00
1978	\$2,782,212.00	\$609,396.00	\$123,459.00		\$3,268,149.00
1979	\$3,268,149.00	\$343,438.00	\$79,386.00		\$3,532,201.00
1980	\$3,532,201.00	\$1,032,767.00	\$121,934.00		\$4,443,034.00
1981	\$4,443,034.00	\$222,920.00	\$40,834.00		\$4,625,120.00
1982	\$4,625,120.00	\$154,763.00	\$38,420.00		\$4,741,463.00
1983	\$4,741,463.00	\$250,678.00	\$50,314.00		\$4,941,827.00
1984	\$4,941,827.00	\$417,000.00	\$79,156.00		\$5,279,671.00
1985	\$5,279,671.00	\$521,674.00	\$94,009.00		\$5,707,336.00
1986	\$5,707,336.00	\$474,303.00	\$78,958.00		\$6,102,681.00
1987	\$6,102,681.00	\$476,123.00	\$95,560.00		\$6,483,244.00
1988	\$6,483,244.00	\$802,802.00	\$194,843.00		\$7,091,203.00
1989	\$7,091,203.00	\$871,190.00	\$176,542.00		\$7,785,851.00
1990	\$7,785,851.00	\$863,244.00	\$179,941.00		\$8,469,154.00
1991	\$8,469,154.00	\$431,653.00	\$77,960.00		\$8,822,847.00
1992	\$8,822,847.00	\$384,015.00	\$39,684.00		\$9,167,178.00
1993	\$9,167,178.00	\$505,811.00	\$43,532.00		\$9,629,457.00
1994	\$9,629,457.00	\$661,465.00	\$98,980.00		\$10,191,942.00
1995	\$10,191,942.00	\$608,940.00	\$89,576.00		\$10,711,306.00
1996	\$10,711,306.00	\$715,057.00	\$83,243.00		\$11,343,120.00
1997	\$11,343,120.00	\$555,262.00	\$81,880.00		\$11,816,502.00
1998	\$11,816,502.00	\$477,782.00	\$71,958.00		\$12,222,326.00
1999	\$12,222,326.00	\$874,570.00	\$105,027.00		\$12,991,869.00
2000	\$12,991,869.00	\$547,178.00	\$52,694.00		\$13,486,353.00
2001	\$13,486,353.00	\$508,649.00	\$72,210.00		\$13,922,792.00
2002	\$13,922,792.00	\$859,224.00	\$81,200.00		\$14,700,816.00
2003	\$14,700,816.00	\$738,808.00	\$82,189.00		\$15,357,435.00
2004	\$15,357,435.00	\$969,615.00	\$122,956.00		\$16,204,094.00

Cumberland Valley Electric Company

Account: 367		Underground Conductors & Devices			Type of Account: Plant	
Year	Beginning Balance	Additions	Retirements	Adj	Ending Balance	Remarks/Notes
1938	\$0.00				\$0.00	
1939	\$0.00				\$0.00	
1940	\$0.00				\$0.00	
1941	\$0.00				\$0.00	
1942	\$0.00				\$0.00	
1943	\$0.00				\$0.00	
1944	\$0.00				\$0.00	
1945	\$0.00				\$0.00	
1946	\$0.00				\$0.00	
1947	\$0.00				\$0.00	
1948	\$0.00				\$0.00	
1949	\$0.00				\$0.00	
1950	\$0.00				\$0.00	
1951	\$0.00				\$0.00	
1952	\$0.00				\$0.00	
1953	\$0.00				\$0.00	
1954	\$0.00				\$0.00	
1955	\$0.00				\$0.00	
1956	\$0.00				\$0.00	
1957	\$0.00				\$0.00	
1958	\$0.00				\$0.00	
1959	\$0.00				\$0.00	
1960	\$0.00				\$0.00	
1961	\$0.00				\$0.00	
1962	\$0.00				\$0.00	
1963	\$0.00				\$0.00	
1964	\$0.00				\$0.00	
1965	\$0.00				\$0.00	
1966	\$0.00				\$0.00	
1967	\$0.00				\$0.00	
1968	\$0.00	\$1,410.00	\$0.00		\$1,410.00	
1969	\$1,410.00	\$0.00	\$0.00		\$1,410.00	
1970	\$1,410.00	\$6,930.00	\$0.00		\$8,340.00	
1971	\$8,340.00	\$1,879.00	\$0.00		\$10,219.00	
1972	\$10,219.00	\$2,638.00	\$0.00		\$12,857.00	
1973	\$12,857.00	\$6,176.00	\$0.00		\$19,033.00	
1974	\$19,033.00	\$2,631.00	\$418.00		\$21,246.00	
1975	\$21,246.00	\$264.00	\$0.00		\$21,510.00	
1976	\$21,510.00	\$170.00	\$0.00		\$21,680.00	
1977	\$21,680.00	\$212.00	\$0.00		\$21,892.00	
1978	\$21,892.00	\$1,830.00	\$117.00		\$23,605.00	
1979	\$23,605.00	\$2,370.00	\$299.00		\$25,676.00	
1980	\$25,676.00	\$1,263.00	\$0.00		\$26,939.00	
1981	\$26,939.00	\$2,482.00	\$0.00		\$29,421.00	
1982	\$29,421.00	\$9,464.00	\$130.00		\$38,755.00	
1983	\$38,755.00	\$6,224.00	\$349.00		\$44,630.00	
1984	\$44,630.00	\$6,738.00	\$4,674.00		\$46,694.00	
1985	\$46,694.00	\$7,809.00	\$1,172.00		\$53,331.00	
1986	\$53,331.00	\$11,706.00	\$0.00		\$65,037.00	
1987	\$65,037.00	\$31,994.00	\$201.00		\$96,830.00	
1988	\$96,830.00	\$40,628.00	\$670.00		\$136,788.00	
1989	\$136,788.00	\$37,742.00	\$128.00		\$174,402.00	
1990	\$174,402.00	\$20,031.00	\$5,405.00		\$189,028.00	
1991	\$189,028.00	\$26,880.00	\$2,070.00		\$213,838.00	
1992	\$213,838.00	\$35,427.00	\$2,916.00		\$246,349.00	
1993	\$246,349.00	\$32,508.00	\$1,190.00		\$277,667.00	
1994	\$277,667.00	\$35,439.00	\$907.00		\$312,199.00	
1995	\$312,199.00	\$72,379.00	\$1,716.00		\$382,862.00	
1996	\$382,862.00	\$70,048.00	\$2,152.00		\$450,758.00	
1997	\$450,758.00	\$81,658.00	\$671.00		\$531,745.00	
1998	\$531,745.00	\$117,901.00	\$1,753.00		\$647,893.00	
1999	\$647,893.00	\$178,847.00	\$4,050.00		\$822,690.00	
2000	\$822,690.00	\$199,360.00	\$1,239.00		\$1,020,811.00	
2001	\$1,020,811.00	\$190,113.00	\$7,524.00		\$1,203,400.00	
2002	\$1,203,400.00	\$209,008.00	\$8,643.00		\$1,403,765.00	
2003	\$1,403,765.00	\$216,029.00	\$6,140.00		\$1,613,654.00	
2004	\$1,613,654.00	\$219,553.00	\$8,748.00		\$1,824,459.00	

Cumberland Valley Electric Company

Year	Account:	368 Line Transformers			Type of Account: Plant	Remarks/Notes
	Beginning Balance	Additions	Retirements	Adj	Ending Balance	
1938	\$0.00				\$0.00	
1939	\$0.00				\$0.00	
1940	\$0.00				\$0.00	
1941	\$0.00	\$820.00	\$0.00		\$820.00	
1942	\$820.00	\$46,803.00	\$0.00		\$47,623.00	
1943	\$47,623.00	\$890.00	\$0.00		\$48,513.00	
1944	\$48,513.00	\$1,107.00	\$0.00		\$49,620.00	
1945	\$49,620.00	\$3,001.00	\$0.00		\$52,621.00	
1946	\$52,621.00	\$15,705.00	\$0.00		\$68,326.00	
1947	\$68,326.00	\$47,286.00	\$0.00		\$115,612.00	
1948	\$115,612.00	\$105,226.00	\$130.00		\$220,708.00	
1949	\$220,708.00	\$81,692.00	\$260.00		\$302,140.00	
1950	\$302,140.00	\$60,715.00	\$156.00		\$362,699.00	
1951	\$362,699.00	\$36,945.00	\$461.00		\$399,183.00	
1952	\$399,183.00	\$87,398.00	\$0.00		\$486,581.00	
1953	\$486,581.00	\$22,636.00	\$190.00		\$509,027.00	
1954	\$509,027.00	\$27,723.00	\$24.00		\$536,726.00	
1955	\$536,726.00	\$45,707.00	\$3,270.00		\$579,163.00	
1956	\$579,163.00	\$39,865.00	\$0.00		\$619,028.00	
1957	\$619,028.00	\$55,153.00	\$6,881.00		\$667,300.00	
1958	\$667,300.00	\$65,306.00	\$11,232.00		\$721,374.00	
1959	\$721,374.00	\$70,060.00	\$9,192.00		\$782,242.00	
1960	\$782,242.00	\$75,536.00	\$6,109.00		\$851,669.00	
1961	\$851,669.00	\$49,188.00	\$7,762.00		\$893,095.00	
1962	\$893,095.00	\$54,974.00	\$6,453.00		\$941,616.00	
1963	\$941,616.00	\$41,926.00	\$2,653.00		\$980,889.00	
1964	\$980,889.00	\$33,723.00	\$7,856.00		\$1,008,756.00	
1965	\$1,006,756.00	\$43,270.00	\$13,752.00		\$1,036,274.00	
1966	\$1,036,274.00	\$81,605.00	\$2,114.00		\$1,115,765.00	
1967	\$1,115,765.00	\$41,185.00	\$7,528.00		\$1,149,422.00	
1968	\$1,149,422.00	\$86,529.00	\$19,938.00		\$1,216,013.00	
1969	\$1,216,013.00	\$63,924.00	\$18,890.00		\$1,261,047.00	
1970	\$1,261,047.00	\$95,075.00	\$15,740.00		\$1,340,382.00	
1971	\$1,340,382.00	\$106,357.00	\$24,129.00		\$1,422,610.00	
1972	\$1,422,610.00	\$163,775.00	\$27,521.00		\$1,558,864.00	
1973	\$1,558,864.00	\$245,156.00	\$18,913.00		\$1,785,107.00	
1974	\$1,785,107.00	\$226,238.00	\$35,046.00		\$1,976,299.00	
1975	\$1,976,299.00	\$235,583.00	\$91,101.00		\$2,120,781.00	
1976	\$2,120,781.00	\$301,647.00	\$156,166.00		\$2,266,262.00	
1977	\$2,266,262.00	\$417,800.00	\$36,213.00		\$2,647,849.00	
1978	\$2,647,849.00	\$287,679.00	\$141,768.00		\$2,793,760.00	
1979	\$2,793,760.00	\$301,667.00	\$55,361.00		\$3,040,066.00	
1980	\$3,040,066.00	\$528,429.00	\$23,507.00		\$3,544,988.00	
1981	\$3,544,988.00	\$293,387.00	\$112,160.00		\$3,726,215.00	
1982	\$3,726,215.00	\$142,426.00	\$57,930.00		\$3,810,711.00	
1983	\$3,810,711.00	\$179,581.00	\$147,141.00		\$3,843,151.00	
1984	\$3,843,151.00	\$341,552.00	\$154,517.00		\$4,030,186.00	
1985	\$4,030,186.00	\$251,415.00	\$64,536.00		\$4,217,065.00	
1986	\$4,217,065.00	\$313,350.00	\$71,922.00		\$4,458,493.00	
1987	\$4,458,493.00	\$310,776.00	\$81,983.00		\$4,687,286.00	
1988	\$4,687,286.00	\$195,594.00	\$43,061.00		\$4,839,819.00	
1989	\$4,839,819.00	\$205,496.00	\$36,002.00		\$5,009,313.00	
1990	\$5,009,313.00	\$147,174.00	\$33,523.00		\$5,122,964.00	
1991	\$5,122,964.00	\$175,823.00	\$36,762.00		\$5,262,025.00	
1992	\$5,262,025.00	\$242,131.00	\$32,488.00		\$5,471,668.00	
1993	\$5,471,668.00	\$302,802.00	\$28,514.00		\$5,745,956.00	
1994	\$5,745,956.00	\$329,010.00	\$15,236.00		\$6,059,730.00	
1995	\$6,059,730.00	\$353,549.00	\$34,419.00		\$6,378,660.00	
1996	\$6,378,660.00	\$373,033.00	\$51,178.00		\$6,700,715.00	
1997	\$6,700,715.00	\$360,080.00	\$15,026.00		\$7,045,769.00	
1998	\$7,045,769.00	\$398,467.00	\$18,953.00		\$7,425,283.00	
1999	\$7,425,283.00	\$283,672.00	\$0.00		\$7,708,955.00	
2000	\$7,708,955.00	\$360,303.00	\$0.00		\$8,069,258.00	
2001	\$8,069,258.00	\$310,451.00	\$95,876.00		\$8,283,833.00	
2002	\$8,283,833.00	\$382,359.00	\$17,749.00		\$8,648,443.00	
2003	\$8,648,443.00	\$284,499.00			\$8,932,942.00	
2004	\$8,932,942.00	\$309,801.00	\$131,485.00		\$9,111,258.00	

Cumberland Valley Electric Company

Account: 370 Meters		Type of Account: Plant				
Year	Beginning Balance	Additions	Retirements	Adj	Ending Balance	Remarks/Notes
1938	\$0.00				\$0.00	
1939	\$0.00				\$0.00	
1940	\$0.00				\$0.00	
1941	\$0.00				\$0.00	
1942	\$0.00	\$16,624.00	\$0.00		\$16,624.00	
1943	\$16,624.00	\$0.00	\$0.00		\$16,624.00	
1944	\$16,624.00	\$612.00	\$0.00		\$17,236.00	
1945	\$17,236.00	\$4,915.00	\$0.00		\$22,151.00	
1946	\$22,151.00	\$18,033.00	\$0.00		\$40,184.00	
1947	\$40,184.00	\$9,327.00	\$215.00		\$49,296.00	
1948	\$49,296.00	\$14,350.00	\$0.00		\$63,646.00	
1949	\$63,646.00	\$30,353.00	\$0.00		\$93,999.00	
1950	\$93,999.00	\$9,133.00	\$21.00		\$103,111.00	
1951	\$103,111.00	\$14,810.00	\$25.00		\$117,896.00	
1952	\$117,896.00	\$8,587.00	\$0.00		\$126,483.00	
1953	\$126,483.00	\$5,115.00	\$136.00		\$131,462.00	
1954	\$131,462.00	\$8,601.00	\$0.00		\$140,063.00	
1955	\$140,063.00	\$9,547.00	\$5,061.00		\$144,549.00	
1956	\$144,549.00	\$10,425.00	\$1,012.00		\$153,962.00	
1957	\$153,962.00	\$15,649.00	\$975.00		\$168,636.00	
1958	\$168,636.00	\$6,517.00	\$2,093.00		\$173,060.00	
1959	\$173,060.00	\$9,765.00	\$0.00		\$182,825.00	
1960	\$182,825.00	\$10,248.00	\$0.00		\$193,073.00	
1961	\$193,073.00	\$9,292.00	\$7.00		\$202,358.00	
1962	\$202,358.00	\$8,260.00	\$1,119.00		\$209,499.00	
1963	\$209,499.00	\$4,434.00	\$526.00		\$213,405.00	
1964	\$213,405.00	\$13,744.00	\$5,100.00		\$222,049.00	
1965	\$222,049.00	\$10,219.00	\$3,431.00		\$228,837.00	
1966	\$228,837.00	\$13,965.00	\$344.00		\$242,456.00	
1967	\$242,456.00	\$7,399.00	\$225.00		\$249,632.00	
1968	\$249,632.00	\$18,685.00	\$6,538.00		\$261,779.00	
1969	\$261,779.00	\$11,086.00	\$3,233.00		\$269,632.00	
1970	\$269,632.00	\$9,532.00	\$822.00		\$278,342.00	
1971	\$278,342.00	\$24,836.00	\$9,152.00		\$294,026.00	
1972	\$294,026.00	\$27,975.00	\$11,302.00		\$310,699.00	
1973	\$310,699.00	\$39,805.00	\$560.00		\$349,944.00	
1974	\$349,944.00	\$20,913.00	\$560.00		\$370,297.00	
1975	\$370,297.00	\$38,899.00	\$1,073.00		\$408,123.00	
1976	\$408,123.00	\$48,170.00	\$1,633.00		\$454,460.00	
1977	\$454,460.00	\$84,043.00	\$0.00		\$538,503.00	
1978	\$538,503.00	\$94,013.00	\$21,767.00		\$610,749.00	
1979	\$610,749.00	\$56,442.00	\$0.00		\$667,191.00	
1980	\$667,191.00	\$27,350.00	\$0.00		\$694,541.00	
1981	\$694,541.00	\$70,899.00	\$30,554.00		\$734,866.00	
1982	\$734,866.00	\$60,056.00	\$19,344.00		\$775,596.00	
1983	\$775,596.00	\$38,165.00	\$17,079.00		\$796,704.00	
1984	\$796,704.00	\$82,207.00	\$15,205.00		\$863,706.00	
1985	\$863,706.00	\$48,200.00	\$11,451.00		\$900,455.00	
1986	\$900,455.00	\$46,178.00	\$404.00		\$946,229.00	
1987	\$946,229.00	\$60,097.00	\$24,120.00		\$982,206.00	
1988	\$982,206.00	\$47,597.00	\$26,130.00		\$1,003,673.00	
1989	\$1,003,673.00	\$69,693.00	\$20,361.00		\$1,053,205.00	
1990	\$1,053,205.00	\$40,213.00	\$18,776.00		\$1,074,642.00	
1991	\$1,074,642.00	\$23,725.00	\$9,951.00		\$1,088,416.00	
1992	\$1,088,416.00	\$47,614.00	\$6,750.00		\$1,129,280.00	
1993	\$1,129,280.00	\$26,324.00	\$6,497.00		\$1,149,107.00	
1994	\$1,149,107.00	\$53,199.00	\$0.00		\$1,202,306.00	
1995	\$1,202,306.00	\$91,444.00	\$11,066.00		\$1,282,664.00	
1996	\$1,282,664.00	\$44,422.00	\$5,430.00		\$1,321,656.00	
1997	\$1,321,656.00	\$60,713.00	\$0.00		\$1,382,369.00	
1998	\$1,382,369.00	\$94,326.00			\$1,476,695.00	
1999	\$1,476,695.00	\$139,698.00	\$61,738.00		\$1,554,655.00	
2000	\$1,554,655.00	\$147,017.00	\$51,684.00		\$1,649,988.00	
2001	\$1,649,988.00	\$29,870.00	\$62,721.00		\$1,617,137.00	
2002	\$1,617,137.00	\$64,855.00	\$89,385.00		\$1,612,607.00	
2003	\$1,612,607.00	\$65,534.00	\$0.00		\$1,678,141.00	
2004	\$1,678,141.00	\$96,309.00	\$6,221.00		\$1,768,229.00	

Cumberland Valley Electric Company

Year	Account: Beginning Balance	370 Additions	Meters Retirements	Adj	Type of Account: Plant Ending Balance	Remarks/Notes
1940	\$0.00				\$0.00	
1941	\$0.00				\$0.00	
1942	\$0.00				\$0.00	
1943	\$0.00				\$0.00	
1944	\$0.00				\$0.00	
1945	\$0.00				\$0.00	
1946	\$0.00				\$0.00	
1947	\$0.00				\$0.00	
1948	\$0.00				\$0.00	
1949	\$0.00				\$0.00	
1950	\$0.00				\$0.00	
1951	\$0.00				\$0.00	
1952	\$0.00				\$0.00	
1953	\$0.00				\$0.00	
1954	\$0.00				\$0.00	
1955	\$0.00				\$0.00	
1956	\$0.00				\$0.00	
1957	\$0.00				\$0.00	
1958	\$0.00				\$0.00	
1959	\$0.00				\$0.00	
1960	\$0.00				\$0.00	
1961	\$0.00				\$0.00	
1962	\$0.00				\$0.00	
1963	\$0.00				\$0.00	
1964	\$0.00				\$0.00	
1965	\$0.00				\$0.00	
1966	\$0.00				\$0.00	
1967	\$0.00				\$0.00	
1968	\$0.00				\$0.00	
1969	\$0.00				\$0.00	
1970	\$0.00				\$0.00	
1971	\$0.00				\$0.00	
1972	\$0.00				\$0.00	
1973	\$0.00				\$0.00	
1974	\$0.00				\$0.00	
1975	\$0.00				\$0.00	
1976	\$0.00				\$0.00	
1977	\$0.00				\$0.00	
1978	\$0.00				\$0.00	
1979	\$0.00				\$0.00	
1980	\$0.00				\$0.00	
1981	\$0.00				\$0.00	
1982	\$0.00				\$0.00	
1983	\$0.00				\$0.00	
1984	\$0.00				\$0.00	
1985	\$0.00				\$0.00	
1986	\$0.00				\$0.00	
1987	\$0.00				\$0.00	
1988	\$0.00				\$0.00	
1989	\$0.00				\$0.00	
1990	\$0.00				\$0.00	
1991	\$0.00				\$0.00	
1992	\$0.00				\$0.00	
1993	\$0.00				\$0.00	
1994	\$0.00				\$0.00	
1995	\$0.00				\$0.00	
1996	\$0.00				\$0.00	
1997	\$0.00	\$164,262.00	\$0.00		\$164,262.00	
1998	\$164,262.00	\$446,628.00	\$0.00		\$610,890.00	
1999	\$610,890.00	\$451,891.00	\$0.00		\$1,062,781.00	
2000	\$1,062,781.00	\$320,831.00	\$0.00		\$1,383,612.00	
2001	\$1,383,612.00	\$11,231.00	\$0.00		\$1,394,843.00	
2002	\$1,394,843.00	\$57,368.00	\$0.00		\$1,452,211.00	
2003	\$1,452,211.00	\$74,907.00	\$0.00		\$1,527,118.00	
2004	\$1,527,118.00	\$87,557.00	\$0.00		\$1,614,675.00	

Cumberland Valley Electric

Year	Account: 370		Meters		Adj	Type of Account: Plant	
	Beginning Balance		Additions	Retirements		Ending Balance	Remarks/Notes
1939	\$0.00					\$0.00	
1940	\$0.00					\$0.00	
1941	\$0.00					\$0.00	
1942	\$0.00					\$0.00	
1943	\$0.00					\$0.00	
1944	\$0.00					\$0.00	
1945	\$0.00					\$0.00	
1946	\$0.00					\$0.00	
1947	\$0.00					\$0.00	
1948	\$0.00					\$0.00	
1949	\$0.00					\$0.00	
1950	\$0.00					\$0.00	
1951	\$0.00					\$0.00	
1952	\$0.00					\$0.00	
1953	\$0.00					\$0.00	
1954	\$0.00					\$0.00	
1955	\$0.00					\$0.00	
1956	\$0.00					\$0.00	
1957	\$0.00					\$0.00	
1958	\$0.00					\$0.00	
1959	\$0.00					\$0.00	
1960	\$0.00					\$0.00	
1961	\$0.00					\$0.00	
1962	\$0.00					\$0.00	
1963	\$0.00					\$0.00	
1964	\$0.00					\$0.00	
1965	\$0.00					\$0.00	
1966	\$0.00					\$0.00	
1967	\$0.00					\$0.00	
1968	\$0.00					\$0.00	
1969	\$0.00					\$0.00	
1970	\$0.00					\$0.00	
1971	\$0.00					\$0.00	
1972	\$0.00					\$0.00	
1973	\$0.00					\$0.00	
1974	\$0.00					\$0.00	
1975	\$0.00					\$0.00	
1976	\$0.00					\$0.00	
1977	\$0.00					\$0.00	
1978	\$0.00					\$0.00	
1979	\$0.00					\$0.00	
1980	\$0.00					\$0.00	
1981	\$0.00					\$0.00	
1982	\$0.00					\$0.00	
1983	\$0.00					\$0.00	
1984	\$0.00					\$0.00	
1985	\$0.00					\$0.00	
1986	\$0.00					\$0.00	
1987	\$0.00					\$0.00	
1988	\$0.00					\$0.00	
1989	\$0.00					\$0.00	
1990	\$0.00					\$0.00	
1991	\$0.00					\$0.00	
1992	\$0.00					\$0.00	
1993	\$0.00					\$0.00	
1994	\$0.00					\$0.00	
1995	\$0.00					\$0.00	
1996	\$0.00					\$0.00	
1997	\$0.00	\$0.00		\$0.00		\$0.00	
1998	\$0.00	\$0.00		\$0.00		\$0.00	
1999	\$0.00	\$0.00		\$0.00		\$0.00	
2000	\$0.00	\$0.00		\$0.00		\$0.00	
2001	\$0.00					\$0.00	
2002	\$0.00					\$0.00	
2003	\$0.00					\$0.00	
2004	\$0.00	\$64,376.00		\$0.00		\$64,376.00	

Cumberland Valley Electric Company

Year	Account: 371		Installations on Customers' Premises		Type of Account: Plant	Ending Balance	Remarks/Notes
	Beginning Balance	Additions	Retirements	Adj			
1939	\$0.00					\$0.00	
1940	\$0.00					\$0.00	
1941	\$0.00					\$0.00	
1942	\$0.00					\$0.00	
1943	\$0.00					\$0.00	
1944	\$0.00					\$0.00	
1945	\$0.00					\$0.00	
1946	\$0.00					\$0.00	
1947	\$0.00					\$0.00	
1948	\$0.00					\$0.00	
1949	\$0.00					\$0.00	
1950	\$0.00					\$0.00	
1951	\$0.00					\$0.00	
1952	\$0.00					\$0.00	
1953	\$0.00					\$0.00	
1954	\$0.00					\$0.00	
1955	\$0.00					\$0.00	
1956	\$0.00					\$0.00	
1957	\$0.00					\$0.00	
1958	\$0.00					\$0.00	
1959	\$0.00					\$0.00	
1960	\$0.00					\$0.00	
1961	\$0.00					\$0.00	
1962	\$0.00	\$15,589.00	\$4,912.00			\$10,677.00	
1963	\$10,677.00	\$8,608.00	\$744.00			\$18,541.00	
1964	\$18,541.00	\$29,297.00	\$3,135.00			\$44,703.00	
1965	\$44,703.00	\$7,933.00	\$2,270.00			\$50,366.00	
1966	\$50,366.00	\$12,581.00	\$2,387.00			\$60,560.00	
1967	\$60,560.00	\$12,480.00	\$4,656.00			\$68,384.00	
1968	\$68,384.00	\$28,253.00	\$3,939.00			\$92,698.00	
1969	\$92,698.00	\$42,772.00	\$3,470.00			\$132,000.00	
1970	\$132,000.00	\$44,175.00	\$3,650.00			\$172,525.00	
1971	\$172,525.00	\$34,638.00	\$7,094.00			\$200,089.00	
1972	\$200,089.00	\$64,789.00	\$8,373.00			\$256,485.00	
1973	\$256,485.00	\$74,844.00	\$9,375.00			\$321,954.00	
1974	\$321,954.00	\$45,283.00	\$17,255.00			\$349,982.00	
1975	\$349,982.00	\$41,839.00	\$8,618.00			\$383,203.00	
1976	\$383,203.00	\$63,532.00	\$9,404.00			\$437,331.00	
1977	\$437,331.00	\$28,189.00	\$12,836.00			\$452,684.00	
1978	\$452,684.00	\$28,203.00	\$13,615.00			\$467,272.00	
1979	\$467,272.00	\$28,628.00	\$13,063.00			\$482,837.00	
1980	\$482,837.00	\$45,332.00	\$13,026.00			\$515,143.00	
1981	\$515,143.00	\$38,779.00	\$12,539.00			\$539,383.00	
1982	\$539,383.00	\$38,105.00	\$10,512.00			\$566,976.00	
1983	\$566,976.00	\$54,366.00	\$15,627.00			\$605,715.00	
1984	\$605,715.00	\$62,431.00	\$11,991.00			\$666,155.00	
1985	\$666,155.00	\$53,718.00	\$14,607.00			\$695,266.00	
1986	\$695,266.00	\$63,505.00	\$12,624.00			\$746,147.00	
1987	\$746,147.00	\$82,758.00	\$12,042.00			\$816,863.00	
1988	\$816,863.00	\$64,615.00	\$15,743.00			\$865,735.00	
1989	\$865,735.00	\$72,370.00	\$10,844.00			\$927,261.00	
1990	\$927,261.00	\$87,431.00	\$17,604.00			\$997,088.00	
1991	\$997,088.00	\$78,958.00	\$18,530.00			\$1,057,516.00	
1992	\$1,057,516.00	\$121,980.00	\$20,162.00			\$1,159,334.00	
1993	\$1,159,334.00	\$128,833.00	\$30,379.00			\$1,257,788.00	
1994	\$1,257,788.00	\$131,952.00	\$26,019.00			\$1,363,721.00	
1995	\$1,363,721.00	\$142,030.00	\$22,050.00			\$1,483,701.00	
1996	\$1,483,701.00	\$182,859.00	\$29,998.00			\$1,636,562.00	
1997	\$1,636,562.00	\$180,144.00	\$33,504.00			\$1,783,202.00	
1998	\$1,783,202.00	\$238,450.00	\$46,755.00			\$1,974,897.00	
1999	\$1,974,897.00	\$192,437.00	\$63,748.00			\$2,103,586.00	
2000	\$2,103,586.00	\$230,009.00	\$92,156.00			\$2,241,439.00	
2001	\$2,241,439.00	\$211,664.00	\$67,427.00			\$2,385,676.00	
2002	\$2,385,676.00	\$255,077.00	\$57,802.00			\$2,582,951.00	
2003	\$2,582,951.00	\$210,655.00	\$73,452.00			\$2,720,154.00	
2004	\$2,720,154.00	\$219,974.00	\$78,810.00			\$2,861,318.00	

**Cumberland Valley Electric
Calculation of Rates Using Last Five Year
Net Salvage Amount
Distribution Plant**

<u>Account Number</u>	<u>Description</u>	<u>Balance Dec 31, 2004</u>	<u>Net Salvage Ratio</u>	<u>Net Salvage Amount</u>	<u>Ratio to Total</u>	<u>Net Salvage Allocation</u>	<u>Net Salvage Percent</u>
362	Station equipment	215,708	0%	0	0.00%	0	0.00%
364	Poles, towers & fixtures	17,966,549	60%	10,779,929	44.59%	106,387	0.59%
365	Overhead conductors & devices	16,204,094	55%	8,912,252	36.86%	87,955	0.54%
367	Underground conductors & devices	1,824,459	45%	821,007	3.40%	8,103	0.44%
368	Line transformers	9,111,258	0%	0	0.00%	0	0.00%
369	Services	5,648,958	45%	2,542,031	10.51%	25,087	0.44%
370	Meters	1,768,229	0%	0	0.00%	0	0.00%
370.1	Turtle I meters	1,614,675	0%	0	0.00%	0	0.00%
370.11	Turtle II meters	64,376	0%	0	0.00%	0	0.00%
371	Installations on customers premises	<u>2,241,439</u>	50%	<u>1,120,720</u>	4.64%	<u>11,060</u>	0.49%
	Total distribution plant	<u>56,659,745</u>		<u>24,175,938</u>		<u>238,593</u>	
				Five year average net salvage amount		<u>238,593</u>	

Section: 9

**Cumberland Valley Electric
Whole Life Depreciation Rates
Distribution Plant**

Account Number	Description	Balance Dec 31, 2004	Average Service Life	No Net Salvage		Net Salvage Percent	With Net Salvage Adjusted		Existing	
				Accrual	Rate		Rate	Accrual	Rate	Accrual
362	Station equipment	215,708	25	8,628	4.00%	0.00%	4.00%	8,628	3.10%	6,687
364	Poles, towers & fixtures	17,966,549	26	691,021	3.85%	0.59%	4.44%	797,409	4.00%	718,662
365	Overhead conductors & devices	16,204,094	29	558,762	3.45%	0.54%	3.99%	646,717	2.80%	453,715
367	Underground conductors & devices	1,824,459	20	91,223	5.00%	0.44%	5.44%	99,325	4.00%	72,978
368	Line transformers	9,111,258	43	211,890	2.33%	0.00%	2.33%	211,890	3.10%	282,449
369	Services	5,648,958	30	188,299	3.33%	0.44%	3.78%	213,386	3.60%	203,362
370	Meters	1,768,229	31	57,040	3.23%	0.00%	3.23%	57,040	3.40%	60,120
370.1	Turtle I meters	1,614,675	31	52,086	3.23%	0.00%	3.23%	52,086	3.40%	54,899
370.11	Turtle II meters	64,376	31	2,077	3.23%	0.00%	3.23%	2,077	3.40%	2,189
371	Installations on customers premise:	<u>2,241,439</u>	24	<u>93,393</u>	4.17%	0.49%	4.66%	<u>104,454</u>	4.00%	<u>89,658</u>
	Total distribution plant	<u>56,659,745</u>		<u>1,954,418</u>				<u>2,193,011</u>		<u>1,944,718</u>
							Composite rate	3.87%		3.43%

Cumberland Valley Electric Company

1981		38,909		193,360			
1982		50,651		162,766			
1983	543,484	68,085	13%	197,667	36%	(129,582)	-24%
1984	483,025	85,107	18%	229,488	48%	(144,381)	-30%
1985	408,991	64,304	16%	248,386	61%	(184,082)	-45%
1986	416,555	54,880	13%	252,799	61%	(197,919)	-48%
1987	386,949	61,512	16%	229,493	59%	(167,981)	-43%
1988	501,220	120,032	24%	243,377	49%	(123,345)	-25%
1989	451,177	123,995	27%	220,347	49%	(96,352)	-21%
1990	480,081	148,188	31%	236,702	49%	(88,514)	-18%
1991	345,372	71,289	21%	207,689	60%	(136,400)	-39%
1992	255,899	73,408	29%	183,341	72%	(109,933)	-43%
1993	306,036	37,163	12%	206,700	68%	(169,537)	-55%
1994	337,495	70,627	21%	229,274	68%	(158,647)	-47%
1995	372,290	66,378	18%	244,163	66%	(177,785)	-48%
1996	386,869	49,416	13%	234,461	61%	(185,045)	-48%
1997	366,198	61,701	17%	266,584	73%	(204,883)	-56%
1998	357,794	63,667	18%	237,421	66%	(173,754)	-49%
1999	496,665	87,828	18%	282,371	57%	(194,543)	-39%
2000	423,482	89,061	21%	262,451	62%	(173,390)	-41%
2001	628,278	47,204	8%	294,349	47%	(247,145)	-39%
2002	478,353	47,883	10%	263,964	55%	(216,081)	-45%
2003	426,584	5,959	1%	288,469	68%	(282,510)	-66%
2004	651,580	64,245	10%	338,083	52%	(273,838)	-42%

Three Year Moving Averages

94 - 96	365,551	62,140	17%	235,966	65%	(173,826)	-48%
95 - 97	375,119	59,165	16%	248,403	66%	(189,238)	-50%
96 - 98	370,287	58,261	16%	246,155	66%	(187,894)	-51%
97 - 99	406,886	71,065	17%	262,125	64%	(191,060)	-47%
98 - 00	425,980	80,185	19%	260,748	61%	(180,562)	-42%
99 - 01	516,142	74,698	14%	279,724	54%	(205,026)	-40%
00 - 02	510,038	61,383	12%	273,588	54%	(212,205)	-42%
01 - 03	511,072	33,682	7%	282,261	55%	(248,579)	-49%
02 - 04	518,839	39,362	8%	296,839	57%	(257,476)	-50%

Five Year Average

00 - 04	521,655	50,870	10%	289,463	55%	(238,593)	-46%
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Ten year Average

95 - 04	458,809	58,334	13%	271,232	59%	(212,897)	-46%
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**Cumberland Valley Electric
Whole Life Depreciation Rates
Distribution Plant**

		Balance Dec 31, 2004	Net Salvage Ratio	Net Salvage Amount	Ratio to Total	Net Salvage Allocation	Net Salvage Percent
362	Station equipment	215,708	0%	0	0.00%	0	0.00%
364	Poles, towers & fixtures	17,966,549	60%	10,779,929	44.59%	106,387	0.59%
365	Overhead Conductors & devices	16,204,094	55%	8,912,252	36.86%	87,955	0.54%
367	Underground Conductors & devices	1,824,459	45%	821,007	3.40%	8,103	0.44%
368	Line transformers	9,111,258	0%	0	0.00%	0	0.00%
369	Services	5,648,958	45%	2,542,031	10.51%	25,087	0.44%
370	Meters	1,768,229	0%	0	0.00%	0	0.00%
370.1	Turtle I meters	1,614,675	0%	0	0.00%	0	0.00%
370.11	Turtle II meters	64,376	0%	0	0.00%	0	0.00%
371	Installations on customers premises	<u>2,241,439</u>	50%	<u>1,120,720</u>	4.64%	<u>11,060</u>	0.49%
	Total distribution plant	<u>56,659,745</u>		<u>24,175,938</u>		<u>238,593</u>	
						<u>238,593</u>	
						<u>238,593</u>	

Five year average net salvage amount

238,593



Witness: Jim Adkins

Cumberland Valley Electric

Case No. 2014-00159

December 31, 2013

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Increases are granted each September 1st to union and non union employees. Overtime pay is calculated at 1-1/2 times regular pay.

Cumberland Valley has always hired summer and part time employees, and anticipates this to continue into future years. These employees were normalized at the same rate and hours during the test year.

Wage and salary increases are as follows:

	<u>Union</u>	<u>Non-Union</u>
2013	3.00%	3.00%
2012	3.00%	3.00%
2011	3.50%	3.50%
2010	2.00%	2.00%
2009	3.00%	3.00%
2008	5.00%	5.00%

Two additional employees received merit increases of \$2,500 each in the test year. The amount of increase was allocated based on the actual test year.

Projected wages	\$3,678,745
Actual wages for test year	<u>3,616,003</u>
Adjustment	<u><u>\$62,741</u></u>

The allocation is on the following page:

Cumberland Valley Electric
 Case No. 2014-00159
 Employee Information
 December 31, 2013

The following is a list of employees added during the test year, and the employees that were replaced, or reason for hiring the employees.

<u>Employee Hired</u>	<u>Reason</u>
52	Replacement of Retiree

The following is a list of employees terminated, and the date.

<u>Employee Number</u>	<u>Month Terminated</u>	<u>Reason</u>
57	1/9/2013	Deceased
12	3/18/2013	Retirement

Witness: Jim Adkins

Cumberland Valley Electric
Case No. 2014-00159

Allocation of increase in payroll:

		<u>Labor</u>		
		<u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>
11	107.20	Construction work in progress	929,421	25.7% 16,126
12	108.80	Retirement work in progress	75,468	2.1% 1,309
13	163.00	Stores	83,149	2.3% 1,443
14	184.00	Transportation	67,673	1.9% 1,174
15	242.52	Employee sick leave	111,458	3.1% 1,934
16	416.00	Non operating accounts	0	0.0% 0
17	583.00	Overhead line	65,842	
18	586.00	Meter	221,002	
19	587.00	Customer installations	896	
20	588.00	Miscellaneous distribution	699	8.0% 5,005
21	593.00	Overhead line	642,796	
22	595.00	Transformers	1,278	
23	597.00	Maintenance of meters	42,827	
24	598.00	Miscellaneous maintenance	71,832	21.0% 13,165
25	902.00	Meter reading	77,235	
26	903.00	Consumer records	684,695	21.1% 13,220
27	908.00	Consumer information	62,417	1.7% 1,083
28	912.00	Demonstration and selling	0	0.0% 0
29	920.00	Administrative	454,590	
30	930.00	Miscellaneous	4,400	
31	932.00	Maintenance general plant	<u>18,325</u>	<u>13.2%</u> <u>8,282</u>
32				
33		Total	<u>3,616,003</u>	<u>100.0%</u> <u>62,741</u>
34				

Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate 1-Jan-14	Normalized Wages @ 2,080 Hours		
	Regular	Overtime	Total	Regular	Overtime	Christmas	Total		Regular	Overtime	Total
	Salaried Employees:										
Emp 1	2,088.00	0.00	2,088.00	79,967.04	0.00	200	80,167	39.21	81,551		81,551
Emp 2	2,088.00	0.00	2,088.00	75,038.56	0.00	200	75,239	36.79	76,524		76,524
Emp 3	2,088.00	0.00	2,088.00	170,667.76	0.00	200	170,868	83.68	174,047		174,047
Emp 4	2,088.00	0.00	2,088.00	98,922.00	0.00	200	99,122	48.50	100,881		100,881
Emp 5	2,088.00	0.00	2,088.00	91,725.60	0.00	200	91,926	44.97	93,542		93,542
Emp 6	2,088.00	0.00	2,088.00	91,853.84	0.00	200	92,054	45.03	93,673		93,673
Emp 7	2,088.00	0.00	2,088.00	95,029.76	0.00	200	95,230	46.59	96,912		96,912
Emp 8	2,088.00	0.00	2,088.00	88,808.48	0.00	200	89,008	43.55	90,588		90,588
Emp 9	2,088.00	0.00	2,088.00	58,483.33	0.00	200	58,683	29.62	61,610		61,610
Emp 10	2,088.00	0.00	2,088.00	53,414.45	0.00	200	53,614	27.14	56,441		56,441
Emp 11	2,088.00	0.00	2,088.00	62,418.00	0.00	200	62,618	30.60	63,654		63,654
Subtotal Salaried employees	22,968.00	0.00	22,968.00	966,329	0	2,200	968,529		989,422	0	989,422
Hourly Employees:											
Emp 12	2,432.00	6.50	2,438.50	53,271.68	197.34	0	53,469	20.24	42,099	197	42,297
Emp 13	2,088.00	368.50	2,456.50	44,161.20	11,680.94	200	56,042	21.57	44,866	11,923	56,788
Emp 14	2,077.00	9.00	2,086.00	42,456.33	276.90	200	42,933	20.85	43,368	281	43,649
Emp 15	2,086.50	16.00	2,102.50	42,654.43	485.76	200	43,340	20.85	43,368	500	43,868
Emp 16	2,088.00	23.50	2,111.50	42,685.72	722.16	200	43,608	20.85	43,368	735	44,103
Emp 17	2,088.00	198.00	2,286.00	57,531.36	8,182.12	200	65,913	28.10	58,448	8,346	66,794
Emp 18	2,088.00	1,313.50	3,401.50	57,948.96	54,759.94	200	112,909	28.30	58,864	55,758	114,622
Emp 19	2,088.00	468.50	2,556.50	57,948.96	19,476.40	200	77,625	28.30	58,864	19,888	78,752
Emp 20	2,088.00	448.50	2,536.50	57,948.96	18,707.98	200	76,857	28.30	58,864	19,039	77,903
Emp 21	2,088.00	1,013.00	3,101.00	57,948.96	42,168.54	200	100,318	28.30	58,864	43,002	101,866
Emp 22	2,088.00	1,105.00	3,193.00	57,948.96	46,024.73	200	104,174	28.30	58,864	46,907	105,771
Emp 23	2,088.00	8.50	2,096.50	42,685.69	258.06	200	43,144	20.85	43,368	266	43,634
Emp 24	2,088.00	717.00	2,805.00	57,948.96	29,825.34	200	87,974	28.30	58,864	30,437	89,301
Emp 25	2,088.00	146.00	2,234.00	57,531.36	6,034.60	200	63,766	28.10	58,448	6,154	64,602
Emp 26	2,078.00	119.50	2,197.50	57,250.36	4,932.39	200	62,383	28.10	58,448	5,037	63,485
Emp 27	2,088.00	12.00	2,100.00	39,644.16	338.40	200	40,183	19.36	40,269	348	40,617
Emp 28	2,088.00	32.50	2,120.50	42,685.69	993.56	200	43,879	20.85	43,368	1,016	44,384
Emp 29	2,088.00	933.00	3,021.00	57,948.96	38,884.46	200	97,033	28.30	58,864	39,606	98,470
Emp 30	2,088.00	29.00	2,117.00	42,685.68	886.85	200	43,773	20.85	43,368	907	44,275
Emp 31	2,088.00	753.00	2,841.00	57,948.96	31,353.56	200	89,503	28.30	58,864	31,965	90,829
Emp 32	2,080.00	13.50	2,093.50	58,693.12	573.37	200	59,466	28.78	59,862	583	60,445
Emp 33	2,088.00	290.50	2,378.50	58,923.36	12,322.93	200	71,446	28.78	59,862	12,541	72,403
Emp 34	2,088.00	617.00	2,705.00	54,239.28	24,020.44	200	78,460	26.49	55,099	24,516	79,616

Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate 1-Jan-14	Normalized Wages @ 2,080 Hours		
	Regular	Overtime	Total	Regular	Overtime	Christmas	Total		Regular	Overtime	Total
	Emp 35	2,088.00	420.00	2,508.00	58,923.36	17,779.90	200		76,903	28.80	59,904
Emp 36	2,088.00	515.00	2,603.00	57,948.96	21,466.33	200	79,615	28.30	58,864	21,862	80,726
Emp 37	2,051.00	175.50	2,226.50	45,773.26	5,854.95	200	51,828	22.76	47,341	5,992	53,332
Emp 38	2,088.00	386.50	2,474.50	57,948.96	16,052.09	200	74,201	28.30	58,864	16,407	75,271
Emp 39	2,088.00	30.50	2,118.50	42,685.70	933.78	200	43,819	20.85	43,368	954	44,322
Emp 40	2,088.00	432.50	2,520.50	57,948.96	18,082.89	200	76,232	28.30	58,864	18,360	77,224
Emp 41	2,088.00	23.50	2,111.50	42,685.68	717.12	200	43,603	20.85	43,368	735	44,103
Emp 42	2,088.00	91.00	2,179.00	42,685.69	2,794.35	200	45,680	20.85	43,368	2,846	46,214
Emp 43	2,088.00	18.50	2,106.50	42,685.68	566.24	200	43,452	20.85	43,368	579	43,947
Emp 44	2,088.00	246.00	2,334.00	57,948.96	10,228.69	200	68,378	28.30	58,864	10,443	69,307
Emp 45	2,088.00	210.00	2,298.00	57,948.96	8,743.54	200	66,893	28.30	58,864	8,915	67,779
Emp 46	2,088.00	25.50	2,113.50	57,935.22	1,060.34	200	59,196	28.30	58,864	1,082	59,946
Emp 47	2,088.00	264.00	2,352.00	57,948.96	10,970.05	200	69,119	28.30	58,864	11,207	70,071
Emp 48	2,088.00	217.00	2,305.00	50,446.08	7,854.00	200	58,500	24.64	51,251	8,020	59,272
Emp 49	2,088.00	270.00	2,358.00	57,948.96	11,234.58	200	69,384	28.30	58,864	11,462	70,326
Emp 50	2,080.00	21.50	2,101.50	42,518.89	661.90	200	43,381	20.85	43,368	672	44,040
Emp 51	2,088.00	103.50	2,191.50	45,335.64	3,412.68	200	48,948	22.76	47,341	3,533	50,874
Emp 52	1,446.00	98.50	1,544.50	27,437.76	2,829.11	200	30,467	20.85	43,368	3,081	46,449
Subtotal hourly employees	85,234.50	12,190.50	97,425.00	2,105,447	494,349	8,000	2,607,796		2,145,478	504,245	2,649,723
Summer and Part Time Employees:											
Emp 53	947.50	4.00	951.50	17,144.88	110.52	100	17,355	18.42	17,453	111	17,563
Emp 54	717.75	0.00	717.75	12,954.21	0.00	100	13,054	18.42	13,221	0	13,221
Emp 55	31.50	0.00	31.50	563.22	0.00		563	17.88	563	0	563
Emp 56	454.00	5.00	459.00	8,117.52	134.10		8,252	17.88	8,118	134	8,252
Subtotal summer	2,150.75	9.00	2,159.75	38,780	245	200	39,224		39,355	245	39,599
Retirees:											
Emp 57	48.00	0.00	48.00	454.08	0.00	0	454				
Subtotal retirees	48.00	0.00	48.00	454.08	0.00	0.00	454.08		0	0	0
Total	110,401.25	12,199.50	122,600.75	3,111,010	494,594	10,400	3,616,003		3,174,255	504,489	3,678,745

Cumberland Valley Electric
Case No. 2014-00159
Compensation of Executive Officers
December 31, 2013

	<---- Test Year ---->			Employees who Report
	<u>Salary</u>	Percent of <u>Increase</u>	<u>Date</u>	
President & CEO	174,047.28	3.0%	9/1/2013	all
Mgr, Finance & Accounting	100,880.88	3.0%	9/1/2013	15
Manager of Engineering	93,541.92	3.0%	9/1/2013	4
Manager Member Services	63,654.00	3.0%	9/1/2013	0

	<u>First Preceding Year</u>			
	<u>Salary</u>	Percent of <u>Increase</u>	<u>Date</u>	
President & CEO	168,978.00	3.0%	9/1/2012	all
Mgr, Finance & Accounting	97,942.56	3.0%	9/1/2012	15
Manager of Engineering	90,817.44	3.0%	9/1/2012	4
Manager Member Services	61,800.00	-	9/1/2012	0

	<u>Second Preceding Year</u>			
	<u>Salary</u>	Percent of <u>Increase</u>	<u>Date</u>	
President & CEO	164,056.08	3.5%	9/1/2011	all
Mgr, Finance & Accounting	95,089.92	3.5%	9/1/2011	15
Manager of Engineering	88,172.06	3.5%	9/1/2011	4
Manager Member Services	-	-	-	-



Cumberland Valley Electric

Case No. 2014-00159

Payroll Taxes

The employer's portion of FICA and medicare rates remain the same for 2014 as they were for 2013. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increased from \$113,700 in 2013 to \$117,000 in 2014.

Federal unemployment rates are 0.80% for the first \$7,000 of wages and state unemployment rate is 1.05% for the first \$8,000 of wages, plus a surcharge of 0.22% in 2014.

Proposed FICA amounts

FICA	224,545	
Medicare	53,342	
	<u>277,887</u>	
Proposed FUTA	3,085	
Proposed SUTA	4,723	285,694

Test year amount

FICA and Medicare	275,193	
Test year FUTA	2,316	
Test year SUTA	5,370	282,879

Increase		<u>2,815</u>
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Adjustment:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	28.67%	807
163 - 416 Clearing and others	4.30%	121
583-588 Operations	8.23%	232
593-598 Maintenance	21.65%	610
902-904 Consumer accounts	21.74%	612
908-910 Customer service	1.78%	50
912 Sales	0.00%	0
920 Administrative and general	13.62%	383
	<u>100.00%</u>	<u>\$2,815</u>

State unemployment (SUTA) wage rates are as follows:

2014	1.05%	plus 0.22% surcharge
2013	1.05%	
2012	1.05%	
2011	1.10%	
2010	1.10%	
2009	1.10%	

Employee Number	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
	Up To \$117,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	1.072%

Salaried Employees:

Emp 1	81,551	5,056	81,551	1,182	7,000	56	8,000	86
Emp 2	76,524	4,745	76,524	1,110	7,000	56	8,000	86
Emp 3	117,000	7,254	174,047	2,524	7,000	56	8,000	86
Emp 4	100,881	6,255	100,881	1,463	7,000	56	8,000	86
Emp 5	93,542	5,800	93,542	1,356	7,000	56	8,000	86
Emp 6	93,673	5,808	93,673	1,358	7,000	56	8,000	86
Emp 7	96,912	6,009	96,912	1,405	7,000	56	8,000	86
Emp 8	90,588	5,616	90,588	1,314	7,000	56	8,000	86
Emp 9	61,610	3,820	61,610	893	7,000	56	8,000	86
Emp 10	56,441	3,499	56,441	818	7,000	56	8,000	86
Emp 11	63,654	3,947	63,654	923	7,000	56	8,000	86
Subtotal Salaried employees	932,375	57,807	989,422	14,347	77,000	616	88,000	943

Hourly Employees:

Emp 12	42,297	2,622	42,297	613	7,000	56	8,000	86
Emp 13	56,788	3,521	56,788	823	7,000	56	8,000	86
Emp 14	43,649	2,706	43,649	633	7,000	56	8,000	86
Emp 15	43,868	2,720	43,868	636	7,000	56	8,000	86
Emp 16	44,103	2,734	44,103	639	7,000	56	8,000	86
Emp 17	66,794	4,141	66,794	969	7,000	56	8,000	86
Emp 18	114,622	7,107	114,622	1,662	7,000	56	8,000	86
Emp 19	78,752	4,883	78,752	1,142	7,000	56	8,000	86
Emp 20	77,903	4,830	77,903	1,130	7,000	56	8,000	86
Emp 21	101,866	6,316	101,866	1,477	7,000	56	8,000	86
Emp 22	105,771	6,558	105,771	1,534	7,000	56	8,000	86
Emp 23	43,634	2,705	43,634	633	7,000	56	8,000	86
Emp 24	89,301	5,537	89,301	1,295	7,000	56	8,000	86

Cumberland Valley Electric
Case No. 2014-00159
Employee Earnings and Hours
December 31, 2013

Employee Number	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
	Up To \$117,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	1.072%
Emp 25	64,602	4,005	64,602	937	7,000	56	8,000	86
Emp 26	63,485	3,936	63,485	921	7,000	56	8,000	86
Emp 27	40,617	2,518	40,617	589	7,000	56	8,000	86
Emp 28	44,384	2,752	44,384	644	7,000	56	8,000	86
Emp 29	98,470	6,105	98,470	1,428	7,000	56	8,000	86
Emp 30	44,275	2,745	44,275	642	7,000	56	8,000	86
Emp 31	90,829	5,631	90,829	1,317	7,000	56	8,000	86
Emp 32	60,445	3,748	60,445	876	7,000	56	8,000	86
Emp 33	72,403	4,489	72,403	1,050	7,000	56	8,000	86
Emp 34	79,616	4,936	79,616	1,154	7,000	56	8,000	86
Emp 35	78,048	4,839	78,048	1,132	7,000	56	8,000	86
Emp 36	80,726	5,005	80,726	1,171	7,000	56	8,000	86
Emp 37	53,332	3,307	53,332	773	7,000	56	8,000	86
Emp 38	75,271	4,667	75,271	1,091	7,000	56	8,000	86
Emp 39	44,322	2,748	44,322	643	7,000	56	8,000	86
Emp 40	77,224	4,788	77,224	1,120	7,000	56	8,000	86
Emp 41	44,103	2,734	44,103	639	7,000	56	8,000	86
Emp 42	46,214	2,865	46,214	670	7,000	56	8,000	86
Emp 43	43,947	2,725	43,947	637	7,000	56	8,000	86
Emp 44	69,307	4,297	69,307	1,005	7,000	56	8,000	86
Emp 45	67,779	4,202	67,779	983	7,000	56	8,000	86
Emp 46	59,946	3,717	59,946	869	7,000	56	8,000	86
Emp 47	70,071	4,344	70,071	1,016	7,000	56	8,000	86
Emp 48	59,272	3,675	59,272	859	7,000	56	8,000	86
Emp 49	70,326	4,360	70,326	1,020	7,000	56	8,000	86
Emp 50	44,040	2,731	44,040	639	7,000	56	8,000	86
Emp 51	50,874	3,154	50,874	738	7,000	56	8,000	86
Emp 52	46,449	2,880	46,449	674	7,000	56	8,000	86

Cumberland Valley Electric
Case No. 2014-00159
Employee Earnings and Hours
December 31, 2013

Employee Number	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
	Up To \$117,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	1.072%
Subtotal hourly employees	2,649,723	164,283	2,649,723	38,421	287,000	2,296	328,000	3,516
Summer and Part Time Employees:								
Emp 53	17,563	1,089	17,563	255	7,000	56	8,000	86
Emp 54	13,221	820	13,221	192	7,000	56	8,000	86
Emp 55	563	35	563	8	563	5	563	6
Emp 56	8,252	512	8,252	120	7,000	56	8,000	86
Subtotal summer	39,599	2,455	39,599	574	21,563	173	24,563	263
Retirees:								
Emp 57								
Subtotal retirees	0	0	0	0	0	0	0	0
Total	3,621,697	224,545	3,678,745	53,342	385,563	3,085	440,563	4,723



Cumberland Valley Electric

Case No. 2014-00159

December 31, 2013

Depreciation Expense

Depreciation is computed on a composite basis. The ending plant balance is multiplied by rates that are within RUS approved guidelines. Depreciation rates and procedures follow RUS Bulletin 183-1. Cumberland Valley Rural Electric has had a depreciation study performed as of December 31, 2004 and was submitted in Case No. 2005-00187.

Depreciation on transportation equipment is charged to a clearing account. Transportation costs are then cleared to various accounts based on time used for each vehicle from the daily time sheets of employees driving the vehicles.

Items of general plant that are fully-depreciated have been removed from the calculation in order to determine the normalized depreciation cost. These amounts have been separated on the right had column of the normalized calculation.

Cumberland Valley Electric
Case No. 2014-00159
December 31, 2013
Depreciation Adjustment

Normalized depreciation accrual:

Distribution plant	3,246,481	
General plant	439,047	
Less charged to clearing	<u>(308,050)</u>	3,377,477

Test year depreciation accrual:

Distribution plant	2,946,757	
General plant	471,189	
Less charged to clearing	<u>(302,676)</u>	3,115,270
		<u><u>262,207</u></u>

Transportation clearing:

Normalized		320,209
Test year		<u>326,143</u>
		<u><u>(5,934)</u></u>

The allocation of the increase in depreciation on transportation equipment is base on actual test year transportation clearing.

<u>Account</u>	<u>%</u>	<u>Amount</u>
Construction and retirement WIP	34%	(\$2,043)
Others	1%	(70)
Distribution - operations	15%	(893)
Distribution - maintenance	27%	(1,597)
Consumer accounts	7%	(410)
Consumer service and information	6%	(339)
Sales	0%	0
Administrative and general	10%	<u>(582)</u>
Total	<u>100%</u>	<u><u>(\$5,934)</u></u>

Cumberland Valley Electric
Case No. 2014-00159
December 31, 2013

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<u>Account Number</u>	<u>Description</u>	<u>Test Year Balance</u>	<u>Rate</u>	<u>Normalized Expense</u>	<u>Test Year Accrual</u>	<u>Exclude Items Fully Depreciated</u>
Distribution plant:						
361	Land	\$ 5,485		\$ -	\$ -	
362	Station equipment	750,823	3.10%	23,276	23,368	
364	Poles, towers & fixtures	27,528,688	4.00%	1,101,148	1,068,094	
365	Overhead conductors & devices	26,557,329	2.80%	743,605	724,702	
367	Underground conductor & devices	3,636,573	4.00%	145,463	138,831	
368	Line transformers	10,072,076	3.10%	312,234	308,512	
369	Services	8,010,317	3.60%	288,371	282,813	
370	Meters	6,730,828	6.70%	450,965	224,116	
371	Installations on customer premises	4,535,460	4.00%	181,418	176,321	
		<u>87,827,579</u>		<u>3,246,481</u>	<u>2,946,757</u>	
General plant:						
389	Land	98,652				
390	Structures and improvements	1,755,128	2.38%	41,772	41,772	
391	Office furn and eqt	808,286	5.00%	25,987	52,285	288,545
392	Transportation	3,164,019	11.25%	308,050	302,676	425,793
393	Stores	-		-	-	
394	Tools, shop and garage	97,931	6.67%	4,872	6,653	24,895
395	Laboratory	93,176	4.00%	3,727	3,727	-
396	Power operated	305,767	6.00%	12,159	23,467	103,121
397	Communications	488,908	5.00%	20,916	26,261	70,587
398	Miscellaneous	412,049	5.56%	21,564	14,348	24,203
		<u>7,223,916</u>		<u>439,047</u>	<u>471,189</u>	
	Total electric plant	<u>\$ 95,051,495</u>		<u>\$ 3,685,528</u>	<u>\$ 3,417,946</u>	

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.

Cumberland Valley Electric
Case No. 2014-00159
December 31, 2013

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Changes in electric plant:		<u>Begin</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>End</u> <u>Balance</u>
360	Land	5,485	0		5,485
362	Station equipment	756,823	0	6,000	750,823
364	Poles, towers and fixtures	26,376,021	1,452,403	299,736	27,528,688
365	Overhead conductor and devices	25,564,254	1,866,169	873,094	26,557,329
367	Underground conductor and devices	3,259,171	448,215	70,813	3,636,573
368	Line transformers	9,831,948	275,026	34,898	10,072,076
369	Services	7,701,524	409,186	100,393	8,010,317
370	Meters	6,452,472	379,647	101,291	6,730,828
371	Security lights	4,280,632	332,228	77,400	4,535,460
	Subtotal distribution plant	84,228,330	5,162,874	1,563,625	87,827,579
389	Land	98,652	0		98,652
390	Structures and improvements	1,755,128	0		1,755,128
391	Office furn and eqt	881,537	58,137	131,388	808,286
392	Transportation	2,930,952	450,612	217,545	3,164,019
393	Stores	0	0		0
394	Tools, shop and garage	101,548	0	3,617	97,931
395	Laboratory	93,176	0		93,176
396	Power operated	391,114	2,014	87,361	305,767
397	Communication	437,678	167,490	116,260	488,908
398	Miscellaneous	258,080	159,037	5,068	412,049
	Subtotal general plant	6,947,865	837,290	561,239	7,223,916
	Total electric plant in service	91,176,195	6,000,164	2,124,864	95,051,495

Cumberland Valley Electric
Case No. 2014-00159
December 31, 2013

Exhibit 4
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Changes in reserve for depreciation:

	<u>Begin Balance</u>	<u>Accrual</u>	<u>Original Cost</u>	<u>Removal Cost</u>	<u>Gain/Loss Salvage</u>	<u>Net Charge</u>	<u>End Balance</u>
Distribution plant	28,627,790	2,946,757	1,563,625	482,474	55,526	1,990,573	29,583,974
Land							
Structures and improvements	908,467	41,772	0				950,239
Office furn and eqt	500,682	52,285	131,388		131,388		421,579
Transportation	2,288,921	302,676	217,545		198,254		2,393,343
Stores	0	0	0				0
Tools, shop and garage	0	6,653	3,617		3,617		3,036
Laboratory	0	3,727	0				3,727
Power operated	0	23,467	87,361		87,361		(63,894)
Communication	278,001	26,261	116,260		104,514		199,748
Other tangible	0	14,348	5,068		5,068		9,280
Subtotal general plant	3,976,071	471,189	561,239	0	530,202	0	3,917,058
Retirement WIP	14,460			3,973		3,973	18,433
Total accumulated depreciation	32,589,401	3,417,946	2,124,864	478,501	585,728	1,986,600	33,482,599

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Cumberland Valley Electric
Case No. 2014-00159
Depreciation Guideline Curve
December 31, 2013

<u>Year Ended</u>	<u>Distribution Plant in Service</u>	<u>Accumulated Deprec for Distribution</u>	<u>Reserve Ratio</u>	<u>Ratio of Current Distribution Plant to Distribution Plant 10 Years Prior</u>
2007	48,409,428	6,198,876	12.81%	1.64
2006	46,394,887	5,590,267	12.05%	1.70
2005	44,262,045	5,069,767	11.45%	1.76
2004	42,495,016	4,829,766	11.37%	1.86
2003	40,429,086	4,605,714	11.39%	1.92
1997	29,557,342	3,642,560	12.32%	
1996	27,286,146	3,819,774	14.00%	
1995	25,134,250	4,360,987	17.35%	
1994	22,796,029	4,647,621	20.39%	
1993	21,100,693	4,451,559	21.10%	



**CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159**

Exhibit 5
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INTEREST EXPENSE ADJUSTMENT

Long Term Debt at Test Year End	42,813,061
Seven Year Interest Rate as of April 14, 2014 - FFB Loans	<u>2.094%</u>
Normalized Interest Expense	896,650
Less: Actual Test Year Interest Expense	<u>354,342</u>
Adjustment for Interest Expense	542,308



Witness: Jim Adkins

Cumberland Valley Electric
Case No. 2014-00159
Retirement and Security

Cumberland Valley provides pension benefits for all non-union employees through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security (R & S) Program. It is the policy of Cumberland Valley to fund pension costs accrued. R & S contributions are based on base salary at a rate determined by NRECA. Contribution rates are as follows:

	2013	2014
Employer rate	28.37%	28.37%
Administration fee	0.98%	0.98%

Cooperatives participating in the R&S plan were allowed to make an Accelerated Funding Payment ("prepayment") and receive an immediate reduction in their current contribution requirement equal to approximately 25% of their 2013 billing rate. Although the new (reduced) billing rate can change over time, the relative value of the reduction will continue to benefit prepaying cooperatives in future years, potentially for as many as 10-15 years or longer. During May, 2013 Cumberland Valley made an accelerated payment to NRECA in the amount of \$914,847. The amount was recorded as a deferred debit and amortized over 15 years through the benefits matrix.

Accelerated payment	914,847	
Number of years	15	
Annual amortization	60,990	

Normalized

R & S contributions	290,395	
Amortize accelerated payment	60,990	
Employer 401(k) contributions	264,019	615,404

Actual Test Year

R & S contributions	282,929	
Amortize accelerated payment	30,492	
Employer 401(k) contributions	249,909	563,330

Proposed adjustment	52,075
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The adjustment is allocated as follows:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	28.67%	14,932
163 - 416 Clearing and others	4.30%	2,241
583-588 Operations	8.23%	4,286
593-598 Maintenance	21.65%	11,274
902-904 Consumer accounts	21.74%	11,322
908-910 Customer service	1.78%	927
912 Sales	0.00%	0
920 Administrative and general	13.62%	7,093
	100.00%	\$52,075

Employee Earnings and Hours
December 31, 2013

Employee Number	R & S Retirement		401(k)	
	Rate	Amount	Rate	Amount
Salaried Employees:				
Emp 1	29.35%	23,935	5%	4,078
Emp 2	29.35%	22,460	5%	3,826
Emp 3	29.35%	51,083	5%	8,702
Emp 4	29.35%	29,609	5%	5,044
Emp 5	29.35%	27,455	5%	4,677
Emp 6	29.35%	27,493	5%	4,684
Emp 7	29.35%	28,444	5%	4,846
Emp 8	29.35%	26,587	5%	4,529
Emp 9	29.35%	18,083	5%	3,081
Emp 10	29.35%	16,565	5%	2,822
Emp 11	29.35%	18,682	5%	3,183

Subtotal Salaried employees

Hourly Employees:

Emp 12	10%	4,210
Emp 13	10%	4,487
Emp 14	10%	4,337
Emp 15	10%	4,337
Emp 16	10%	4,337
Emp 17	10%	5,845
Emp 18	10%	5,886
Emp 19	10%	5,886
Emp 20	10%	5,886
Emp 21	10%	5,886
Emp 22	10%	5,886
Emp 23	10%	4,337
Emp 24	10%	5,886
Emp 25	10%	5,845
Emp 26	10%	5,845
Emp 27	10%	4,027
Emp 28	10%	4,337
Emp 29	10%	5,886
Emp 30	10%	4,337
Emp 31	10%	5,886
Emp 32	10%	5,986
Emp 33	10%	5,986

Employee Earnings and Hours
December 31, 2013

Employee Number	R & S Retirement		401(k)	
	Rate	Amount	Rate	Amount
Emp 34			10%	5,510
Emp 35			10%	5,990
Emp 36			10%	5,886
Emp 37			10%	4,734
Emp 38			10%	5,886
Emp 39			10%	4,337
Emp 40			10%	5,886
Emp 41			10%	4,337
Emp 42			10%	4,337
Emp 43			10%	4,337
Emp 44			10%	5,886
Emp 45			10%	5,886
Emp 46			10%	5,886
Emp 47			10%	5,886
Emp 48			10%	5,125
Emp 49			10%	5,886
Emp 50			10%	4,337
Emp 51			10%	4,734
Emp 52			10%	4,337

Subtotal hourly employees

Summer and Part Time Employees: 290,395 264,019

Emp 53

Emp 54

Emp 55

Emp 56

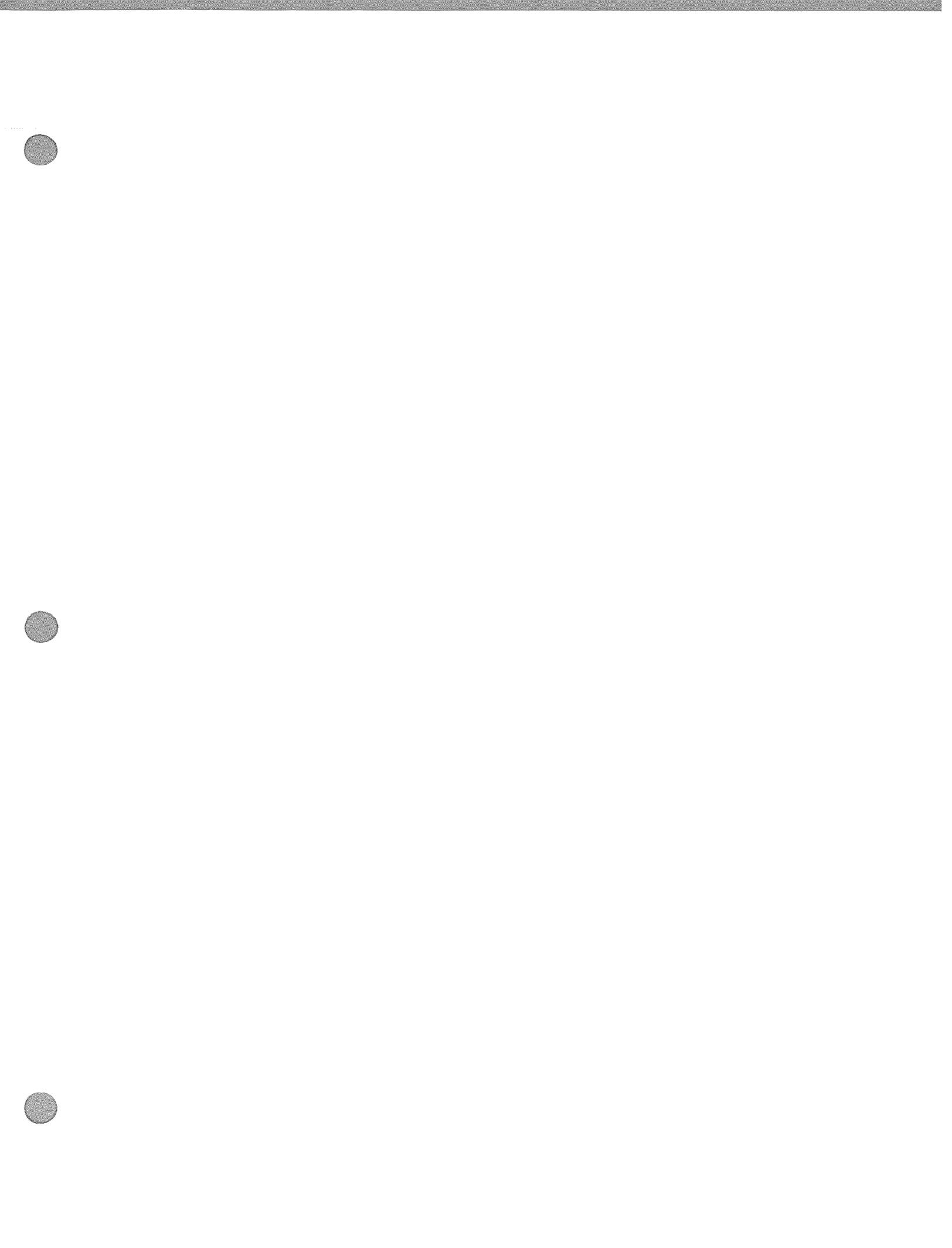
Subtotal summer

Retirees:

Emp 57

Subtotal retirees

Total



Cumberland Valley Electric
Case No. 2014-00159
December 31, 2013

**Financial Accounting Standard No. 106
Employer's Accounting for Postretirement Benefits**

Cumberland Valley has updated its study of SFAS No. 106. As a result, the annual accrual increased. The accrual does not include directors since the board adopted a policy to discontinue covering retired directors.

	<u>Total</u>
Proposed annual cost	273,824
Test year accrual	<u>223,380</u>
Proposed adjustment	<u><u>50,444</u></u>

The adjustment is allocated as follows:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	28.67%	14,464
163 - 416 Clearing and others	4.30%	2,171
583-588 Operations	8.23%	4,152
593-598 Maintenance	21.65%	10,921
902-904 Consumer accounts	21.74%	10,967
908-910 Customer service	1.78%	898
912 Sales	0.00%	0
920 Administrative and gen	13.62%	6,870
	<u>100.00%</u>	<u>\$50,444</u>



Cumberland Valley Electric
Case No: 2014-00159
Donations

Amounts included in Account 426, Donations, have been removed for rate-making purposes. The list is attached.

Cumberland Valley Electric
Case No. 2014-00159

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VENDOR NAME	DESCRIPTION	DATE	CHECK NO.	AMOUNT
ACCT 426.1 - OTHER INCOME DEDUCT.-DONATIONS				
CORBIN BASEBALL BOOSTERS	BASEBALL DONATION	1/10/2013	58194	150.00
KCEOC COMM ACTION AGENCY	DONATION	2/13/2013	58403	100.00
KNOX COUNTY UNITE	DONATION	2/13/2013	58405	100.00
KNOX COUNTY HELP	DONATION	3/21/2013	58756	25.00
CORBIN SENIOR CITIZENS CENTER	DONATION	3/21/2013	58761	20.00
NRECA INTERNATIONAL FOUNDATION	DONATION	3/27/2013	58777	500.00
CORBIN INTERMEDIATE SCHOOL	6th GRADE CHAMP RINGS DONATION	4/11/2013	58920	25.00
WHITLEY CO BD OF EDUCATION	CONTRIBUTION H.E.R.O.E.S PROGRAM	4/16/2013	58927	50.00
TROOPER ISLAND CAMP, INC	DONATION	4/16/2013	58936	100.00
CORBIN MIDDLE SCHOOL SCIENCE OLYMPIAD TEAM	DONATION	4/23/2013	58962	100.00
SPECIAL OLYMPICS KENTUCKY	DONATION	5/14/2013	59299	145.00
THE CORBIN ARCHERY TEAM	DONATION	5/24/2013	59343	100.00
Hoop Dreams South	DONATION	5/31/2013	58137	100.00
REDHOUND VARSITY CLUB	2013 SPONSOR	6/6/2013	59507	250.00
TRI CITY CHAMBER OF COMMERCE	DONATION	6/19/2013	59567	100.00
KNOX COUNTY LITTLE LEAGUE	DONATION	7/18/2013	59916	100.00
FIRST TEE OF PINE MOUNTAIN	DONATION	7/18/2013	59931	600.00
CORBIN HIGH SCHOOL BOYS GOLF TEAM	DONATIONS	7/18/2013	59927	200.00
HARLAN CO HIGH SCHOOL DANCE TEAM	DONATION	7/25/2013	59961	100.00
KNOX CENTRAL HIGH SCHOOL	DONATION	7/25/2013	59967	100.00
KNOX COUNTY LITTLE LEAGUE	DONATION	7/30/2013	60042	100.00
RUNNERS SHOP SPORTS	MEDALS	8/7/2013	60122	159.00
KNOX CO BD OF ED	SUPPLIES OPEN HOUSE	8/9/2013	60163	50.00
SOUTH KY SERVICES	ROGERS SCHOLARS PROGRAM FUND	8/14/2013	60150	1,000.00
WHITLEY CO REPAIR AFFAIR	DONATION	8/21/2013	60190	100.00
CUMBERLAND FALLS PIGSKIN CLASS	SPONSORSHIP	8/22/2013	60175	250.00
WILLIAMSBURG KIWANIS	DONATION	8/28/2013	60212	50.00
HARLAN CO SHRINE HORSE SHOW & FAIR	DONATION	8/28/2013	60214	50.00
JACKSON DAVIS BENEFIT TRAIL RIDE	DONATION	9/5/2013	60346	25.00
REDHOUND VARSITY CLUB	DONATION	9/12/2013	60455	250.00
RECLAIMING FUTURES	DONATION	9/27/2013	60518	150.00
ST JUDE CHILDREN RESEARCH HOSPITAL	DONATION	10/4/2013	60667	50.00
KNOX CO CHAMBER OF COMMERCE	DONATION	10/30/2013	60811	100.00
WEST KNOX VOLUNTEER FIRE DEPT	DONATION	10/30/2013	60826	50.00
HARLAN COUNTY CHRISTIAN SCHOOL	SPONSORSHIP	11/8/2013	60905	160.00
NRECA INTERNATIONAL FOUNDATION	DONATION	11/26/2013	60965	100.00
TRI CITY CHAMBER OF COMMERCE	DONATION	11/30/2013	61108	50.00
CORBIN PRIMARY SCHOOL	DONATION	11/30/2013	60931	50.00
LYNN CAMP SCHOOLS FIRST ROBOYICS TEAM	ROBOTIC TEAM 3844	11/30/2013	60932	500.00
CORBIN HIGH SCHOOL BOYS BASKETBALL	DONATION	12/4/2013	61112	50.00
			Subtotal	<u>6,259.00</u>
ACCT 426.11 - SCHOLARSHIPS				
UNIVERSITY OF KENTUCKY	SCHOLARSHIP BRENTON SMITH	1/10/2013	58171	250.00
EASTERN KENTUCKY UNIVERSITY	SCHOLARSHIP EMILY BOWMAN	1/10/2013	58180	250.00
GEORGETOWN COLLEGE	SCHOLARSHIP BRAXTON C FIELDS	2/13/2013	58411	250.00
EASTERN KENTUCKY UNIVERSITY	SCHOLARSHIP WILLIAM T GILBERT	2/27/2013	58473	250.00
WESTERN KENTUCKY UNIVERSITY	SCHOLARSHIP JESSICA LEE CANADA	4/9/2013	58861	250.00
UNION COLLEGE	SCHOLARSHIP BILLY RAY SMITH II	7/31/2013	60134	250.00
UNIVERSITY OF THE CUMBERLANDS	SCHOLARSHIP HANNAH NORRIS	7/31/2013	60149	250.00
GEORGETOWN COLLEGE	SCHOLARSHIP JARED TYLER BOGGS	7/31/2013	60161	250.00
EASTERN KENTUCKY UNIVERSITY	SCHOLARSHIP EMILY WILSON	8/14/2013	60147	250.00
SOUTHEAST COMMUNITY COLLEGE	SCHOLARSHIP KATELYN M PARTIN	8/14/2013	60145	250.00
			Subtotal	<u>2,500.00</u>
ACCT 426.11 - MEMBERSHIPS, DUES				

Cumberland Valley Electric

Exhibit 8

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VENDOR NAME	DESCRIPTION	DATE	CHECK NO.	AMOUNT
KY ASSOCIATION FOR ECONOMIC DEV	MEMBERSHIP	1/3/2013	58139	150.00
TRI-CITY CHAMBER OF COMMERC	MEMBERSHIP	1/10/2013	58167	100.00
KENTUCKY COUNCIL OF COOP INC	2013 MEMBERSHIP DUES	2/13/2013	58402	250.00
KNOX CO CHAMBER OF COMMERCE	2013 MEMBERSHIP DUES	2/28/2013	58648	300.00
KY ASSOC OF ELECT COOP	KY CHAMBER OF COMMERCE DUES	3/31/2013	58831	299.72
TRI-CITIES HERITAGE DEV	MEMBERSHIP	4/23/2013	58960	50.00
KY ASSOCIATION FOR ECONOMIC DEV	MEMBERSHIP 4/22/13 - 12/31/13	5/31/2013	59515	112.50
LETCHER CO CHAMBER OF COMMEC	MEMBERSHIP DUES 2013-2014	7/30/2013	60041	150.00
SOUTHERN KY CHAMBER OF COMMERC	MEMBERSHIP 2014	12/31/2013	61323	<u>500.00</u>
	Subtotal			<u>1,912.22</u>
TOTAL DEDUCTIONS				<u><u>10,671.22</u></u>



Cumberland Valley Electric, Inc.
Case No. 2014-00159
Professional Services

The Board of Directors has a responsibility to select an attorney to represent the board and cooperative to maintain the legal entity. The duties and responsibilities of the attorney are to perform routine services, special services, and other services for the cooperative. The attorney also attends the monthly and special board meetings. Services are billed at the normal hourly billing rates for the attorney and his staff.

The Board of Directors hires the outside auditor to perform the annual audit.

Adjustments are to remove items that are normally excluded or rate-making purposes. Among the expenses excluded are costs for attending legal seminars, the Legislative Conference, and costs for one-time events.

The list of \$17,164 of costs that have been removed for rate-making purposes is attached.

Cumberland Valley Electric
Case No. 2014-00159
Professional Fees

CK DATE	CK NO.	VENDOR	DESCRIPTION	AMOUNT	
12/31/13	61306	KAEC (Ky Assoc of Elect Coop)	KAEC legal seminar	112.00	x
1/3/13	58113	Patrick Hauser	Monthly board meeting	900.00	
2/6/13	58376	Patrick Hauser	Monthly board meeting	900.00	
3/7/13	58650	Patrick Hauser	Monthly board meeting	900.00	
4/9/13	58851	Patrick Hauser	Monthly board meeting	900.00	
5/9/13	59244	Patrick Hauser	Monthly board meeting	900.00	
6/1/13	59444	Patrick Hauser	Monthly board meeting	900.00	
7/2/13	59847	Patrick Hauser	Monthly board meeting	900.00	
7/31/13	60081	Patrick Hauser	Contract review	1,923.64	
8/6/13	60081	Patrick Hauser	Monthly board meeting	900.00	
9/4/13	60308	Patrick Hauser	Monthly board meeting	900.00	
9/24/13	60487	Patrick Hauser	Contract review	1,605.00	
9/24/13	60487	Patrick Hauser	Contract review	1,815.00	
10/2/13	60624	Patrick Hauser	Monthly board meeting	900.00	
11/4/13	60857	Patrick Hauser	Monthly board meeting	900.00	
12/4/13	61077	Patrick Hauser	Monthly board meeting	900.00	
12/27/13	61189	Patrick Hauser	KAEC legal seminar	371.46	x
6/6/13	59492	Alan M Zumstein	Property Tax & 990 Form Preparation	1,600.00	
10/16/13	60694	Alan M Zumstein	Audit of Financials	11,000.00	
6/30/13	59899	James R Adkins	Interest Rate Evaluation	625.00	
12/18/13	61170	James R Adkins	Margin & Rates Meeting	896.75	
2/27/13	58476	Kenneth W. Bryant	Year End Accounting Services	3,360.00	
10/4/13	60650	Robert Prevatte	Internal Audit	1,600.00	
1/17/13	58215	Apex Land Surveys	Property Survey	1,200.00	x
8/14/13	60162	Goss-Samford	PSC Amendment #3 Investigation	283.64	x
9/10/13	60386	Goss-Samford	PSC Amendment #3 Investigation	383.65	x
10/16/13	60713	Goss-Samford	PSC Amendment #3 Investigation	590.00	x
11/20/13	60956	Goss-Samford	PSC Amendment #3 Investigation	1,154.71	x
12/10/13	61141	Goss-Samford	PSC Amendment #3 Investigation	108.00	x
12/31/13	57127	Goss-Samford	Legal Services Benham Electric	3,534.20	x
12/31/13	56823	Neal Technology Assoc, Inc.	Inventory Benham City	4,905.00	x
12/31/13	57124	Patterson & Dewar Eng	Benham Evaluation	4,520.92	x
				52,388.97	
		Remove for rate making purposes		17,163.58	



Cumberland Valley Electric
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Director Fees and Expenses

Certain director expenses are removed for rate-making purposes. These costs include director health insurance, directors' per diems, Christmas gifts, attending the Legislative conference, directors attending either the KAEC annual meeting or EKPC annual meeting, when the director is not the representative for the respective organization.

Expenses that are not removed for rate-making purposes include costs of attending NRECA director training/education seminars. These seminars are critical for directors to be updated on events and activities related to the electric industry. Also included is D-O-M Liability Insurance that protects the directors for decisions they make on a monthly basis. Without DOM insurance, directors would be hesitant to make any decisions as members, consumers, or any person could file a legal claim against the director(s).

A copy of the Board Policy regarding is attached.

Costs removed for rate-making purposes are as follows:

Per diems	15,000.00
Health insurance stipends	33,000.00
Health insurance premiums	54,256.20
Retired directors	7,200.00
Christmas gifts	<u>1,618.03</u>
	111,074.23

Cumberland Valley Electric
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Director Fees and Expenses

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Witness: Jim Adkins

DESCRIPTION	DATE	CK NO.	REG MTG	OTHER MTG	PER DIEM	MILEAGE	AIR FARE	MTG FEES	HOTEL	MEALS	HEALTH INS / STIPEND	HEALTH INS	MISC	TOTAL
Chester Davis														
Regular Board Meeting	1/3/2013	58108	500.00			68.93								568.93
Regular Board Meeting	2/6/2013	58374	500.00			68.93					500.00			1,068.93
Special Board Meeting	2/22/2013	58443		500.00		68.93								568.93
Insurance Stipend Adjustment	2/27/2013	58464									500.00			500.00
NRECA Director Conference	2/28/2013	58643			2,100.00	828.29			1,285.87	222.84				4,437.00
Regular Board Meeting	3/7/2013	58643	500.00			68.93					1,000.00			1,568.93
Regular Board Meeting	4/9/2013	58846	500.00			68.93					1,000.00			1,568.93
Regular Board Meeting	5/9/2013	59241	500.00			68.93					1,000.00			1,568.93
Coop Annual Meeting	5/29/2013	59356		500.00		68.93								568.93
Regular Board Meeting	6/1/2013	59441	500.00			68.93					1,000.00			1,568.93
Regular Board Meeting	7/2/2013	59841	500.00			68.93					1,000.00			1,568.93
Regular Board Meeting	8/6/2013	60075	500.00			68.93					1,000.00			1,568.93
Regular Board Meeting	9/4/2013	60304	500.00			68.93					1,000.00			1,568.93
Regular Board Meeting	10/2/2013	60618	500.00			68.93					1,000.00			1,568.93
Region 3 Meeting	10/16/2013	60684			1,200.00	410.19			831.25	104.42				2,545.86
Regular Board Meeting	11/4/2013	60852	500.00			68.93					1,000.00			1,568.93
Regular Board Meeting	12/4/2013	61074	500.00			68.93					1,000.00			1,568.93
NRECA Director Conference	8/19/2013	60297						415.00						415.00
Medical Insurance	1/10/2013	58182										931.44		931.44
Dental Insurance	Monthly	Var.										1,368.84		1,368.84
Life Insurance	Monthly	Var.										215.16		215.16
AD&D Insurance	Monthly	Var.										17.64		17.64
														0.00
			6,000.00	1,000.00	3,300.00	2,203.50	0.00	415.00	2,117.12	327.26	11,000.00	2,533.08	0.00	28,895.96
Roger Vanover														
Regular Board Meeting	1/3/2013	58119	500.00			8.48								508.48
Regular Board Meeting	2/6/2013	58379	500.00			8.48								508.48
Special Board Meeting	2/22/2013	58444		500.00		8.48								508.48
NRECA Director Conference	3/5/2013	58654			2,400.00	783.09			1,697.41	219.73				5,100.23
Regular Board Meeting	3/7/2013	58654	500.00			8.48								508.48
Regular Board Meeting	4/9/2013	58857	500.00			8.48								508.48
Regular Board Meeting	5/9/2013	59250	500.00			8.48								508.48
Coop Annual Meeting	5/29/2013	59359		500.00		8.48								508.48
Regular Board Meeting	6/1/2013	59446	500.00			8.48								508.48
EKPC Annual Meeting	6/19/2013	59544			300.00									300.00
Regular Board Meeting	7/2/2013	59852	500.00			8.48								508.48
Regular Board Meeting	8/6/2013	60088	500.00			8.48								508.48
Regular Board Meeting	9/4/2013	60316	500.00			8.48								508.48
Regular Board Meeting	10/2/2013	60629	500.00			8.48								508.48
Regular Board Meeting	11/4/2013	60862	500.00			8.48								508.48
Regular Board Meeting	12/4/2013	61081	500.00			8.48								508.48
Medical Insurance	Monthly	Var.										12,772.46		12,772.46
Dental Insurance	Monthly	Var.										1,368.84		1,368.84
Life Insurance	Monthly	Var.										478.20		478.20
AD&D Insurance	Monthly	Var.										50.40		50.40
Medical Admin Cost	Monthly	Var.										1,357.46		1,357.46
NRECA Classes & Hotel	1/20/2013	58369						550.00						550.00
			6,000.00	1,000.00	2,700.00	901.81	0.00	550.00	1,697.41	219.73	0.00	16,027.36	0.00	29,096.31

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Witness: Jim Adkins

DESCRIPTION	DATE	CK NO.	REG MTG	OTHER MTG	PER DIEM	MILEAGE	AIR FARE	MTG FEES	HOTEL	MEALS	HEALTH INS / STIPEND	HEALTH INS	MISC	TOTAL
Vernon Shelley														
Regular Board Meeting	1/3/2013	58120	500.00			53.11								553.11
Regular Board Meeting	2/6/2013	58380	500.00			53.11								553.11
Insurance Stipend	2/7/2013	58390									500.00			500.00
Special Board Meeting	2/22/2013	58445		500.00		53.11								553.11
Insurance Stipend Adjustment	2/27/2013	58467									500.00			500.00
Regular Board Meeting	3/7/2013	58655	500.00			53.11					1,000.00			1,553.11
Regular Board Meeting	4/9/2013	58858	500.00			53.11					1,000.00			1,553.11
Regular Board Meeting	5/9/2013	59251	500.00			53.11					1,000.00			1,553.11
Coop Annual Meeting	5/29/2013	59360		500.00		53.11								553.11
Regular Board Meeting	6/1/2013	59447	500.00			53.11					1,000.00			1,553.11
Regular Board Meeting	7/2/2013	59853	500.00			53.11					1,000.00			1,553.11
NRECA Summer School	7/25/2013	59949			1,500.00	627.72			838.77	167.30				3,133.79
Regular Board Meeting	8/6/2013	60089	500.00			53.11					1,000.00			1,553.11
Regular Board Meeting	9/4/2013	60317	500.00			53.11					1,000.00			1,553.11
Regular Board Meeting	10/2/2013	60630	500.00			53.11					1,000.00			1,553.11
Regular Board Meeting	11/4/2013	60863	500.00			53.11					1,000.00			1,553.11
Regular Board Meeting	12/4/2013	61082	500.00			53.11					1,000.00			1,553.11
NRECA Classes & Hotel	1/20/2013	58369							125.37					125.37
NRECA Summer Classes & Hotel	5/19/2013	59354						1,875.00	155.68					2,030.68
KAEC Meeting	12/31/2013	61306								75.00				75.00
Credit Given on NRECA Class	7/2/2013							-550.00						-550.00
Medical Insurance	1/10/2013	58182										931.44		931.44
Dental Insurance	Monthly	Var.										1,368.84		1,368.84
Life Insurance	Monthly	Var.										372.96		372.96
AD&D Insurance	Monthly	Var.										50.40		50.40
														0.00
			6,000.00	1,000.00	1,500.00	1,371.26	0.00	1,325.00	1,119.82	242.30	11,000.00	2,723.64	0.00	26,282.02
Elbert Hampton														
Regular Board Meeting	1/3/2013	58123	500.00			9.04								509.04
Regular Board Meeting	2/6/2013	58382	500.00			9.04								509.04
Special Board Meeting	2/22/2013	58446		500.00		9.04								509.04
Insurance Stipend	2/27/2013	58472									500.00			500.00
NRECA Director Conference	2/28/2013	58665			1,500.00	836.77			1,001.01	214.19				3,551.97
Regular Board Meeting	3/7/2013	58665	500.00			9.04					500.00			1,009.04
Regular Board Meeting	4/9/2013	58865	500.00			9.04					500.00			1,009.04
Regular Board Meeting	5/9/2013	59256	500.00			9.04					500.00			1,009.04
Coop Annual Meeting	5/29/2013	59365		500.00		9.04								509.04
Regular Board Meeting	6/1/2013	59449	500.00			9.04					500.00			1,009.04
Regular Board Meeting	7/2/2013	59857	500.00			9.04					500.00			1,009.04
Regular Board Meeting	8/6/2013	60095	500.00			9.04					500.00			1,009.04
Regular Board Meeting	9/4/2013	60323	500.00			9.04					500.00			1,009.04
Regular Board Meeting	10/2/2013	60639	500.00			9.04					500.00			1,009.04
Regular Board Meeting	11/4/2013	60868	500.00			9.04					500.00			1,009.04
Regular Board Meeting	12/4/2013	61086	500.00			9.04					500.00			1,009.04
Life Insurance	Monthly	Var.										344.28		344.28
AD&D Insurance	Monthly	Var.										44.52		44.52
			6,000.00	1,000.00	1,500.00	963.33	0.00	0.00	1,001.01	214.19	5,500.00	388.80	0.00	16,567.33

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DESCRIPTION	DATE	CK NO.	REG MTG	OTHER MTG	PER DIEM	MILEAGE	AIR FARE	MTG FEES	HOTEL	MEALS	HEALTH INS / STIPEND	HEALTH INS	MISC	TOTAL
Lansford Lay														
Regular Board Meeting	1/3/2013	58127	500.00			53.11								553.11
Regular Board Meeting	2/6/2013	58384	500.00			53.11								553.11
Special Board Meeting	2/22/2013	58447		500.00		53.11								553.11
Regular Board Meeting	3/7/2013	58668	500.00			53.11								553.11
Regular Board Meeting	4/9/2013	58869	500.00			53.11								553.11
Regular Board Meeting	5/9/2013	59257	500.00			53.11								553.11
Coop Annual Meeting	5/29/2013	59367		500.00		53.11								553.11
Regular Board Meeting	6/1/2013	59451	500.00			53.11								553.11
Regular Board Meeting	7/2/2013	59860	500.00			53.11								553.11
Regular Board Meeting	8/6/2013	60098	500.00			53.11								553.11
Regular Board Meeting	9/4/2013	60326	500.00			53.11								553.11
Regular Board Meeting	10/2/2013	60643	500.00			53.11								553.11
Regular Board Meeting	11/4/2013	60871	500.00			53.11								553.11
Regular Board Meeting	12/4/2013	61089	500.00			53.11								553.11
Medical Insurance	Monthly	Var.										12,772.46		12,772.46
Dental Insurance	Monthly	Var.										1,368.84		1,368.84
Life Insurance	Monthly	Var.										478.20		478.20
AD&D Insurance	Monthly	Var.										50.40		50.40
Medical Admin Cost	Monthly	Var.										1,357.46		1,357.46
														0.00
			6,000.00	1,000.00	0.00	743.54	0.00	0.00	0.00	0.00	0.00	16,027.36	0.00	23,770.90
Kermit Creech														
Regular Board Meeting	1/3/2013	58135	500.00			73.45								573.45
Regular Board Meeting	2/6/2013	58387	500.00			73.45								573.45
Special Board Meeting	2/22/2013	58451		500.00		73.45								573.45
Insurance Stipend	2/27/2013	58478									500.00			500.00
Regular Board Meeting	3/7/2013	58682	500.00			73.45					500.00			1,073.45
Regular Board Meeting	4/9/2013	58887	500.00			73.45					500.00			1,073.45
Regular Board Meeting	5/9/2013	59271	500.00			73.45					500.00			1,073.45
Coop Annual Meeting	5/29/2013	59371		500.00		73.45								573.45
Regular Board Meeting	6/1/2013	59455	500.00			73.45					500.00			1,073.45
NRECA Summer School	6/19/2013	59565			1,200.00	539.58			308.96	94.91				2,143.45
Regular Board Meeting	7/2/2013	59875	500.00			73.45					500.00			1,073.45
Regular Board Meeting	8/6/2013	60116	500.00			73.45					500.00			1,073.45
Regular Board Meeting	9/4/2013	60334	500.00			73.45					500.00			1,073.45
Regular Board Meeting	10/2/2013	60659	500.00			73.45					500.00			1,073.45
Regular Board Meeting	11/4/2013	60882	500.00			73.45					500.00			1,073.45
KAEC Director Training	11/20/2013	60955			900.00	268.38			262.22	42.59				1,473.19
Regular Board Meeting	12/4/2013	61104	500.00			73.45					500.00			1,073.45
NRECA Winter School	12/27/2013	61202			900.00	314.14			571.25	81.03				1,866.42
NRECA Summer Classes & Hotel	5/19/2013	59354						1,650.00						1,650.00
NRECA Classes Hotel	6/18/2013	59574							155.68					155.68
NRECA Classes	10/31/2013	60840						1,650.00						1,650.00
NRECA Classes Hotel	12/31/2013	61246							220.32					220.32
KAEC Director Training	12/31/2013	61306						732.00						732.00
Life Insurance	Monthly	Var.										478.20		478.20
AD&D Insurance	Monthly	Var.										50.40		50.40
			6,000.00	1,000.00	3,000.00	2,150.40	0.00	4,032.00	1,518.43	218.53	5,500.00	528.60	0.00	23,947.96

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DESCRIPTION	DATE	CK NO.	REG MTG	OTHER MTG	PER DIEM	MILEAGE	AIR FARE	MTG FEES	HOTEL	MEALS	HEALTH INS / STIPEND	HEALTH INS	MISC	TOTAL
Roy Ferguson														
Retired director	1/3/2013	58103	300.00											300.00
Retired director	2/6/2013	58372	300.00											300.00
Retired director	3/7/2013	58635	300.00											300.00
Retired director	4/9/2013	58842	300.00											300.00
Retired director	5/9/2013	59236	300.00											300.00
Retired director	6/1/2013	59439	300.00											300.00
Retired director	7/2/2013	59837	300.00											300.00
Retired director	8/6/2013	60069	300.00											300.00
Retired director	9/4/2013	60301	300.00											300.00
Retired director	10/2/2013	60613	300.00											300.00
Retired director	11/4/2013	60846	300.00											300.00
Retired director	12/4/2013	61068	300.00											300.00
														0.00
			3,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,600.00
Other														
Board Meeting Food	1/20/2013	58369								108.63				108.63
Board Meeting Food	2/28/2013	58630								107.31				107.31
Directors USB Drives	2/28/2013	58630											51.72	51.72
Board Meeting Food	3/27/2013	58775								162.06				162.06
Board Meeting Food	4/30/2013	59190								91.65				91.65
Board Meeting Food	5/19/2013	59354								132.36				132.36
Board Meeting Food	6/25/2013	59574								105.08				105.08
Board Meeting Food	7/19/2013	60036								108.18				108.18
Board Meeting Food	8/19/2013	60297								127.12				127.12
Board Meeting Food	10/31/2013	60840								109.55				109.55
Board Meeting Food	11/30/2013	61121								120.51				120.51
Board Meeting Food	12/31/2013	61246								150.57				150.57
Christmas Gifts	12/31/2013	61246											1,618.03	1,618.03
Bd Mtg Food Mileage	6/30/2013	59818											11.30	11.30
Bd Mtg Food Mileage	4/11/2013	58897											7.91	7.91
Background Checks for EKP	5/29/2013	59375											72.00	72.00
Background Checks for EKP	6/25/2013	59583											20.00	20.00
NRECA DOM liability insurance													8,560.00	8,560.00
Subtotal			0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,323.02	0.00	0.00	10,340.96	11,663.98
Total			49,200.00	7,000.00	15,000.00	9,270.05	0.00	10,354.00	9,971.49	2,627.36	33,000.00	54,256.20	10,340.96	201,020.06



Cumberland Valley Electric, Inc.
Case No. 2014-00159
Miscellaneous Expenses

Certain advertising expenses are disallowed for rate-making purposes that are not for safety, conservation, information, or the annual meeting. These have been removed from Account 930.11, General Advertising Expense. Those removed include sponsorship of sports, church, civic, and charitable organizations.

Amounts removed from Account 909.11, Information Advertising Expenses for rate-making purposes.

Annual meeting scholarships, prizes, and giveaways have been removed for rate-making purposes. These costs are included in Account 930.40, Annual Meeting.

The amounts have been removed as follows:

909.00	Informational Advertising	170
930.11	General Advertising	1,595
930.40	Annual Meeting	<u>600</u>
		2,365

Cumberland Valley Electric

Case No. 2014-00159

Exhibit 11

Page 2 of 3

Witness: Jim Adkins

Acct 930.40, Annual Meeting Expenses

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DATE	CK NO.	VENDOR NAME	DESCRIPTION	AMOUNT	
2/22/13	58448	DELPHUS LAY	DELEGATE	100.00	x
2/22/13	58449	MICHAEL BRASHEARS	DELEGATE	100.00	x
2/22/13	58450	JAMES MEADOWS	DELEGATE	100.00	x
2/22/13	58453	MIKE COREY	DELEGATE	100.00	x
2/22/13	58454	JOE LEE HEMBREE	DELEGATE	100.00	x
2/22/13	58455	WILLIAM OXENDINE	DELEGATE	100.00	x
2/22/13	58456	GARY BAIRD	DELEGATE	100.00	x
3/14/13	58718	LANDS'END MERCHANTS CORP SALES	EMPLOYEE SHIRTS	1,408.50	
5/8/13	59255	LANDS'END MERCHANTS CORP SALES	EMPLOYEE SHIRTS	79.27	
5/24/13	59322	PEPSI-COLA BOTTLING CO	DRINKS ANNUAL MEETING	349.80	
5/24/13	59326	CAROLYN FOLEY	JANITOR ANNUAL MEETING	100.00	
5/24/13	59329	GARY LAMBERT	JANITOR ANNUAL MEETING	100.00	
5/24/13	59333	CAROL FARMER	JANITOR ANNUAL MEETING	100.00	
5/24/13	59319	BOY SCOUTS OF AMERICA	PRESENTATION OF FLAG	250.00	
5/24/13	59338	ADAM TOWNSLEY	SECURITY ANNUAL MEETING	100.00	
5/24/13	59342	KEITH LIFORD	SECURITY ANNUAL MEETING	100.00	
5/24/13	59321	LANDS'END MERCHANTS CORP SALES	EMPLOYEE SHIRTS	63.02	
5/24/13	59334	ABBY DISNEY	SINGER ANNUAL MEETING	75.00	
5/24/13	59317	KNOX CO BD OF EDUCATION	USE OF MIDDLE SCHOOL	500.00	
5/31/13	59357	KNOX CENTRAL 12TH MAN CLUB	CONCESSIONS	500.00	
5/31/13	59510	MOUNTAIN ADVOCATE MEDIA	NEWSPAPER AD	37.46	
6/6/13	59462	JONATHAN GROVE	SUPPLIES ANNUAL MEET	14.82	
6/7/13	59519	RICHARD PARMAN	SETTING TENT ANNUAL MEET	50.00	
6/18/13	59574	VISA	FOOD, SUPPLIES & TRUCK RENTAL	1,228.65	
6/19/13	59561	MOUNTAIN ADVOCATE MEDIA	NEWSPAPER AD	325.00	
6/25/13	59574	VISA	FOOD AND TRUCK RENTAL	175.26	
6/30/13	59884	CUMBERLAND VALLEY RECC	FOOD	17.26	
6/30/13	59889	W K D P	RADIO AD	250.00	
6/30/13	59891	WCTT-FM	RADIO AD	250.00	
6/30/13	59869	CHOICE RADIO CORPORATION	RADIO AD	660.00	
8/31/13	60351	KY ASSOC OF ELECT COOP	ENTERTAINMENT / BUCKET & BULBS	26,753.74	
8/23/13		EAST KY POWER	EKP - CFL REIMBURSEMENT	-871.20	
		EMPLOYEES LABOR & BENEFITS		<u>12,921.15</u>	

46,237.73

Exclude for rate-making purposes

600.00 x

Cumberland Valley Electric
Case No. 2014-00159

Exhibit 11
Page 3 of 3

Witness: Jim Adkins

Acct 930.2, Miscellaneous Expenses, Dues

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CK DATE	CK NO.	VENDOR NAME	DESCRIPTION	AMOUNT	LEGEND
1/23/2013	58224	NRECA	Membership Dues	27,817.00	
1/31/2013	58312	KAEC	Membership Dues	58,672.37	
				<hr/>	
				<u>86,489.37</u>	
		Remove for rate-making purposes		0.00	x
	S	Safety			
	C	Conservation			
	I	Information			
	X	Sponsorship			



Cumberland Valley Electric
Case No. 2014-00159
Rate Case Expenses
December 31, 2013

11 Estimated rate case costs:

12	Legal	\$5,000
13	Consulting	63,000
14	Advertising	5,000
15	Supplies and miscellaneous	<u>2,000</u>
16		
17	Total	75,000
18	Number of years	<u>3</u>
19		
20	Adjustment	<u><u>\$25,000</u></u>

22
23 In-house labor was not included in the above adjustment as the labor would
24 be incurred in other accounts.

25
26 This amount is approximately the same as other rate requests filed before this
27 Commission.

28
29 The monthly amounts filed for rate case expenses will include the labor,
30 however, this amount is not included in the above adjustment.

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Witness: Jim Adkins

Cumberland Valley Electric
Case No. 2014-00159
December 31, 2013

This adjustment is to remove G&T capital credits allocated during the test year.

East Kentucky Power Cooperative	2,957,019
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Cumberland Valley Electric
Case No. 2014-00159

Purchased Power
December 31, 2013

EKPC Case No. 2006-00510	Case No.	Case No.
Billing Rates	1-Aug-07	2008-00409
KW-Sch C	\$7.99	\$6.81
KW-Sch E2	\$6.02	\$5.71
KWH-Sch B/C	\$0.042882	\$0.036622
KWH-Sch E2 On-Peak	\$0.053279	\$0.046491
KWH-Sch E2 Off-Peak	\$0.044554	\$0.038209
KVA 1000-2999	\$1,088	\$1,033
KVA 3000-7499	\$2,737	\$2,598
KVA 7500-14999	\$3,292	\$3,125
KVA 15000-99999	\$5,310	\$5,041
Metering Point	\$144	\$137
Green Power	\$0.023750	\$0.023750

	Billing Demand Schedule E	Power Factor Penalty	Total KWH Billing Schedule E		Energy Charges	Green Power	Metering Point	Substation Charge				Total	Total from Base Rates	Fuel Adjustment	DLC	Environmental Surcharge	Total
			On-Peak	Off-Peak				1000	3000	7500	15000						
January	690,229		1,233,620	1,295,712	2,529,332	57	2,592	0	8,211	46,088	5,310	59,609	3,281,819	(55,369)		471,376	3,697,826
February	638,385		1,080,246	1,150,604	2,230,850	57	2,592	0	8,211	46,088	5,310	59,609	2,931,493	(15,214)		393,396	3,309,675
March	657,444		1,137,007	1,228,452	2,365,459	55	2,592	0	8,211	46,088	5,310	59,609	3,085,159	(21,033)		386,379	3,450,505
April	506,752		807,577	839,512	1,647,089	55	2,592	0	8,211	46,088	5,310	59,609	2,216,097	34,681		323,432	2,574,210
May	432,332		1,004,848	643,176	1,648,023	55	2,592	0	8,211	46,088	5,310	59,609	2,142,611	96,556		319,521	2,558,688
June	514,156	1,230	1,162,325	648,143	1,810,468	55	2,592	0	8,211	46,088	5,310	59,609	2,388,110	45,453	(1,246)	437,302	2,869,619
July	519,177	3,650	1,242,897	685,253	1,928,149	55	2,592	0	8,211	46,088	5,310	59,609	2,513,232	(77,803)	(1,248)	416,206	2,850,387
August	490,221	2,136	1,252,744	686,137	1,938,881	55	2,592	0	8,211	46,088	5,310	59,609	2,493,493	(64,205)	(1,278)	383,091	2,811,101
September	488,517	2,277	1,046,213	603,264	1,649,477	55	2,592	0	8,211	46,088	5,310	59,609	2,202,526	(70,997)	(1,336)	330,165	2,460,358
October	460,903		824,139	832,795	1,656,933	55	2,592	0	8,211	46,088	5,310	59,609	2,180,092	(113,069)	(1,337)	308,600	2,374,286
November	607,388		1,042,381	1,082,197	2,124,578	55	2,592	0	8,211	46,088	5,310	59,609	2,794,222	(98,671)	(1,424)	449,879	3,144,006
December	651,725		1,195,879	1,239,030	2,434,909	55	2,592	0	8,211	46,088	5,310	59,609	3,148,889	(21,104)	(1,434)	545,163	3,671,514
Total	6,657,229	9,293	13,029,876	10,934,274	23,964,150	660	31,104	0	98,532	553,056	63,720	715,308	31,377,744	(360,775)	(9,303)	4,764,510	35,772,176

Normalized in EKPC Case No. 2008-00409

<u>6,657,229</u>	<u>9,293</u>	<u>13,029,876</u>	<u>10,934,274</u>	<u>23,964,150</u>	<u>660</u>	<u>31,104</u>	<u>0</u>	<u>98,532</u>	<u>553,056</u>	<u>63,720</u>	<u>715,308</u>	<u>31,377,744</u>
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Normalized Adjustment 0

Cumberland Valley Electric
Case No. 2014-00159
Purchased Power
Test Year Billing Determinants
December 31, 2013

	Billing Demand	<u>Total KWH Billing</u>				Green Power	Metering Point	<u>1000</u>	<u>Substation Charge</u>			
	<u>Schedule E</u>	<u>Schedule E</u>		Total	<u>3000</u>				<u>7500</u>	<u>15000</u>		
		<u>On-Peak</u>	<u>Off-Peak</u>	<u>Kwh</u>								
January	114,656	23,153,972	29,081,831	52,235,803	2,400	18	0	3	14	1		
February	106,044	20,275,271	25,824,930	46,100,201	2,400	18	0	3	14	1		
March	109,210	21,340,631	27,572,202	48,912,833	2,300	18	0	3	14	1		
April	84,178	15,157,510	18,842,583	34,000,093	2,300	18	0	3	14	1		
May	71,816	18,860,108	14,435,871	33,295,979	2,300	18	0	3	14	1		
June	85,408	21,815,825	14,547,349	36,363,174	2,300	18	0	3	14	1		
July	86,242	23,328,079	15,380,275	38,708,354	2,300	18	0	3	14	1		
August	81,432	23,512,902	15,400,113	38,913,015	2,300	18	0	3	14	1		
September	81,149	19,636,495	13,540,065	33,176,560	2,300	18	0	3	14	1		
October	76,562	15,468,356	18,691,804	34,160,160	2,300	18	0	3	14	1		
November	100,895	19,564,582	24,289,558	43,854,140	2,300	18	0	3	14	1		
December	108,260	22,445,590	27,809,623	50,255,213	2,300	18	0	3	14	1		
Total	1,105,852	244,559,321	245,416,204	489,975,525	27,800	216	0	36	168	12		



CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159

Exhibit 15
Page 1 of 1
Witness: Jim Adkins

ADJUSTMENT FOR NORMALIZED REVENUE

Actual Test Year Revenue from Rates		\$	45,019,324
Less: Fuel Adjustment Revenue	(231,335)		
Environmental Surcharge Revenue	4,590,171		<u>4,358,835</u>
Normalized Base Rate Revenue		\$	40,660,489



Cumberland Valley Electric
Case No. 2014-00159
End of Test Year Customer Adjustment

	Sch I <u>Residential</u>	Sch II Small <u>Commercial</u>	Sch II Small <u>Commercial</u>	Sch III Schools & <u>Churches</u>	Sch IV Large <u>Power</u>	Sch IV-A Large Power <u>Rate</u>	Sch VI Outdoor <u>Lights</u>
December	22,122	1,298	144	45	3	76	11,115
January	22,124	1,297	143	45	3	76	11,116
February	22,156	1,297	142	45	3	76	11,103
March	22,141	1,287	143	45	3	75	11,117
April	22,088	1,291	144	45	3	75	11,084
May	22,103	1,301	147	46	3	76	11,065
June	22,080	1,307	148	46	3	76	11,138
July	22,058	1,296	145	46	3	77	11,111
August	22,092	1,299	145	46	3	77	11,130
September	22,086	1,315	145	46	3	78	11,115
October	22,094	1,312	145	46	2	77	11,106
November	22,111	1,312	140	46	2	80	11,127
December	22,112	1,319	140	46	2	80	11,135
Average	22,105	1,302	144	46	3	77	11,112
Increase	<u>7</u>	<u>17</u>	<u>(4)</u>	<u>0</u>	<u>(1)</u>	<u>3</u>	<u>23</u>
Test year base revenue	27,660,614	820,601	1,344,715	1,442,770	2,160,882	5,994,568	1,193,240
kwh useage	305,244,751	2,926,272	16,989,450	10,535,754	30,205,800	80,549,209	9,854,516
Average per kwh	0.09062	0.28043	0.07915	0.13694	0.07154	0.07442	0.12109
Total billings	265,245	15,633	1,727	548	33	923	133,347
Average monthly kwh use	1,151	187	9,838	19,226	915,327	87,269	74
Increase in consumers, times average use, times average rate, times 12 months, equals additional revenues							
Increase in revenues	8,760	10,708	(37,375)	0	(785,775)	233,808	2,470
Increase in consumers, times average use, times average cost per kwh purchased, times 12 months, equals additional power cost							
Increase in power cost	6,191	2,445	(30,240)	0	(703,404)	201,191	1,306
Net increase	2,569	8,263	(7,135)	0	(82,371)	32,616	1,164
Adjustment	<u>(44,894)</u>						
Base power cost			31,377,744				
Kwh purchased			489,975,525				
Cost per kwh purchased			0.06404				



Cumberland Valley Electric
Case No. 2014-00159
CATV Pole Attachments
as of December 31, 2013

Additional revenues generated

<u>Attachment Description</u>	Number	Rates		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole	2,382	\$3.58	\$5.24	\$8,528	\$12,482	\$3,954	46.4%
3 party Pole	19,302	2.98	3.97	\$57,520	\$76,629	\$19,109	33.2%
2 party Anchor	529	3.58	4.43	\$1,894	\$2,343	\$449	23.7%
3 party Anchor	0	2.36	2.92	\$0	\$0	\$0	0.0%
2 party Ground	0	0.26	0.21	\$0	\$0	\$0	0.0%
3 party Ground	0	0.16	0.13	\$0	\$0	\$0	0.0%
Total				\$67,942	\$91,454	\$23,512	34.61%

Cumberland Valley Electric

Case No. 2014-00159

CATV Pole Attachments

as of December 31, 2013

A. 1. Two-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
35' poles	8,410	\$1,176,337	
40' - 45' poles	23,881	\$10,849,585	
	<u>32,291</u>	<u>\$12,025,922</u>	<u>\$372.42</u>

2. Three-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
40' - 45' poles	<u>23,881</u>	<u>\$10,849,585</u>	<u>\$454.32</u>

3. Average cost of anchors

\$65.45

B. 1. Pole Charge:

a. Two party =	\$372.42	85%	13.53%	0.1224	\$5.24
b. Three party =	\$454.32	85%	13.53%	0.0759	\$3.97

2. Pole Charge, with ground attachments:

a. Two party =	\$372.42	85%	\$12.50	13.53%	0.1224	\$0.21
b. Three party =	\$454.32	85%	\$12.50	13.53%	0.0759	\$0.13

3. Anchor Charge:

a. Two party =	\$65.45		13.53%	0.50	\$4.43
b. Three party =	\$65.45		13.53%	0.33	\$2.92

(1) Remove miscellaneous allocations to pole accounts when using Record Units in the continuing property record (CPR's) system, per PSC Administrative Case No. 251

Cumberland Valley Electric has not made any adjustments or modifications to its CPR's during the current or previous several years.

Cumberland Valley Electric's CPRs for poles are classified as following:

- 35' and under
- 40' - 45'
- 50' and over

Cumberland Valley Electric
Case No. 2014-00159
CATV Pole Attachments
as of December 31, 2013

Fixed charges on investment from PSC Annual Report at December 31, 2013:

Total Distribution Expense	4,065,022	
Reference Page 14		
Customer Accounts Expense	1,871,976	
Reference Page 15		
Customer Service and Informational Expense	153,670	
Reference Page 15		
Administrative and General	1,369,893	
Reference Page 15		
Depreciation Expense	3,115,270	
Reference Page 13		
Taxes Other than Income Taxes	51,441	
Reference Page 13		
	<hr/>	
Sub total	10,627,272	
Divided by Total Utility Plant	95,051,496	11.18%
Line 2, Page 1		
Cost of Money		
Rate of Return on Investment allowed in the last General Rate Request, Case No. 2005-00187	3.54%	
Net plant ratio for distribution plant:		
Distribution plant	<u>87,827,579</u>	
Accumulated depreciation	<u>29,583,974</u>	33.7%
Rate of return (times 1 minus reserve ratio)		<u>2.35%</u>
Annual carrying charges		13.53%



2011
KENTUCKY ELECTRIC COOPERATIVES
TOTAL AVERAGE NUMBER OF CONSUMERS BILLED
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>% CHANGE FROM 2007</u>
BIG SANDY	13,213	13,226	13,244	13,211	13,138	0.6 %
BLUE GRASS ENERGY	55,087	54,980	54,816	54,694	54,021	2.0
CLARK ENERGY COOP	26,041	26,154	26,123	26,006	25,801	0.9
CUMBERLAND VALLEY	23,684	23,749	23,737	23,695	23,487	0.8
FARMERS	24,683	24,574	24,439	24,226	23,729	4.0
FLEMING-MASON	23,827	23,822	23,792	23,804	23,687	0.6
GRAYSON	15,470	15,533	15,678	15,722	15,631	-1.0
INTER-COUNTY	25,250	25,256	25,461	25,353	25,185	0.3
JACKSON ENERGY	51,224	51,338	51,338	51,644	51,244	0.0
LICKING VALLEY	17,428	17,493	17,485	17,453	17,272	0.9
NOLIN	32,948	32,638	32,159	31,885	31,422	4.9
OWEN	57,596	57,478	57,223	56,794	56,290	2.3
SALT RIVER ELECTRIC	47,411	47,046	46,501	46,071	45,453	4.3
SHELBY ENERGY	15,315	15,311	15,291	15,191	14,990	2.2
SOUTH KENTUCKY	66,361	66,430	66,317	66,276	62,408	6.3
TAYLOR COUNTY	<u>25,613</u>	<u>25,456</u>	<u>25,285</u>	<u>25,078</u>	<u>24,792</u>	<u>3.3</u>
TOTAL EKPC	521,151	520,484	518,889	517,103	508,550	2.5 %
JACKSON PURCHASE	29,199	29,152	29,109	29,092	28,747	1.6 %
KENERGY	55,210	54,991	54,839	54,736	54,337	1.6
MEADE COUNTY	<u>28,478</u>	<u>28,267</u>	<u>27,996</u>	<u>27,866</u>	<u>27,500</u>	<u>3.6</u>
TOTAL BIG RIVERS	112,887	112,410	111,944	111,694	110,584	2.1 %
HICKMAN-FULTON	3,675	3,716	3,742	3,782	3,770	-2.5 %
PENNYRILE	46,965	46,984	46,862	46,419	46,393	1.2
TRI-COUNTY	50,240	50,340	50,223	50,331	50,223	0.0
WARREN	60,265	59,995	59,627	59,317	58,591	2.9
WEST KENTUCKY	<u>38,154</u>	<u>38,189</u>	<u>38,183</u>	<u>38,323</u>	<u>38,057</u>	<u>0.3</u>
TOTAL TVA	199,299	199,224	198,637	198,172	197,034	1.1 %
OVERALL TOTAL	833,337	832,118	829,470	826,969	816,168	2.1 %

2011
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER CONSUMER
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>% CHANGE FROM 2007</u>
BIG SANDY	\$328	\$358	\$315	\$291	\$286	14.7 %
BLUE GRASS ENERGY	319	320	303	291	272	17.3
CLARK ENERGY COOP	303	295	283	253	240	26.3
CUMBERLAND VALLEY	301	309	299	267	259	16.2
FARMERS	300	289	248	262	259	15.8
FLEMING-MASON	329	317	325	291	280	17.5
GRAYSON	476	423	398	373	350	36.0
INTER-COUNTY	349	328	321	300	280	24.6
JACKSON ENERGY	371	344	358	311	301	23.3
LICKING VALLEY	317	316	303	270	260	21.9
NOLIN	411	408	363	349	342	20.2
OWEN	289	292	281	266	250	15.6
SALT RIVER ELECTRIC	231	223	237	228	196	17.9
SHELBY ENERGY	348	352	327	295	258	34.9
SOUTH KENTUCKY	280	291	270	264	262	6.9
TAYLOR COUNTY	<u>244</u>	<u>237</u>	<u>220</u>	<u>215</u>	<u>203</u>	<u>20.2</u>
AVERAGE EKPC	\$325	\$319	\$303	\$284	\$269	20.8 %
JACKSON PURCHASE	\$353	\$319	\$348	\$338	\$303	16.5 %
KENERGY	362	372	345	363	333	8.7
MEADE COUNTY	<u>302</u>	<u>294</u>	<u>271</u>	<u>267</u>	<u>251</u>	<u>20.3</u>
AVERAGE BIG RIVERS	\$340	\$329	\$321	\$323	\$295	15.3 %
HICKMAN-FULTON	\$759	\$522	\$595	\$525	\$433	75.3 %
PENNYRILE	325	287	290	274	254	28.0
TRI-COUNTY	290	284	270	258	244	18.9
WARREN	345	336	333	331	310	11.3
WEST KENTUCKY	<u>370</u>	<u>353</u>	<u>329</u>	<u>384</u>	<u>331</u>	<u>11.8</u>
AVERAGE TVA	\$419	\$357	\$364	\$355	\$314	33.4 %
OVERALL AVERAGE	\$346	\$329	\$318	\$303	\$281	23.1 %

**2011
KENTUCKY ELECTRIC COOPERATIVES
MILES OF LINE
STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>% CHANGE FROM 2007</u>
BIG SANDY	1,030	1,027	1,025	1,027	1,022	0.8 %
BLUE GRASS ENERGY	4,650	4,632	4,593	4,566	4,535	2.5
CLARK ENERGY COOP	3,042	3,036	3,035	3,014	2,982	2.0
CUMBERLAND VALLEY	2,614	2,616	2,609	2,592	2,577	1.4
FARMERS	3,591	3,577	3,555	3,539	3,513	2.2
FLEMING-MASON	3,550	3,537	3,517	3,506	3,483	1.9
GRAYSON	2,485	2,483	2,474	2,466	2,454	1.3
INTER-COUNTY	3,765	3,748	3,733	3,687	3,630	3.7
JACKSON ENERGY	5,676	5,664	5,663	5,663	5,652	0.4
LICKING VALLEY	2,039	2,031	2,026	2,023	2,020	0.9
NOLIN	2,991	2,980	2,959	2,939	2,917	2.5
OWEN	4,509	4,493	4,486	4,451	4,428	1.8
SALT RIVER ELECTRIC	4,040	4,016	3,982	3,953	3,903	3.5
SHELBY ENERGY	2,097	2,096	2,088	2,078	2,065	1.5
SOUTH KENTUCKY	6,755	6,735	6,715	6,685	6,600	2.3
TAYLOR COUNTY	<u>3,210</u>	<u>3,198</u>	<u>3,183</u>	<u>3,169</u>	<u>3,150</u>	<u>1.9</u>
TOTAL EKPC	56,044	55,869	55,643	55,358	54,931	2.0 %
JACKSON PURCHASE	2,918	2,909	2,900	2,891	3,271	-10.8 %
KENERGY	7,047	7,010	7,009	6,997	6,974	1.0
MEADE COUNTY	<u>2,974</u>	<u>2,974</u>	<u>2,978</u>	<u>2,972</u>	<u>2,959</u>	<u>0.5</u>
TOTAL BIG RIVERS	12,939	12,893	12,887	12,860	13,204	-2.0 %
HICKMAN-FULTON	691	684	688	689	688	0.4 %
PENNYRILE	5,089	5,100	5,099	5,075	5,047	0.8
TRI-COUNTY	5,449	5,451	5,464	5,467	5,450	0.0
WARREN	5,626	5,622	5,617	5,615	5,584	0.8
WEST KENTUCKY	<u>4,079</u>	<u>4,069</u>	<u>4,046</u>	<u>4,033</u>	<u>3,881</u>	<u>5.1</u>
TOTAL TVA	20,934	20,926	20,914	20,879	20,650	1.4 %
OVERALL TOTAL	89,917	89,688	89,444	89,097	88,785	1.3 %

2011
KENTUCKY ELECTRIC COOPERATIVES
DENSITY CONSUMERS PER MILE
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>% CHANGE FROM 2007</u>
BIG SANDY	13.0	12.9	12.9	12.8	12.8	1.6 %
BLUE GRASS ENERGY	11.8	11.9	11.9	12.0	11.9	-0.8
CLARK ENERGY COOP	8.6	8.6	8.6	8.6	8.7	-1.1
CUMBERLAND VALLEY	9.1	9.1	9.1	9.1	9.1	0.0
FARMERS	6.9	6.9	6.9	6.8	6.8	1.5
FLEMING-MASON	6.7	6.7	6.8	6.8	6.8	-1.5
GRAYSON	6.2	6.3	6.3	6.4	6.4	-3.1
INTER-COUNTY	6.7	6.7	6.8	6.9	6.9	-2.9
JACKSON ENERGY	9.0	9.1	9.1	9.1	9.1	-1.1
LICKING VALLEY	8.6	8.6	8.6	8.6	9.0	-4.4
NOLIN	11.0	11.0	10.9	10.9	10.8	1.9
OWEN	12.8	12.8	12.8	12.8	12.7	0.8
SALT RIVER ELECTRIC	11.7	11.7	11.7	11.7	11.7	0.0
SHELBY ENERGY	7.3	7.3	7.3	7.3	7.3	0.0
SOUTH KENTUCKY	9.8	9.9	9.9	9.9	9.5	3.2
TAYLOR COUNTY	<u>8.0</u>	<u>8.0</u>	<u>7.9</u>	<u>7.9</u>	<u>7.9</u>	<u>1.3</u>
AVERAGE EKPC	9.3	9.3	9.3	9.3	9.3	0.0 %
JACKSON PURCHASE	10.0	10.0	10.0	10.1	8.8	13.6 %
KENERGY	7.8	7.8	7.8	7.8	7.8	0.0
MEADE COUNTY	<u>9.6</u>	<u>9.5</u>	<u>9.4</u>	<u>9.4</u>	<u>9.3</u>	<u>3.2</u>
AVERAGE BIG RIVERS	8.7	8.7	8.7	8.7	8.4	3.6 %
HICKMAN-FULTON	5.3	5.4	5.4	5.5	5.5	-3.6 %
PENNYRILE	9.2	9.2	9.2	9.2	9.2	0.0
TRI-COUNTY	9.2	9.2	9.2	9.2	9.2	0.0
WARREN	10.7	10.7	10.6	10.6	10.5	1.9
WEST KENTUCKY	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	<u>9.5</u>	<u>9.8</u>	<u>-4.1</u>
AVERAGE TVA	9.5	9.5	9.5	9.5	9.5	0.0 %
OVERALL AVERAGE	9.3	9.3	9.3	9.3	9.2	1.1 %

2011
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER MILE OF LINE
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>% CHANGE FROM 2007</u>
BIG SANDY	\$4,207	\$4,611	\$4,070	\$3,744	\$3,676	14.4 %
BLUE GRASS ENERGY	3,779	3,798	3,617	3,486	3,240	16.6
CLARK ENERGY COOP	2,595	2,542	2,435	2,182	2,077	24.9
CUMBERLAND VALLEY	2,727	2,805	2,720	2,442	2,360	15.6
FARMERS	2,061	1,985	1,704	1,793	1,749	17.8
FLEMING-MASON	2,209	2,135	2,199	1,976	1,905	16.0
GRAYSON	2,963	2,645	2,523	2,379	2,229	32.9
INTER-COUNTY	2,341	2,211	2,189	2,061	1,943	20.5
JACKSON ENERGY	3,348	3,118	3,246	2,837	2,730	22.6
LICKING VALLEY	2,710	2,721	2,615	2,330	2,224	21.9
NOLIN	4,527	4,469	3,946	3,786	3,684	22.9
OWEN	3,693	3,735	3,584	3,394	3,178	16.2
SALT RIVER ELECTRIC	2,711	2,612	2,767	2,658	2,282	18.8
SHELBY ENERGY	2,542	2,572	2,396	2,157	1,872	35.8
SOUTH KENTUCKY	2,751	2,870	2,667	2,618	2,477	11.1
TAYLOR COUNTY	<u>1,948</u>	<u>1,886</u>	<u>1,748</u>	<u>1,703</u>	<u>1,598</u>	<u>21.9</u>
AVERAGE EKPC	\$2,946	\$2,919	\$2,778	\$2,596	\$2,451	20.2 %
JACKSON PURCHASE	\$3,532	\$3,197	\$3,493	\$3,403	\$2,663	32.6 %
KENERGY	2,837	2,919	2,698	2,839	2,595	9.3
MEADE COUNTY	<u>2,892</u>	<u>2,794</u>	<u>2,547</u>	<u>2,503</u>	<u>2,334</u>	<u>23.9</u>
AVERAGE BIG RIVERS	\$3,087	\$2,970	\$2,913	\$2,915	\$2,531	22.0 %
HICKMAN-FULTON	\$4,037	\$2,835	\$3,236	\$2,882	\$2,373	70.1 %
PENNYRILE	3,000	2,644	2,665	2,505	2,334	28.5
TRI-COUNTY	2,674	2,623	2,481	2,375	2,248	19.0
WARREN	3,695	3,586	3,535	3,496	3,251	13.7
WEST KENTUCKY	<u>3,462</u>	<u>3,313</u>	<u>3,105</u>	<u>3,649</u>	<u>3,246</u>	<u>6.7</u>
AVERAGE TVA	\$3,374	\$3,000	\$3,005	\$2,982	\$2,691	25.4 %
OVERALL AVERAGE	\$3,052	\$2,944	\$2,840	\$2,716	\$2,512	21.5 %

2011
KENTUCKY ELECTRIC COOPERATIVES
TOTAL RESIDENTIAL REVENUES
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>% CHANGE FROM 2007</u>
BIG SANDY	\$19,254,338	\$19,504,677	\$17,723,822	\$16,830,290	\$15,853,498	21.5 %
BLUE GRASS ENERGY	85,884,006	84,916,241	76,618,866	75,708,257	68,578,375	25.2
CLARK ENERGY COOP	36,708,481	35,307,191	30,986,423	31,325,955	29,717,098	23.5
CUMBERLAND VALLEY	31,460,869	32,537,708	29,727,049	29,511,472	27,983,567	12.4
FARMERS	32,782,120	33,283,884	28,960,218	27,656,329	26,450,827	23.9
FLEMING-MASON	28,199,358	28,565,335	26,445,334	27,400,745	23,419,768	20.4
GRAYSON	21,978,172	22,417,367	20,375,694	19,326,239	18,131,615	21.2
INTER-COUNTY	38,974,091	38,111,051	34,703,753	35,150,797	33,391,723	16.7
JACKSON ENERGY	81,135,113	81,946,986	73,894,381	76,960,445	66,382,819	22.2
LICKING VALLEY	21,839,711	22,255,988	19,780,129	19,074,236	18,876,065	15.7
NOLIN	48,149,006	48,360,150	43,698,352	44,216,213	39,672,514	21.4
OWEN	79,163,922	77,481,108	71,405,333	68,931,115	66,458,715	19.1
SALT RIVER ELECTRIC	66,517,122	65,700,823	59,096,481	59,871,443	57,330,349	16.0
SELBY ENERGY	25,853,776	23,574,557	21,062,573	21,021,450	19,684,110	31.3
SOUTH KENTUCKY	84,493,130	82,781,238	73,895,399	76,437,150	67,646,098	24.9
TAYLOR COUNTY	<u>29,703,937</u>	<u>28,920,669</u>	<u>28,255,677</u>	<u>26,494,596</u>	<u>25,472,592</u>	16.6
TOTAL EKPC	\$732,097,152	\$725,664,973	\$656,629,484	\$655,916,732	\$605,049,733	21.0 %
JACKSON PURCHASE	\$29,070,144	\$31,240,203	\$27,283,351	\$27,275,780	\$25,697,996	13.1 %
KENERGY	56,283,522	57,146,551	50,349,518	50,078,902	50,041,715	12.5
MEADE COUNTY	<u>27,479,674</u>	<u>26,176,828</u>	<u>23,284,922</u>	<u>24,196,053</u>	<u>21,982,113</u>	25.0
TOTAL BIG RIVERS	\$112,833,340	\$114,563,582	\$100,917,791	\$101,550,735	\$97,721,824	15.5 %
HICKMAN-FULTON	\$5,999,873	\$5,138,805	\$5,138,805	\$5,096,364	\$4,576,311	31.1 %
PENNYRILE	65,110,934	64,755,328	58,273,701	58,879,793	51,817,219	25.7
TRI-COUNTY	65,426,019	70,308,752	59,900,263	59,815,321	54,981,186	19.0
WARREN	89,954,828	85,524,135	79,490,494	79,120,223	69,955,053	28.6
WEST KENTUCKY	<u>57,812,187</u>	<u>58,309,168</u>	<u>51,664,140</u>	<u>51,409,815</u>	<u>45,691,877</u>	26.5
TOTAL TVA	\$284,303,841	\$284,036,188	\$254,467,403	\$254,321,516	\$227,021,646	25.2 %
OVERALL TOTAL	\$1,129,234,333	\$1,124,264,743	\$1,012,014,678	\$1,011,788,983	\$929,793,203	21.5 %

**KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE AND STATISTICAL COMPARISONS
2011 - 2010 ANNUAL COMPARISON**

**AVERAGE EXPENSE PER CONSUMER
EKPC**

	<u>2011</u>	<u>2010</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 75.00	\$ 73.00	\$ 2.00
DISTRIBUTION MAINTENANCE	\$ 103.00	\$ 102.00	\$ 1.00
ACCOUNTING	\$ 61.00	\$ 60.00	\$ 1.00
CONSUMER INFORMATION	\$ 12.00	\$ 13.00	\$ (1.00)
ADMINISTRATION	\$ 74.00	\$ 71.00	\$ 3.00
TOTAL PER CONSUMER	\$ 325.00	\$ 319.00	\$ 6.00

**AVERAGE EXPENSE PER CONSUMER
TVA**

	<u>2011</u>	<u>2010</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 109.00	\$ 95.00	\$ 14.00
DISTRIBUTION MAINTENANCE	\$ 144.00	\$ 119.00	\$ 25.00
ACCOUNTING	\$ 57.00	\$ 56.00	\$ 1.00
CONSUMER INFORMATION	\$ 23.00	\$ 8.00	\$ 15.00
ADMINISTRATION	\$ 86.00	\$ 79.00	\$ 7.00
TOTAL PER CONSUMER	\$ 419.00	\$ 357.00	\$ 62.00

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	1,207	1,206	1
MILES OF LINE	56,044	55,869	175
CONSUMERS BILLED	521,151	520,484	667
MILES OF LINE PER EMPLOYEE	46.7	46.6	0.1
CONSUMER PER EMPLOYEE	434	434	0
DENSITY CONSUMERS PER MILE	9.3	9.3	0

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	517	516	\$ 1.00
MILES OF LINE	20,934	20,926	\$ 8.00
CONSUMERS BILLED	199,299	199,224	\$ 75.00
MILES OF LINE PER EMPLOYEE	40.7	40.6	\$ 0.10
CONSUMER PER EMPLOYEE	387	387	\$ -
DENSITY CONSUMERS PER MILE	9.5	9.5	\$ -

**AVERAGE EXPENSE PER CONSUMER
BIG RIVERS**

	<u>2011</u>	<u>2010</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 90.00	\$ 83.00	\$ 7.00
DISTRIBUTION MAINTENANCE	\$ 131.00	\$ 128.00	\$ 3.00
ACCOUNTING	\$ 49.00	\$ 49.00	\$ -
CONSUMER INFORMATION	\$ 7.00	\$ 6.00	\$ 1.00
ADMINISTRATION	\$ 63.00	\$ 63.00	\$ -
TOTAL PER CONSUMER	\$ 340.00	\$ 329.00	\$ 11.00

**AVERAGE EXPENSE PER CONSUMER
OVERALL AVERAGE**

	<u>2011</u>	<u>2010</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 84.00	\$ 79.00	\$ 5.00
DISTRIBUTION MAINTENANCE	\$ 115.00	\$ 109.00	\$ 6.00
ACCOUNTING	\$ 58.00	\$ 58.00	\$ -
CONSUMER INFORMATION	\$ 14.00	\$ 11.00	\$ 3.00
ADMINISTRATION	\$ 75.00	\$ 72.00	\$ 3.00
TOTAL PER CONSUMER	\$ 346.00	\$ 329.00	\$ 17.00

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	291	293	(2)
MILES OF LINE	12,939	12,893	46
CONSUMERS BILLED	112,887	112,410	477
MILES OF LINE PER EMPLOYEE	44.5	43.9	0.6
CONSUMER PER EMPLOYEE	388	382	6
DENSITY CONSUMERS PER MILE	8.7	8.7	0

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	2015	2015	0
MILES OF LINE	89,917	89,688	229
CONSUMERS BILLED	833,337	832,118	1,219
MILES OF LINE PER EMPLOYEE	44.6	44.5	0
CONSUMER PER EMPLOYEE	413	413	0
DENSITY CONSUMERS PER MILE	9.3	9.3	0

2011
KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV
BIG SANDY RECC	872	1,270	2,142	757	141	1,167	4,207	45	1,030	12,102	19,254,338	132.6
BLUE GRASS ENERGY COOP	592	1,244	1,836	628	367	948	3,779	110	4,650	52,419	85,884,006	136.5
CLARK ENERGY COOP	608	925	1,533	514	86	462	2,595	51	3,042	24,394	36,708,481	125.4
CUMBERLAND VALLEY ELECTRIC	489	1,006	1,495	707	45	480	2,727	55	2,914	22,183	31,460,869	118.2
FARMERS RECC	392	742	1,134	302	34	591	2,061	65	3,591	22,891	32,782,120	119.3
FLEMING-MASON ENERGY	490	772	1,262	497	54	396	2,209	52	3,550	17,693	28,199,358	132.8
GRAYSON RECC	461	1,189	1,650	423	112	778	2,963	46	2,485	14,225	21,978,172	128.8
INTER-COUNTY ENERGY	711	423	1,134	523	141	543	2,341	67	3,765	23,846	38,974,091	136.2
JACKSON ENERGY COOP	803	1,029	1,832	641	117	758	3,348	134	5,676	47,627	81,135,113	142.0
LICKING VALLEY RECC	744	923	1,667	436	43	564	2,710	45	2,039	16,244	21,839,711	112.0
NOLIN RECC	1091	1,322	2,413	815	297	1,002	4,527	97	2,991	30,926	48,149,006	129.7
OWEN EC	1137	792	1,929	818	141	805	3,693	133	4,509	55,052	79,163,922	119.8
SALT RIVER ELECTRIC	634	728	1,362	516	94	739	2,711	74	4,040	44,449	66,517,122	124.7
SHELBY ENERGY COOP	745	913	1,658	329	88	467	2,542	36	2,097	14,904	25,853,776	144.6
SOUTH KENTUCKY RECC	521	884	1,405	619	98	629	2,751	145	6,755	60,730	84,493,130	115.9
TAYLOR COUNTY RECC	567	551	1,118	351	32	447	1,948	52	3,210	22,666	29,703,937	109.2
EKPC GROUP AVERAGE	679	920	1,599	555	118	674	2,946	75	3,503	30,147	45,756,072	126.5
JACKSON PURCHASE ENERGY	1071	1,331	2,402	360	40	730	3,532	80	2,918	26,054	29,070,144	93.0
KENERGY CORP	564	1,254	1,818	486	47	486	2,837	147	7,047	45,294	56,283,522	103.6
MEADE COUNTY RECC	871	948	1,819	460	96	517	2,892	64	2,974	26,402	27,479,674	86.7
BIG RIVERS GROUP AVERAGE	835	1,178	2,013	435	61	578	3,087	97	4,313	32,583	37,611,113	96.2
HICKMAN-FULTON COUNTIES RECC	968	1,409	2,377	346	394	920	4,037	16	691	2,810	5,999,873	177.4
PENNYRILE RECC	914	914	1,828	443	92	637	3,000	120	5,089	37,649	65,110,934	144.1
TRI-COUNTY EMC	839	913	1,752	415	101	406	2,674	132	5,449	40,682	65,426,019	134.0
WARREN RECC	1028	975	2,003	589	150	953	3,695	160	5,626	50,126	89,954,828	149.6
WEST KENTUCKY RECC	702	1,534	2,236	655	47	524	3,462	89	4,079	30,445	57,812,187	158.2
TVA GROUP AVERAGE	890	1,149	2,039	490	157	688	3,374	103	4,187	32,344	56,860,768	146.5
OVERALL AVERAGE	742	1,000	1,742	526	119	665	3,052	84	3,747	30,909	47,051,431	126.9

2011
KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	68	99	167	59	11	91	328	45	1,030	13,213	23.0	294	13.0
BLUE GRASS ENERGY COOP	50	105	155	53	31	80	319	110	4,650	55,087	42.3	501	11.8
CLARK ENERGY COOP	71	108	179	60	10	54	303	51	3,042	26,041	59.6	511	8.6
CUMBERLAND VALLEY ELECTRIC	54	111	165	78	5	53	301	55	2,614	23,684	47.5	431	9.1
FARMERS RECC	57	108	165	44	5	86	300	65	3,591	24,683	55.2	380	6.9
FLEMING-MASON ENERGY	73	115	188	74	8	59	329	52	3,550	23,827	68.3	458	6.7
GRAYSON RECC	74	191	265	68	18	125	476	46	2,485	15,470	54.0	336	6.2
INTER-COUNTY ENERGY	106	63	169	78	21	81	349	67	3,765	25,250	56.2	377	6.7
JACKSON ENERGY COOP	89	114	203	71	13	84	371	134	5,676	51,224	42.4	382	9.0
LICKING VALLEY RECC	87	108	195	51	5	66	317	45	2,039	17,428	45.0	387	8.6
NOLIN RECC	99	120	219	74	27	91	411	97	2,991	32,948	30.8	340	11.0
OWEN EC	89	62	151	64	11	63	289	133	4,509	57,596	33.9	433	12.8
SALT RIVER ELECTRIC	54	62	116	44	8	63	231	74	4,040	47,411	54.6	641	11.7
SHELBY ENERGY COOP	102	125	227	45	12	64	348	36	2,097	15,315	58.3	425	7.3
SOUTH KENTUCKY RECC	53	90	143	63	10	64	280	145	6,755	66,361	46.6	458	9.8
TAYLOR COUNTY RECC	71	69	140	44	4	56	244	52	3,210	25,613	61.7	493	8.0
EKPC GROUP AVERAGE	75	103	178	61	12	74	325	75	3,503	32,572	46.7	434	9.3
JACKSON PURCHASE ENERGY	107	133	240	36	4	73	353	80	2,918	29,199	36.5	365	10.0
KENERGY CORP	72	160	232	62	6	62	362	147	7,047	55,210	47.9	376	7.8
MEADE COUNTY RECC	91	99	190	48	10	54	302	64	2,974	28,478	46.0	445	9.6
BIG RIVERS GROUP AVERAGE	90	131	221	49	7	63	340	97	4,313	37,629	44.5	388	8.7
HICKMAN-FULTON COUNTIES RECC	182	265	447	65	74	173	759	16	691	3,675	43.2	230	5.3
PENNYRILE RECC	99	99	198	48	10	69	325	120	5,089	46,965	42.4	391	9.2
TRI-COUNTY EMC	91	99	190	45	11	44	290	132	5,449	50,240	41.3	381	9.2
WARREN RECC	96	91	187	55	14	89	345	160	5,626	60,265	35.2	377	10.7
WEST KENTUCKY RECC	75	164	239	70	5	56	370	89	4,079	36,154	45.8	429	9.4
TVA GROUP AVERAGE	109	144	253	57	23	86	419	103	4,187	39,860	40.7	387	9.5
OVERALL AVERAGE	84	115	199	58	14	75	346	84	3,747	34,722	44.6	413	9.3

2012
KENTUCKY ELECTRIC COOPERATIVES
TOTAL AVERAGE NUMBER OF CONSUMERS BILLED
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	13,199	13,213	13,226	13,244	13,211	-0.1 %
BLUE GRASS ENERGY	55,297	55,087	54,980	54,816	54,694	1.1
CLARK ENERGY COOP	25,980	26,041	26,154	26,123	26,006	-0.1
CUMBERLAND VALLEY	23,613	23,684	23,749	23,737	23,695	-0.3
FARMERS	24,710	24,683	24,574	24,439	24,226	2.0
FLEMING-MASON	23,758	23,827	23,822	23,792	23,804	-0.2
GRAYSON	15,389	15,470	15,533	15,678	15,722	-2.1
INTER-COUNTY	25,338	25,250	25,256	25,461	25,353	-0.1
JACKSON ENERGY	51,250	51,224	51,338	51,338	51,644	-0.8
LICKING VALLEY	17,426	17,428	17,493	17,485	17,453	-0.2
NOLIN	33,580	32,948	32,638	32,159	31,885	5.3
OWEN	57,809	57,596	57,478	57,223	56,794	1.8
SALT RIVER ELECTRIC	47,805	47,411	47,046	46,501	46,071	3.8
SHELBY ENERGY	15,360	15,315	15,311	15,291	15,191	1.1
SOUTH KENTUCKY	66,327	66,361	66,430	66,317	66,276	0.1
TAYLOR COUNTY	<u>25,728</u>	<u>25,613</u>	<u>25,456</u>	<u>25,285</u>	<u>25,078</u>	<u>2.6</u>
TOTAL EKPC	522,569	521,151	520,484	518,889	517,103	1.1 %
JACKSON PURCHASE	29,241	29,199	29,152	29,109	29,092	0.5 %
KENERGY	55,419	55,210	54,991	54,839	54,736	1.2
MEADE COUNTY	<u>28,592</u>	<u>28,478</u>	<u>28,267</u>	<u>27,996</u>	<u>27,866</u>	<u>2.6</u>
TOTAL BIG RIVERS	113,252	112,887	112,410	111,944	111,694	1.4 %
HICKMAN-FULTON	3,689	3,675	3,716	3,742	3,782	-2.5 %
PENNYRILE	47,013	46,965	46,984	46,862	46,419	1.3
TRI-COUNTY	50,679	50,240	50,340	50,223	50,331	0.7
WARREN	60,641	60,265	59,995	59,627	59,317	2.2
WEST KENTUCKY	<u>38,310</u>	<u>38,154</u>	<u>38,189</u>	<u>38,183</u>	<u>38,323</u>	<u>0.0</u>
TOTAL TVA	200,332	199,299	199,224	198,637	198,172	1.1 %
OVERALL TOTAL	836,153	833,337	832,118	829,470	826,969	1.1 %

2012
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER CONSUMER
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	\$335	\$328	\$358	\$315	\$291	15.1 %
BLUE GRASS ENERGY	307	319	320	303	291	5.5
CLARK ENERGY COOP	315	303	295	283	253	24.5
CUMBERLAND VALLEY	314	301	309	299	267	17.6
FARMERS	291	300	289	248	262	11.1
FLEMING-MASON	357	329	317	325	291	22.7
GRAYSON	492	476	423	398	373	31.9
INTER-COUNTY	347	349	328	321	300	15.7
JACKSON ENERGY	377	371	344	358	311	21.2
LICKING VALLEY	331	317	316	303	270	22.6
NOLIN	402	411	408	363	349	15.2
OWEN	291	289	292	281	266	9.4
SALT RIVER ELECTRIC	216	231	223	237	228	-5.3
SHELBY ENERGY	349	348	352	327	295	18.3
SOUTH KENTUCKY	264	280	291	270	264	0.0
TAYLOR COUNTY	<u>245</u>	<u>244</u>	<u>237</u>	<u>220</u>	<u>215</u>	<u>14.0</u>
AVERAGE EKPC	\$328	\$325	\$319	\$303	\$284	15.5 %
JACKSON PURCHASE	\$334	\$353	\$319	\$348	\$338	-1.2 %
KENERGY	352	362	372	345	363	-3.0
MEADE COUNTY	<u>315</u>	<u>302</u>	<u>294</u>	<u>271</u>	<u>267</u>	<u>18.0</u>
AVERAGE BIG RIVERS	\$333	\$340	\$329	\$321	\$323	3.1 %
HICKMAN-FULTON	\$648	\$759	\$522	\$595	\$525	23.4 %
PENNYRILE	319	325	287	290	274	16.4
TRI-COUNTY	297	290	284	270	258	15.1
WARREN	347	345	336	333	331	4.8
WEST KENTUCKY	<u>334</u>	<u>370</u>	<u>353</u>	<u>329</u>	<u>384</u>	<u>-13.0</u>
AVERAGE TVA	\$390	\$419	\$357	\$364	\$355	9.9 %
OVERALL AVERAGE	\$341	\$346	\$329	\$318	\$303	12.5 %

2012
KENTUCKY ELECTRIC COOPERATIVES
MILES OF LINE
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	1,033	1,030	1,027	1,025	1,027	0.6 %
BLUE GRASS ENERGY	4,682	4,650	4,632	4,593	4,566	2.5
CLARK ENERGY COOP	3,052	3,042	3,036	3,035	3,014	1.3
CUMBERLAND VALLEY	2,626	2,614	2,616	2,609	2,592	1.3
FARMERS	3,602	3,591	3,577	3,555	3,539	1.8
FLEMING-MASON	3,560	3,550	3,537	3,517	3,506	1.5
GRAYSON	2,485	2,485	2,483	2,474	2,466	0.8
INTER-COUNTY	3,779	3,765	3,748	3,733	3,687	2.5
JACKSON ENERGY	5,668	5,676	5,664	5,663	5,663	0.1
LICKING VALLEY	2,047	2,039	2,031	2,026	2,023	1.2
NOLIN	3,011	2,991	2,980	2,959	2,939	2.4
OWEN	4,514	4,509	4,493	4,486	4,451	1.4
SALT RIVER ELECTRIC	4,068	4,040	4,016	3,982	3,953	2.9
SHELBY ENERGY	2,104	2,097	2,096	2,088	2,078	1.3
SOUTH KENTUCKY	6,759	6,755	6,735	6,715	6,685	1.1
TAYLOR COUNTY	<u>3,218</u>	<u>3,210</u>	<u>3,198</u>	<u>3,183</u>	<u>3,169</u>	<u>1.5</u>
TOTAL EKPC	56,208	56,044	55,869	55,643	55,358	1.5 %
JACKSON PURCHASE	2,923	2,918	2,909	2,900	2,891	1.1 %
KENERGY	7,068	7,047	7,010	7,009	6,997	1.0
MEADE COUNTY	<u>2,970</u>	<u>2,974</u>	<u>2,974</u>	<u>2,978</u>	<u>2,972</u>	<u>-0.1</u>
TOTAL BIG RIVERS	12,961	12,939	12,893	12,887	12,860	0.8 %
HICKMAN-FULTON	704	691	684	688	689	2.2 %
PENNYRILE	5,092	5,089	5,100	5,099	5,075	0.3
TRI-COUNTY	5,451	5,449	5,451	5,464	5,467	-0.3
WARREN	5,623	5,626	5,622	5,617	5,615	0.1
WEST KENTUCKY	<u>4,091</u>	<u>4,079</u>	<u>4,069</u>	<u>4,046</u>	<u>4,033</u>	<u>1.4</u>
TOTAL TVA	20,961	20,934	20,926	20,914	20,879	0.4 %
OVERALL TOTAL	90,130	89,917	89,688	89,444	89,097	1.2 %

2012
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER MILE OF LINE
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	\$4,280	\$4,207	\$4,611	\$4,070	\$3,744	14.3 %
BLUE GRASS ENERGY	3,627	3,779	3,798	3,617	3,486	4.0
CLARK ENERGY COOP	2,682	2,595	2,542	2,435	2,182	22.9
CUMBERLAND VALLEY	2,824	2,727	2,805	2,720	2,442	15.6
FARMERS	1,996	2,061	1,985	1,704	1,793	11.3
FLEMING-MASON	2,382	2,209	2,135	2,199	1,976	20.5
GRAYSON	3,047	2,963	2,645	2,523	2,379	28.1
INTER-COUNTY	2,326	2,341	2,211	2,189	2,061	12.9
JACKSON ENERGY	3,410	3,348	3,118	3,246	2,837	20.2
LICKING VALLEY	2,818	2,710	2,721	2,615	2,330	20.9
NOLIN	4,484	4,527	4,469	3,946	3,786	18.4
OWEN	3,728	3,693	3,735	3,584	3,394	9.8
SALT RIVER ELECTRIC	2,539	2,711	2,612	2,767	2,658	-4.5
SHELBY ENERGY	2,548	2,542	2,572	2,396	2,157	18.1
SOUTH KENTUCKY	2,590	2,751	2,870	2,667	2,618	-1.1
TAYLOR COUNTY	<u>1,960</u>	<u>1,948</u>	<u>1,886</u>	<u>1,748</u>	<u>1,703</u>	<u>15.1</u>
AVERAGE EKPC	\$2,953	\$2,946	\$2,919	\$2,778	\$2,596	13.8 %
JACKSON PURCHASE	\$3,340	\$3,532	\$3,197	\$3,493	\$3,403	-1.9 %
KENERGY	2,759	2,837	2,919	2,698	2,839	-2.8
MEADE COUNTY	<u>3,032</u>	<u>2,892</u>	<u>2,794</u>	<u>2,547</u>	<u>2,503</u>	<u>21.1</u>
AVERAGE BIG RIVERS	\$3,044	\$3,087	\$2,970	\$2,913	\$2,915	4.4 %
HICKMAN-FULTON	\$3,395	\$4,037	\$2,835	\$3,236	\$2,882	17.8 %
PENNYRILE	2,945	3,000	2,644	2,665	2,505	17.6
TRI-COUNTY	2,761	2,674	2,623	2,481	2,375	16.3
WARREN	3,742	3,695	3,586	3,535	3,496	7.0
WEST KENTUCKY	<u>3,128</u>	<u>3,462</u>	<u>3,313</u>	<u>3,105</u>	<u>3,649</u>	<u>-14.3</u>
AVERAGE TVA	\$3,195	\$3,374	\$3,000	\$3,005	\$2,982	7.1 %
OVERALL AVERAGE	\$3,014	\$3,052	\$2,944	\$2,840	\$2,716	11.0 %

2012
KENTUCKY ELECTRIC COOPERATIVES
TOTAL RESIDENTIAL REVENUES
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	\$18,915,867	\$19,254,338	\$19,504,677	\$17,723,822	\$16,830,290	12.4 %
BLUE GRASS ENERGY	82,219,020	85,884,006	84,916,241	76,618,866	75,708,257	8.6
CLARK ENERGY COOP	35,261,019	36,708,481	35,307,191	30,986,423	31,325,955	12.6
CUMBERLAND VALLEY	30,386,944	31,460,869	32,537,708	29,727,049	29,511,472	3.0
FARMERS	31,180,284	32,782,120	33,283,884	28,960,218	27,656,329	12.7
FLEMING-MASON	29,690,084	28,199,358	28,565,335	26,445,334	27,400,745	8.4
GRAYSON	21,816,428	21,978,172	22,417,367	20,375,694	19,326,239	12.9
INTER-COUNTY	36,934,661	38,974,091	38,111,051	34,703,753	35,150,797	5.1
JACKSON ENERGY	77,832,875	81,135,113	81,946,986	73,894,381	76,960,445	1.1
LICKING VALLEY	21,314,628	21,839,711	22,255,988	19,780,129	19,074,236	11.7
NOLIN	47,495,013	48,149,006	48,360,150	43,698,352	44,216,213	7.4
OWEN	79,578,364	79,163,922	77,481,108	71,405,333	68,931,115	15.4
SALT RIVER ELECTRIC	65,507,556	66,517,122	65,700,823	59,096,481	59,871,443	9.4
SHELBY ENERGY	23,937,841	25,853,776	23,574,557	21,062,573	21,021,450	13.9
SOUTH KENTUCKY	80,375,682	84,493,130	82,781,238	73,895,399	76,437,150	5.2
TAYLOR COUNTY	<u>28,434,719</u>	<u>29,703,937</u>	<u>28,920,669</u>	<u>28,255,677</u>	<u>26,494,596</u>	<u>7.3</u>
TOTAL EKPC	\$710,880,985	\$732,097,152	\$725,664,973	\$656,629,484	\$655,916,732	8.4 %
JACKSON PURCHASE	\$31,043,685	\$29,070,144	\$31,240,203	\$27,283,351	\$27,275,780	13.8 %
KENERGY	58,093,381	56,283,522	57,146,551	50,349,518	50,078,902	16.0
MEADE COUNTY	<u>27,769,525</u>	<u>27,479,674</u>	<u>26,176,828</u>	<u>23,284,922</u>	<u>24,196,053</u>	<u>14.8</u>
TOTAL BIG RIVERS	\$116,906,591	\$112,833,340	\$114,563,582	\$100,917,791	\$101,550,735	15.1 %
HICKMAN-FULTON	\$5,599,551	\$5,999,873	\$5,138,805	\$5,138,805	\$5,096,364	9.9 %
PENNYRILE	62,724,839	65,110,934	64,755,328	58,273,701	58,879,793	6.5
TRI-COUNTY	62,236,827	65,426,019	70,308,752	59,900,263	59,815,321	4.0
WARREN	86,515,348	89,954,828	85,524,135	79,490,494	79,120,223	9.3
WEST KENTUCKY	<u>54,479,631</u>	<u>57,812,187</u>	<u>58,309,168</u>	<u>51,664,140</u>	<u>51,409,815</u>	<u>6.0</u>
TOTAL TVA	\$271,556,196	\$284,303,841	\$284,036,188	\$254,467,403	\$254,321,516	6.8 %
OVERALL TOTAL	\$1,099,343,772	\$1,129,234,333	\$1,124,264,743	\$1,012,014,678	\$1,011,788,983	8.7 %

KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE AND STATISTICAL COMPARISONS
2012 - 2011 ANNUAL COMPARISON

**AVERAGE EXPENSE PER CONSUMER
EKPC**

	<u>2012</u>	<u>2011</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 76.00	\$ 75.00	\$ 1.00
DISTRIBUTION MAINTENANCE	\$ 107.00	\$ 103.00	\$ 4.00
ACCOUNTING	\$ 58.00	\$ 61.00	\$ (3.00)
CONSUMER INFORMATION	\$ 13.00	\$ 12.00	\$ 1.00
ADMINISTRATION	\$ 74.00	\$ 74.00	\$ -
TOTAL PER CONSUMER	\$ 328.00	\$ 325.00	\$ 3.00

**AVERAGE EXPENSE PER CONSUMER
TVA**

	<u>2012</u>	<u>2011</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 102.00	\$ 109.00	\$ (7.00)
DISTRIBUTION MAINTENANCE	\$ 136.00	\$ 144.00	\$ (8.00)
ACCOUNTING	\$ 55.00	\$ 57.00	\$ (2.00)
CONSUMER INFORMATION	\$ 10.00	\$ 23.00	\$ (13.00)
ADMINISTRATION	\$ 87.00	\$ 86.00	\$ 1.00
TOTAL PER CONSUMER	\$ 390.00	\$ 419.00	\$ (29.00)

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	1,192	1,207	(15)
MILES OF LINE	56,208	56,044	164
CONSUMERS BILLED	522,569	521,151	1,418
MILES OF LINE PER EMPLOYEE	46.8	46.7	0.1
CONSUMER PER EMPLOYEE	435	434	1
DENSITY CONSUMERS PER MILE	9.3	9.3	0

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	525	517	\$ 8.00
MILES OF LINE	20,961	20,934	\$ 27.00
CONSUMERS BILLED	200,332	199,299	\$ 1,033.00
MILES OF LINE PER EMPLOYEE	39.9	40.7	\$ (0.80)
CONSUMER PER EMPLOYEE	382	387	\$ (5.00)
DENSITY CONSUMERS PER MILE	9.6	9.5	\$ 0.10

**AVERAGE EXPENSE PER CONSUMER
BIG RIVERS**

	<u>2012</u>	<u>2011</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 83.00	\$ 90.00	\$ (7.00)
DISTRIBUTION MAINTENANCE	\$ 130.00	\$ 131.00	\$ (1.00)
ACCOUNTING	\$ 49.00	\$ 49.00	\$ -
CONSUMER INFORMATION	\$ 6.00	\$ 7.00	\$ (1.00)
ADMINISTRATION	\$ 65.00	\$ 63.00	\$ 2.00
TOTAL PER CONSUMER	\$ 333.00	\$ 340.00	\$ (7.00)

**AVERAGE EXPENSE PER CONSUMER
OVERALL AVERAGE**

	<u>2012</u>	<u>2011</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 82.00	\$ 84.00	\$ (2.00)
DISTRIBUTION MAINTENANCE	\$ 116.00	\$ 115.00	\$ 1.00
ACCOUNTING	\$ 56.00	\$ 58.00	\$ (2.00)
CONSUMER INFORMATION	\$ 11.00	\$ 14.00	\$ (3.00)
ADMINISTRATION	\$ 76.00	\$ 75.00	\$ 1.00
TOTAL PER CONSUMER	\$ 341.00	\$ 346.00	(\$5.00)

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	291	291	0
MILES OF LINE	12,961	12,939	22
CONSUMERS BILLED	113,252	112,887	365
MILES OF LINE PER EMPLOYEE	44.5	44.5	0.0
CONSUMER PER EMPLOYEE	389	388	1
DENSITY CONSUMERS PER MILE	8.7	8.7	0

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	2008	2015	(7)
MILES OF LINE	90,130	89,917	213
CONSUMERS BILLED	836,153	833,337	2,816
MILES OF LINE PER EMPLOYEE	44.7	44.6	0
CONSUMER PER EMPLOYEE	415	413	2
DENSITY CONSUMERS PER MILE	9.3	9.3	0

2012
 KENTUCKY ELECTRIC COOPERATIVES
 OPERATING EXPENSE STATISTICAL COMPARISONS
 AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV
BIG SANDY RECC	805	1,316	2,121	843	115	1,201	4,280	40	1,033	12,093	10,915,867	130.4
BLUE GRASS ENERGY COOP	520	1,276	1,796	591	307	933	3,527	105	4,682	52,597	82,219,020	130.3
CLARK ENERGY COOP	647	1,039	1,686	443	85	468	2,682	52	3,052	24,234	35,261,019	121.3
CUMBERLAND VALLEY ELECTRIC	504	1,079	1,583	692	72	477	2,024	52	2,626	22,049	30,386,944	114.9
FARMERS RECC	398	672	1,070	302	34	590	1,996	64	3,602	22,837	31,180,284	113.8
FLEMING-MASON ENERGY	554	881	1,435	507	60	380	2,382	52	3,560	22,137	29,690,084	111.8
GRAYSON RECC	452	1,344	1,796	421	87	743	3,047	47	2,485	14,197	21,816,428	128.1
INTER-COUNTY ENERGY	630	489	1,119	456	141	610	2,326	64	3,779	23,920	36,934,661	128.7
JACKSON ENERGY COOP	859	1,049	1,908	552	145	805	3,410	134	5,668	47,647	77,832,875	136.1
LICKING VALLEY RECC	775	945	1,720	468	26	604	2,818	44	2,047	16,248	21,314,628	109.3
NOLIN RECC	1171	1,216	2,387	792	279	1,026	4,484	97	3,011	31,541	47,495,013	125.5
OWEN EC	1153	794	1,947	820	154	807	3,728	133	4,514	55,237	79,578,364	120.1
SALT RIVER ELECTRIC	670	576	1,246	470	106	717	2,539	73	4,068	44,777	65,507,556	121.9
SHELBY ENERGY COOP	752	927	1,679	277	161	431	2,548	37	2,104	14,903	23,937,841	133.9
SOUTH KENTUCKY RECC	520	942	1,462	530	88	510	2,590	146	6,759	60,678	80,375,682	110.4
TAYLOR COUNTY RECC	536	536	1,072	312	32	544	1,960	52	3,218	22,699	28,434,719	104.4
EKPC GROUP AVERAGE	684	943	1,627	530	118	678	2,953	75	3,513	30,487	44,430,062	121.4
JACKSON PURCHASE ENERGY	920	1,280	2,200	360	30	750	3,340	73	2,923	25,944	31,043,685	99.7
KENERGY CORP	533	1,215	1,748	470	47	494	2,759	146	7,068	45,229	58,093,381	107.0
MEADE COUNTY RECC	865	1,040	1,906	481	96	549	3,032	72	2,970	26,503	27,769,525	87.3
BIG RIVERS GROUP AVERAGE	773	1,178	1,951	437	58	598	3,044	97	4,320	32,559	38,968,864	99.7
HICKMAN-FULTON COUNTIES RECC	770	1,378	2,148	293	47	907	3,395	16	704	2,802	5,599,551	166.5
PENNYRILE RECC	933	831	1,764	443	92	646	2,945	128	5,092	37,717	62,724,839	138.6
TRI-COUNTY EMC	809	1,041	1,850	418	112	381	2,761	130	5,451	41,138	62,236,027	126.1
WARREN RECC	1014	971	1,985	636	140	981	3,742	161	5,673	50,545	86,515,348	142.6
WEST KENTUCKY RECC	749	1,161	1,910	618	47	553	3,128	90	4,091	30,413	54,479,631	149.3
TVA GROUP AVERAGE	855	1,076	1,931	482	88	694	3,195	105	4,192	32,523	54,311,239	139.2
OVERALL AVERAGE	731	1,000	1,731	508	104	671	3,014	84	3,755	31,170	45,805,991	122.5

2012
KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	63	103	166	66	9	94	335	40	1,033	13,199	26.0	330	13.0
BLUE GRASS ENERGY COOP	44	108	152	50	26	79	307	105	4,682	55,297	44.6	527	11.8
CLARK ENERGY COOP	76	122	198	52	10	55	315	52	3,052	25,980	58.7	500	8.5
CUMBERLAND VALLEY ELECTRIC	56	120	176	77	8	53	314	52	2,525	23,613	50.5	454	9.0
FARMERS RECC	58	98	156	44	5	88	291	64	3,602	24,710	56.3	386	6.9
FLEMING-MASON ENERGY	83	132	215	76	9	57	357	52	3,560	23,758	68.5	457	6.7
GRAYSON RECC	73	217	290	68	14	120	492	47	2,485	15,389	52.9	327	6.2
INTER-COUNTY ENERGY	94	73	167	68	21	91	347	84	3,779	25,338	59.1	396	6.7
JACKSON ENERGY COOP	95	115	211	61	16	89	377	134	5,668	51,250	42.3	382	9.0
LICKING VALLEY RECC	91	111	202	55	3	71	331	44	2,047	17,426	47.0	396	8.5
NOLIN RECC	105	109	214	71	25	92	402	97	3,011	33,580	31.0	346	11.2
OWEN EC	90	62	152	64	12	63	291	133	4,514	57,809	33.9	435	12.8
SALT RIVER ELECTRIC	57	49	106	40	9	61	216	73	4,068	47,805	55.7	655	11.8
SHELBY ENERGY COOP	103	127	230	38	22	59	349	37	2,104	15,360	56.9	415	7.3
SOUTH KENTUCKY RECC	53	96	149	54	9	52	254	146	6,759	66,327	46.3	454	9.8
TAYLOR COUNTY RECC	67	67	134	39	4	68	245	52	3,218	25,728	81.9	495	8.0
EKPC GROUP AVERAGE	76	107	183	58	13	74	328	75	3,513	32,661	46.8	435	9.3
JACKSON PURCHASE ENERGY	92	128	220	36	3	75	334	73	2,923	29,241	40.0	2135	10.0
KENERGY CORP	68	155	223	60	6	63	352	146	7,068	55,419	48.4	380	7.8
MEADE COUNTY RECC	90	108	198	50	10	57	315	72	2,970	28,592	41.0	397	9.6
BIG RIVERS GROUP AVERAGE	83	130	213	49	6	65	333	97	4,320	37,751	44.5	389	8.7
HICKMAN-FULTON COUNTIES RECC	147	263	410	56	9	173	648	16	704	3,689	44.0	231	5.2
PENNYRILE RECC	101	90	191	48	10	70	319	128	5,092	47,013	39.8	367	9.2
TRI-COUNTY EMC	87	112	199	45	12	41	297	130	5,451	50,679	41.9	390	9.3
WARREN RECC	94	90	184	59	13	91	347	161	5,623	60,641	34.9	377	10.8
WEST KENTUCKY RECC	80	124	204	66	5	59	334	90	4,091	38,310	45.5	426	9.4
TVA GROUP AVERAGE	102	136	238	55	10	87	390	105	4,192	40,866	39.9	382	9.6
OVERALL AVERAGE	82	116	198	56	11	76	341	84	3,755	34,840	44.7	415	9.3

Cumberland Valley Electric

Case No. 2014-00159

Capitalization Policies

Benefits
Distribution

107.20	Construction work in progress	313,065
108.80	Retirement work in progress	96,468
142.00	Other accounts receivable	1,504
163.00	Stores	151,447
184.00	Transportation	36,318
242.52	Employee sick leave	
416.00	Non operating accounts	12,676
583.00	Overhead line	19,741
585.00	Underground	113
586.00	Meter	151,951
588.00	Miscellaneous distribution	4,306
590.00	Maintenance	80,858
593.00	Overhead line	275,658
594.00	Underground	159
595.00	Transformers	5,410
598.00	Miscellaneous maintenance	20,157
901.00	Supervision, customer accounts	33,996
902.00	Meter reading	160
903.00	Consumer records	215,311
904.00	Consumer records	472
909.00	Consumer information	35,803
912.00	Demonstration and selling	8,105
920.00	Administrative	364,769
926.00	Employee benefits	37,248
930.00	Miscellaneous	13,622
935.00	Maintenance general plant	<u>31,051</u>
	Total	1,910,368

Benefits include the following:

Medical insurance	540,668
Life insurance	88,013
R & S retirement	282,929
401(k)	<u>249,909</u>

1,161,519

CVE accumulates all benefits, then allocates these to accounts based on the labor distribution for the month. The above is the actual allocation for the test year for the above benefits. The average employee cost for 52 employees is \$41,530.



Cumberland Valley Electric
Case No. 2014-00159
December 31, 2013

Cumberland Valley Electric's equity management plan is attached. Capital credits were paid as follows:

2013	\$	-
2012		179,976
2011		419,047
2010		-
2009		-
2008		-
Prior years		<u>2,405,280</u>
Total	\$	<u><u>3,004,303</u></u>

Cumberland Valley Electric

POLICY STATEMENT NO. 98
Equity Management Plan

SUBJECT: Equity Management Plan

OBJECTIVE:

- F. In accordance with Article VIII, Section 2, of the bylaws of Cumberland Valley Electric Cooperative, which read in part as follows;

"In the event of dissolution or liquidation of Cumberland Valley Electric, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding Capital Credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If at any time prior to dissolution or liquidation, the board shall determine that the financial condition of Cumberland Valley

Electric will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part."

- II. Cumberland Valley Electric Cooperative will make annual payments on capital of the Cooperative, provided the following conditions are met:

- A. The Board of Directors shall determine that the financial condition of Cumberland Valley Electric will not be impaired, and that satisfactory progress is being made toward the Cooperative's Equity Management goals as set forth below.
- B. Cumberland Valley Electric Equity Management goals shall be to operate the Cooperative's business with annual revenue and expense levels so as to:
1. Maintain a Times Interest Earned Ratio (Tier) of 1.5 to 2.0
 2. Achieve in due time and maintain an Equity Ratio (equity as a percent of total capitalization) at or near an optimum level that is determined each year from calculations using the following variables:
 - a. the average compound rate of growth for the Cooperative's total capitalization structure;
 - b. the blended cost of interest on the Cooperative's outstanding long term debt;
 - c. the repayment of capital credits to the Cooperative's members within a ten (10) to twenty (20) year revolvment cycle;
 - d. the TIER as stated in paragraph "1" above.

Cumberland Valley Electric

3. Expend all efforts to achieve and maintain a rate of return upon the total capitalization structure of the Cooperative equal to, or greater than, that necessary to attain the stated TIER goal and progress toward the optimum equity goal.
 4. Achieve an equity capitalization target range of thirty percent (30%) to forty percent (40%), not including Generation and Transmission Capital Credits.
- C. All payment of general and special capital credit refunds will be authorized at least annually by the board of Directors, and :
1. will be in total amounts not exceeding those amounts permitted by the mortgage requirements of Cumberland Valley Electric's lenders;
 2. will be in such larger amounts as approved by RUS and CFC pursuant to a request made by the Cooperative's Board of Directors, and supported toward the Cooperative's equity management goals;
- D. The discretionary powers of such capital credits repayment shall remain with the Board of Directors of Cumberland Valley Electric as stated within the bylaws, and this policy shall not diminish that right.

Vernon Shelley, Chairman of the Board

ACCEPTED: March 10, 2005

