

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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

Case No. 2016-00169

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 8, 2016** in conformity with the attached schedule. In this proposed adjustment of rates, Cumberland Valley is proposing to increase its electric rates and one nonrecurring charge by \$1,998,262. [807 KAR 5:001, 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 address is psc@cumberlandvalley.coop. [807 KAR 5:001, Section 14(1)].
3. The Articles of Incorporation and all amendments thereto for Cumberland Valley are included in Case No. 7772 [807 KAR 5:001, Section 14(2)]. Cumberland Valley was incorporated July 12, 1940.
4. The application is supported by a twelve-month historical test period ending November 30, 2015 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 16(1)(a)1].
5. Cumberland Valley states the reasons the rate adjustment is 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. 2014-00159. 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 while it is not meeting its mortgage requirements.

- c. Cumberland Valley had a Times Interest Earned Ratio (“TIER”) of 5.48X [a TIER of 0.56X excluding G&T capital credits], for the test year ending November 30, 2015 and Operating Times Interest Earned Ratio (“OTIER”) of 0.12. 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 best out 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 17, 2016**, 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)]. Cumberland Valley is authorized to do business in Kentucky.
8. Cumberland Valley files with this application a Certificate of Good Standing date 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)4a].
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 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 22 [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 2015 and 2014 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)(8)(d)].

37. Additional financial exhibits required by 807 KAR 5:001, Section 16, financial information covering twelve (12) month historical test period ending November 30, 2015, 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 | Trial Balance at end of test year |
| Exhibit Z | Capital structure |
| Exhibit 1 | Adjustments for salaries and wages |
| Exhibit 2 | Adjustments for payroll taxes |
| Exhibit 3 | Adjustment for depreciation |
| Exhibit 4 | Adjustment for long term and short term interest |
| Exhibit 5 | Adjustment for Retirement and Security (R&S) |
| Exhibit 6 | Adjustment for advertising |
| Exhibit 7 | Adjustment for donations |
| Exhibit 8 | Adjustment for professional fees |
| Exhibit 9 | Adjustment for director expenses |
| Exhibit 10 | Adjustment for miscellaneous expenses |
| Exhibit 11 | Adjustment for rate case costs |
| Exhibit 12 | Adjustment for G&T capital credits |
| Exhibit 13 | Adjustment for purchase power |
| Exhibit 14 | Adjustment for normalized revenue |
| Exhibit 15 | Adjustment for end of year customers |
| Exhibit 16 | KAEC Statistical Comparison |
| Exhibit 17 | Capitalization policies and employee benefits |
| Exhibit 18 | Equity Management Plan |
| Exhibit 19 | Wage and Salary Survey |

Exhibit 20 Non-recurring Charges Adjustment

Exhibit 21 Depreciation Study

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.

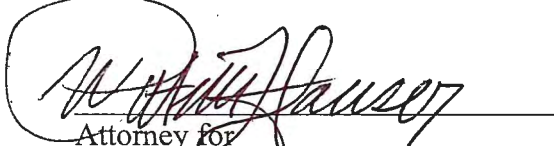
Dated: June 1, 2016.

Cumberland Valley Electric



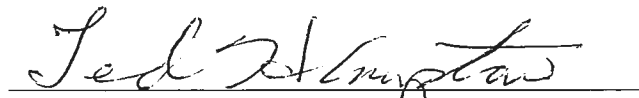
Ted Hampton, President/CEO

COUNSEL:



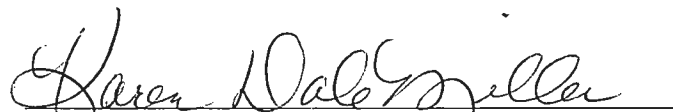
Attorney for
Cumberland Valley Electric

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 1st day of June, 2016.



Notary Public, Kentucky State At Large

My Commission Expires: 4-11-2018

CUMBERLAND VALLEY ELECTRICCASE
NO. 2016-00169

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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: 176057
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,

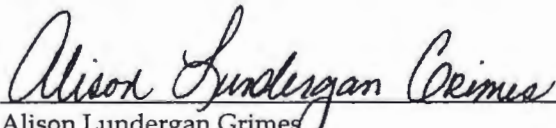
CUMBERLAND VALLEY ELECTRIC, INC.

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 3rd day of May, 2016, in the 224th year of the Commonwealth.




Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
176057/0012671

FOR ALL AREAS SERVED
PSC KY NO. 4
NINETH REVISED SHEET NO. 2
CANCELLING PSC KY NO. 4
EIGHTH REVISED SHEET NO. 2

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches - Schedule I

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 | \$14.10 Per month per customer |
| ALL KWH | \$0.08642 |

(I)
(I)
(D)

MINIMUM CHARGE

1. The minimum charge under the above rate shall be \$5.00 net where 5 KVA or less of transformer capacity is required. Each customer who requires more than 5 KVA of transformer capacity shall pay, in addition to the minimum, .75 on each additional KVA or fraction thereof required.
2. For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than \$60.00 annually and the Cooperative may bill such in advance.

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)

TERMS OF PAYMENT

Customer bill will be due by the fifteenth of each month.

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY *Ted Hampton*

President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED: _____

FOR ALL AREAS SERVED
PSC KY NO. 4
FIRST REVISED SHEET NO. 3
CANCELLING PSC KY-NO. 4
ORIGINAL SHEET NO. 3

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches - Schedule I

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission order of March 31, 1981.

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

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
FIRST REVISED SHEET NO. 4
CANCELLING PSC KY NO. 4
ORIGINAL SHEET NO. 4

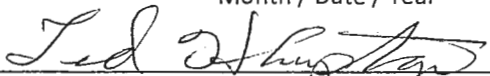
RESERVED FOR FUTURE USE

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY 

President & Chief Executive Officer

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

FOR ALL AREAS SERVED
PSC KY NO. 4
SEVENTH REVISED SHEET NO. 5
CANCELING PSC KY NO. 4
SIXTH REVISED SHEET NO. 5

CUMBERLAND VALLEY ELECTRIC, INC.

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 \$15.00 per month per customer | (l) |
| First 3,000 KWH | \$0.09519 |
| Over 3,000 KWH | \$0.08905 |

THREE PHASE WHERE AVAILABLE

| | |
|---|-----------|
| DEMAND CHARGE: Per KW of billing demand \$4.22 | |
| ENERGY CHARGE: Customer charge \$25.00 per month per customer | (l) |
| First 3,000 KWH | \$0.09519 |
| Over 3,000 KWH | \$0.08905 |

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 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY *Ted Huntington*
President & Chief Executive Officer

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

FOR ALL AREAS SERVED
PSC KY NO. 4
SEVENTH REVISED SHEET NO. 7
CANCELING PSC KY NO. 4
SIXTH REVISED SHEET NO. 7

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, 120/280Y, 240/480, 277/480Y volts.

RATE

| | |
|--|-----|
| Customer Charge \$45.00 Per month per customer | (I) |
| All KWH \$0.08040 | (I) |

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 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY 
President & Chief Executive Officer

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

FOR ALL AREAS SERVED
PSC KY NO. 4
SEVENTH REVISED SHEET NO. 9
CANCELING PSC KY NO.4
SIXTH REVISED SHEET NO. 9

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

Customer Charge: \$100.00 Per customer per month
DEMAND CHARGE: Per KW of billing demand \$6.55
ENERGY CHARGE:
All KWH

\$0.05112

(1)

DETERMINATION OF BILLING DEMAND

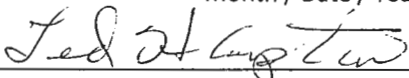
The billing demand shall be the maximum kilowatt demand established by the consumer for a period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY 
President & Chief Executive Officer

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

FOR ALL AREAS SERVED
PSC KY NO. 4
SEVENTH REVISED SHEET NO. 12
CANCELING PSC KY NO. 4
SIXTH REVISED SHEET NO. 12

CUMBERLAND VALLEY ELECTRIC, INC.

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

Customer Charge: \$65.00 Per month per customer
DEMAND CHARGE: Per KW of billing demand \$4.22
ENERGY CHARGE:
All KWH \$0.06078

(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 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY 
President & Chief Executive Officer

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

FOR ALL AREAS SERVED
PSC KY NO. 4
NINETH REVISED SHEET NO. 23
CANCELLING PSC KY NO. 4
EIGHTH REVISED SHEET NO. 23

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 | APPROX. LUMENS 7,000 | \$ 9.42 Per Lamp Per Month | (I) |
| 2) 400 Watt | APPROX. LUMENS 22,000 | \$13.90 Per Lamp Per Month | (I) |

Other Lamps

| | | | |
|-------------------------------|-----------------------|-----------------------------|-----|
| 3) 100 Watt OPEN BOTTOM | APPROX. LUMENS 9,500 | \$ 9.44 Per Lamp Per Month | (I) |
| 4) 100 Watt COLONIAL POST | APPROX. LUMENS 9,500 | \$ 10.61 Per Lamp Per Month | (I) |
| 5) 100 Watt DIRECTIONAL FLOOD | APPROX. LUMENS 9,500 | \$11.40 Per Lamp Per Month | (I) |
| 6) 400 Watt DIRECTIONAL FLOOD | APPROX. LUMENS 50,000 | \$17.98 Per Lamp Per Month | (I) |
| 7) 400 Watt COBRA HEAD | APPROX. LUMENS 50,000 | \$17.98 Per Lamp Per Month | (I) |

LED Lighting

| | | | |
|-----------------|-----------------------|----------------------------|-----|
| 8) OPEN BOTTOM | APPROX. LUMENS 6,200 | \$9.15 Per Lamp Per Month | (I) |
| 9) COBRA HEAD | APPROX. LUMENS 13,650 | \$15.43 Per Lamp Per Month | (I) |
| 10) DIRECTIONAL | APPROX. LUMENS 18,800 | \$18.89 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.

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

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.

CLASSIFICATION OF SERVICE

(N)

Rates for Residential, Schools and Churches - Schedule I Time of Day (TOD)

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Residential, Schools and Churches eligible for Schedule I. Consumers must remain on this rate schedule for one (1) year.

TYPE OF SERVICE

Single phase at available voltages.

| | |
|-----------------------|--------------------------------|
| Customer Charge | \$20.00 Per month per customer |
| ENERGY CHARGE: | |
| On-Peak Per kWh | \$0.10161 |
| Off-Peak Per kWh | \$0.06000 |

| <u>Months</u> | <u>On Peak Hours-EPT</u> | <u>Off Peak Hours-EPT</u> |
|-----------------------|--|--|
| October through April | 7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m. | 12:00 noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m. |
| May through September | 10:00 a.m. to 10:00 p.m. | 10:00 p.m. to 10:00 a.m. |

MINIMUM CHARGE

- The minimum charge under the above rate shall be the current customer charge listed above.
- For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than twelve (12) times the monthly customer charge. Cooperative may bill such in advance.

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY *Ted W. Hughton*
President & Chief Executive Officer

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

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

(N)
↓

Rates for Residential, Schools and Churches - Schedule I Time of Day (TOD)

TERMS OF PAYMENT

Customer bill will be due by the due date printed on each monthly bill.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission order of March 31, 1981.

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY *Led Hampton*

President & Chief Executive Officer

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

CUMBERLAND VALLEY ELECTRIC, INC.

(N)

Inclining Block Rate- Schedule VII

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Single Phase Residential, Schools, Churches and Single Phase Small Commercial.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge: \$9.90

Energy Charge:

| <u>Block</u> | <u>Energy Charge</u> |
|-------------------|----------------------|
| First 200 per kWh | .08842 |
| Next 300 per kWh | .09342 |
| Over 500 per kWh | .09842 |

MINIMUM CHARGE

5. The minimum charge under the above rate shall be the current customer charge listed above.
6. For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than twelve (12) times the monthly customer charge. Cooperative may bill such in advance.

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)



DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY Ted Hunter
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED: _____

CUMBERLAND VALLEY ELECTRIC, INC.

(N)

Inclining Block Rate- Schedule VII

TERMS OF PAYMENT

Customer bill will be due by the due date printed on each monthly bill.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission order of March 31, 1981.



DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY *Lee D. Houston*
President & Chief Executive Officer

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

CUMBERLAND VALLEY ELECTRIC, INC.

21. BILLING

Members will receive statement for electric service monthly on a date to be determined by the Board of Directors for service rendered for a thirty-day period ending the same day of the preceding month. All statements are due and payable upon receipt and shall be paid at the office or the Cooperative within fifteen (15) days from date of bill. Failure to receive electrical statement will not release the member from payment obligation. Should the statement not be paid as above, the Cooperative may, after ten (10) days written notice, discontinue service to that member provided such service shall not be discontinued before twenty-seven (27) days after the mailing date of the original bill. Should it become necessary for the Cooperative's representative to call at the Consumer's premises or other locations for the purpose of collecting a delinquent account or to disconnect for non-payment, a charge of twenty-five dollars (\$25.00) will be made to the member account for the extra service rendered due and payable at time such delinquent account is collected. If service is disconnected for non-payment, an additional charge of twenty-five dollars (\$25.00) will be made for reconnecting service due and payable at the time of such reconnection.

In some instances, solely at the discretion of Cumberland Valley Electric, a remote disconnect switch will be installed. If service is disconnected for non-payment with the switch, a fee of twenty five dollars (\$25.00) will be applied to the member's account for the extra service rendered, due and payable at the time such delinquent account is collected. An additional fee of twenty five dollars (\$25.00) will be added for reconnecting the service with the remote switch. If, prior to discontinuance of service, there is delivered to Cumberland Valley Electric or its employees empowered to discontinue service a written certificate signed by a physician, a registered nurse, or a public health officer that in the opinion of their certifier, discontinuance of service will aggravate an existing illness or infirmity on the premises, service shall not be discontinued until the affected member can make arrangements or until thirty (30) days elapse from the time of the Cooperative's notification to the member, in writing, of the existence of local, state and federal programs providing for the payment of utility bills under certain conditions and of the offices to contact for such possible assistance as per 807 KAR 5:006 Section 15.

(I)
(I)

22. BUDGET PAYMENT PLAN

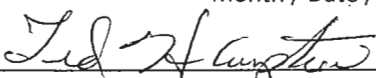
The Cooperative has a budget payment plan available for its residential customers whereby a customer may elect to pay a monthly amount for the budget year in lieu of monthly or bimonthly billings for actual usage. The monthly budget payment will be determined by the Cooperative based, under normal circumstances, on a minimum of one-twelfth of the estimated annual usage, subject to review and adjustment during the budget year.

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY 
President & Chief Executive Officer

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

FOR ALL AREAS SERVED
PSC KY NO. 4
FIRST REVISED SHEET NO. 33
CANCELLING PSC KY NO. 4
ORIGINAL SHEET NO. 33

CUMBERLAND VALLEY ELECTRIC, INC.

22. BUDGET PAYMENT PLAN CONT'D

The normal budget year is the twelve (12) months determined as shown below:

| <u>Customer</u> | <u>Budget Year</u> | <u>Settlement Month</u> |
|---------------------------|--------------------|-------------------------|
| All Residential Customers | May-June | June |

The customer's account may be adjusted through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last budget amount.

If customer fails to pay bills as rendered under the budget payment plan, the company reserves the right to revoke the plan, restore the customer to regular billing and require immediate payment of any deficiency.

Failure to receive a bill in no way exempts customer from the provision of these terms and conditions.

When the Cooperative is unable to read a meter after reasonable effort, the customer will be billed at the average of the three immediately preceding monthly or bimonthly bills and the billing adjusted when the meter is read.

Fuel clause adjustments (+-) are in addition to the minimum.

DATE OF ISSUE June 6, 2016

Month / Date / Year

DATE EFFECTIVE July 8, 2016

Month / Date / Year

ISSUED BY 

President & Chief Executive Officer

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

FOR ALL AREAS SERVED
PSC KY NO. 4
NINETH ~~EIGHTH~~ REVISED SHEET NO. 2
CANCELLING PSC KY NO. 4
EIGHTH ~~SEVENTH~~ REVISED SHEET NO. 2

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches- Schedule I

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 | \$ 8.73 -\$14.10 per month per customer | (I) |
| ALL KWH | \$ 0.08563 -\$0.08642 | (I) |

MARKETING RATE:

Available to Consumers eligible for Tariff Schedule I

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 6, 2016 ~~January 16, 2015~~ _____

Month / Date / Year

DATE EFFECTIVE _____ July 8, 2016 ~~January 16, 2015~~ _____

Month / Date / Year

ISSUED BY _____

President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00159 DATED: January 16, 2015

FOR ALL AREAS SERVED

PSC KY NO. 4

FIRST REVISED SHEET NO. 3-~~ORIGINAL SHEET NO. 3~~

CUMBERLAND VALLEY ELECTRIC, INC.

MINIMUM CHARGE

1. The minimum charge under the above rate shall be \$5.00 net where 5 KVA or less of transformer capacity is required. Each customer who requires more than 5 KVA of transformer capacity shall pay, in addition to the minimum, .75 on each additional KVA or fraction thereof required.
2. For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than \$60.00 annually and the Cooperative may bill such in advance.

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)

TERMS OF PAYMENT

Customer bill will be due by the fifteenth of each month.

DATE OF ISSUE June 6, 2016 ~~August 21, 2006~~

Month / Date / Year

DATE EFFECTIVE July 8, 2016 ~~August 21, 2006~~

Month / Date / Year

ISSUED BY _____

President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00187 DATED August 21, 2006

FOR ALL AREAS SERVED
PSC KY NO. 4

CUMBERLAND VALLEY ELECTRIC, INC.

~~FIRST REVISED SHEET NO. 4~~ ORIGINAL SHEET NO. 4

CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches- Schedule I

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission order of March 31, 1981.

DATE OF ISSUE June 6, 2016 ~~August 21, 2006~~

Month / Date / Year

DATE EFFECTIVE July 8, 2016 ~~August 21, 2006~~

Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2005-00187 DATED August 21, 2006

FOR ALL AREAS SERVED
PSC KY NO. 4
SEVENTH ~~SIXTH~~ REVISED SHEET NO. 9
CANCELING PSC KY NO.4
SIXTH ~~FIFTH~~ REVISED SHEET NO. 9

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

Customer Charge: ~~\$50.00~~-\$100.00 Per customer per month

DEMAND CHARGE: Per KW of billing demand \$6.55

ENERGY CHARGE:

All KWH \$0.05112

(1)

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 6, 2016 ~~January 16, 2015~~

Month / Date / Year

DATE EFFECTIVE July 8, 2016 ~~January 16, 2015~~

Month / Date / Year

ISSUED BY _____

President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00159 DATED: January 16, 2015

FOR ALL AREAS SERVED
PSC KY NO. 4
SEVENTH ~~SIXTH~~ REVISED SHEET NO. 12
CANCELING PSC KY NO. 4
SIXTH ~~FIFTH~~ REVISED SHEET NO. 12

CUMBERLAND VALLEY ELECTRIC, INC.

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

Customer Charge: ~~\$40.00~~ \$65.00 Per month per customer
DEMAND CHARGE: Per KW of billing demand \$4.22
ENERGY CHARGE:
All KWH \$0.06078

(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 6, 2016 ~~January 16, 2015~~
Month / Date / Year
DATE EFFECTIVE July 8, 2016 ~~January 16, 2015~~
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2014-00159 DATE January 16, 2015

FOR ALL AREAS SERVED
PSC KY NO. 4
NINETH ~~EIGHTH~~ REVISED SHEET NO. 23
CANCELLING PSC KY NO. 4
EIGHTH ~~SEVENTH~~ REVISED SHEET NO. 23

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 | APPROX. LUMENS 7,000 | \$8.57 \$9.42 Per Lamp Per Month | (l) |
| 2) 400 Watt | APPROX. LUMENS 22,000 | \$12.76 \$13.90 Per Lamp Per Month | (l) |

Other Lamps

- | | | | |
|-------------------------------|-----------------------|---|-----|
| 3) 100 Watt OPEN BOTTOM | APPROX. LUMENS 9,500 | \$8.59 \$ 9.44 Per Lamp Per Month | (l) |
| 4) 100 Watt COLONIAL POST | APPROX. LUMENS 9,500 | \$9.68 \$ 10.61 Per Lamp Per Month | (l) |
| 5) 100 Watt DIRECTIONAL FLOOD | APPROX. LUMENS 9,500 | \$10.42 \$11.40 Per Lamp Per Month | (l) |
| 6) 400 Watt DIRECTIONAL FLOOD | APPROX. LUMENS 50,000 | \$16.57 \$17.98 Per Lamp Per Month | (l) |
| 7) 400 Watt COBRA HEAD | APPROX. LUMENS 50,000 | \$16.57 \$17.98 Per Lamp Per Month | (l) |

LED Lighting

- | | | | |
|-----------------|-----------------------|---|-----|
| 8) OPEN BOTTOM | APPROX. LUMENS 6,200 | \$8.32 \$9.15 Per Lamp Per Month | (l) |
| 9) COBRA HEAD | APPROX. LUMENS 13,650 | \$14.19 \$15.43 Per Lamp Per Month | (l) |
| 10) DIRECTIONAL | APPROX. LUMENS 18,800 | \$17.42 \$18.89 Per Lamp Per Month | (l) |

CONDITIONS OF SERVICE

- 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.
- The lighting equipment shall remain the property of the Cooperative. The Consumer shall protect the lighting equipment from deliberate damage.

DATE OF ISSUE June 6, 2016 ~~August 1, 2015~~

Month / Date / Year

DATE EFFECTIVE July 8, 2016 ~~September 1, 2015~~

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.

21. BILLING

Members will receive statement for electric service monthly on a date to be determined by the Board of Directors for service rendered for a thirty-day period ending the same day of the preceding month. All statements are due and payable upon receipt and shall be paid at the office or the Cooperative within fifteen (15) days from date of bill. Failure to receive electrical statement will not release the member from payment obligation. Should the statement not be paid as above, the Cooperative may, after ten (10) days written notice, discontinue service to that member provided such service shall not be discontinued before twenty-seven (27) days after the mailing date of the original bill. Should it become necessary for the Cooperative's representative to call at the Consumer's premises or other locations for the purpose of collecting a delinquent account or to disconnect for non-payment, a charge of twenty-five dollars (\$25.00) will be made to the member account for the extra service rendered due and payable at time such delinquent account is collected. If service is disconnected for non-payment, an additional charge of twenty-five dollars (\$25.00) will be made for reconnecting service due and payable at the time of such reconnection.

In some instances, solely at the discretion of Cumberland Valley Electric, a remote disconnect switch will be installed. If service is disconnected for non-payment with the switch, a fee of twenty five dollars (\$25.00) ~~twenty dollars (\$20.00)~~ will be applied to the member's account for the extra service rendered, due and payable at the time such delinquent account is collected. An additional fee of twenty five dollars (\$25.00) ~~twenty dollars (\$20.00)~~ will be added for reconnecting the service with the remote switch. If, prior to discontinuance of service, there is delivered to Cumberland Valley Electric or its employees empowered to discontinue service a written certificate signed by a physician, a registered nurse, or a public health officer that in the opinion of their certifier, discontinuance of service will aggravate an existing illness or infirmity on the premises, service shall not be discontinued until the affected member can make arrangements or until thirty (30) days elapse from the time of the Cooperative's notification to the member, in writing, of the existence of local, state and federal programs providing for the payment of utility bills under certain conditions and of the offices to contact for such possible assistance as per 807 KAR 5:006 Section 15.

(I)
(I)

22. BUDGET PAYMENT PLAN

The Cooperative has a budget payment plan available for its residential customers whereby a customer may elect to pay a monthly amount for the budget year in lieu of monthly or bimonthly billings for actual usage. The monthly budget payment will be determined by the Cooperative based, under normal circumstances, on a minimum of one-twelfth of the estimated annual usage, subject to review and adjustment during the budget year.

DATE OF ISSUE _____ June 6, 2016 ~~May 25, 2007~~

Month / Date / Year

DATE EFFECTIVE _____ July 8, 2016 ~~July 16, 2007~~

Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2007-00205 DATED: July 16, 2007

CUMBERLAND VALLEY ELECTRIC, INC.

22. BUDGET PAYMENT PLAN CONT'D

The normal budget year is the twelve (12) months determined as shown below:

| <u>Customer</u> | <u>Budget Year</u> | <u>Settlement Month</u> |
|---------------------------|--------------------|-------------------------|
| All Residential Customers | May-June | June |

The customer's account may be adjusted through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last budget amount.

If customer fails to pay bills as rendered under the budget payment plan, the company reserves the right to revoke the plan, restore the customer to regular billing and require immediate payment of any deficiency.

Failure to receive a bill in no way exempts customer from the provision of these terms and conditions.

When the Cooperative is unable to read a meter after reasonable effort, the customer will be billed at the average of the three immediately preceding monthly or bimonthly bills and the billing adjusted when the meter is read.

Fuel clause adjustments (+-) are in addition to the minimum.

DATE OF ISSUE June 6, 2016 ~~March 1, 2001~~
Month / Date / Year

DATE EFFECTIVE July 8, 2016 ~~March 1, 2001~~
Month / Date / Year

ISSUED BY _____
President & Chief Executive Officer

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

Official Notice

Cumberland Valley Electric, Inc., with its principal office at Gray, Kentucky and with its address at 6219 North U.S. Highway 25E, Gray, Kentucky 40734, intends to file with the Kentucky Public Service Commission in Case No. 2016-00169 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of Cumberland Valley Electric. The proposed effective date of these new rates are July 8, 2016 and these rates are to be filed with the Commission on June 6, 2016.

The present and proposed rates for each Customer Classification are provided below:

| | Rates | |
|---|------------|-------------------|
| | Present | Proposed |
| Schedule I - Residential, Schools and Churches | | |
| Customer Charge | \$ 8.73 | \$ 14.10 |
| Energy Charge per kWh | \$ 0.08563 | \$ 0.08642 |
| Marketing Rate - All kWh | \$ 0.05138 | Rate Discontinued |
| Cumberland Valley is proposing that the Schedule I - Marketing Rate be discontinued and replaced by a TOD rate. | | |
| Schedule II - Small Commercial and Small Power Service | | |
| Single Phase | | |
| Customer Charge | \$ 8.96 | \$ 15.00 |
| First 3,000 kWh per kWh | \$ 0.09519 | \$ 0.09519 |
| Over 3,000 kWh per kWh | \$ 0.08880 | \$ 0.08905 |
| Schedule II - Small Commercial and Small Power Service | | |
| Three Phase | | |
| Customer Charge | \$ 8.96 | \$ 25.00 |
| First 3,000 kWh per kWh | \$ 0.09519 | \$ 0.09519 |
| Over 3,000 kWh per kWh | \$ 0.08880 | \$ 0.08905 |
| Demand Charge per kW | \$ 4.22 | \$ 4.22 |
| Schedule III - Three Phase Schools and Churches | | |
| Customer Charge | \$ 25.00 | \$ 45.00 |
| Energy Charge per kWh | \$ 0.07915 | \$ 0.08040 |
| Schedule IV - Large Power Industrial | | |
| Customer Charge | \$ 50.00 | \$ 100.00 |
| Energy Charge per kWh | \$ 0.05112 | \$ 0.05112 |
| Demand Charge per kW | \$ 6.55000 | \$ 6.55000 |
| Schedule IV-A - Large Power Rate 50 kW -2500 kW | | |
| Customer Charge | \$ 40.00 | \$ 65.00 |
| Energy Charge per kWh | \$ 0.06078 | \$ 0.06078 |
| Demand Charge per kW | \$ 4.22 | \$ 4.22 |
| Schedule VI - Outdoor Lights and Security Lights | | |
| 175W MV | \$ 8.57 | \$ 9.42 |
| 400W MV | \$ 12.76 | \$ 13.90 |
| 100W Open Bottom | \$ 8.59 | \$ 9.44 |
| 100W Colonial Post | \$ 9.68 | \$ 10.61 |
| 100W Direct. Flood | \$ 10.42 | \$ 11.40 |
| 400W Direct. Flood | \$ 16.57 | \$ 17.98 |
| 400W Cobra Head | \$ 16.57 | \$ 17.98 |
| LED Open Bottom | \$ 8.32 | \$ 9.15 |
| LED Cobra Head | \$ 14.19 | \$ 15.43 |
| LED Directional | \$ 17.42 | \$ 18.89 |
| Schedule I - Prepaid Service | | |
| Customer Charge | \$ 8.73 | \$ 14.10 |
| Energy Charge per kWh | \$ 0.08563 | \$ 0.08642 |
| Prepaid Fee | \$ 3.00 | \$ 3.00 |
| Nonrecurring Charges | | |
| Remote Disconnect Charge | \$ 20.00 | \$ 25.00 |
| Off-Peak Energy Charge per kWh | \$ 0.05138 | \$ 0.06000 |

The amount of the change requested in dollar amounts and percentage change for each customer classification is presented below:

| | Increase | |
|---|--------------|---------|
| | Dollar | Percent |
| Schedule I - Residential, Schools and Churches | \$ 1,646,800 | 5.87% |
| Schedule II -Small Commercial and Small Power Service | 97,406 | 6.49% |
| Schedule II -Small Commercial and Small Power Service 3PH | 27,657 | 3.20% |
| Schedule III - Three Phase Schools and Churches | 31,374 | 2.47% |
| Schedule IV - Large Power Industrial | 750 | 0.07% |
| Schedule IV-A - Large Power Rate 50 kW -2500 kW | 24,600 | 0.36% |
| Schedule VI - Outdoor Lights and Security Lights | 128,675 | 9.43% |
| Schedule I - Prepaid Service | 11,283 | 6.63% |
| Schedule I - Marketing Rate/Replaced by TOD Rate | 6,358 | 21.76% |
| Nonrecurring Charge - Remote Disconnect | 22,450 | 20.00% |

The amount of the average usage and the effect upon the average bill for each customer classification is provided below

| | Increase | |
|---|----------|---------|
| | Dollar | Percent |
| Schedule I - Residential, Schools and Churches | \$ 6.28 | 5.87% |
| Schedule II -Small Commercial and Small Power Service | \$ 6.10 | 6.49% |
| Schedule II -Small Commercial and Small Power Service | \$ 16.72 | 3.20% |
| Schedule III - Three Phase Schools and Churches | \$ 54.37 | 2.47% |
| Schedule IV - Large Power Industrial | \$ 50.00 | 0.07% |
| Schedule IV-A - Large Power Rate 50 kW -2500 kW | \$ 25.00 | 0.36% |
| Schedule VI - Outdoor Lights and Security Lights | \$ 0.97 | 9.43% |
| Schedule I - Prepaid Service | \$ 6.11 | 6.63% |
| Schedule I - Marketing Rate | \$ 10.63 | 21.76% |
| Nonrecurring Charge - Remote Disconnect | \$ 5.00 | 20.00% |

New Rates Classes Proposed

| | Rates | |
|------------------------------------|---------|----------|
| | Present | Proposed |
| Residential Time of Day (TOD) Rate | | |
| Customer Charge | \$ | 20.00 |
| On-Peak Energy Charge per kWh | | 0.10161 |
| Off-Peak Energy Charge per kWh | | 0.06000 |
| Inclining Block Rate | | |
| Customer Charge | \$ | 9.90 |
| First 200 kWh | | 0.08842 |
| Next 300 | | 0.09342 |
| Over 500 | | 0.09842 |

A person may examine this application at the offices of Cumberland Valley Electric located at 6219 North U.S. Highway 25E, Gray, KY. A person may examine the application at commission's offices located at 211 Sower Boulevard, Frankfort, KY, Monday through Friday 8:00 a.m. to 4:00 p.m., through the commission's Web site at <http://psc.ky.gov>.

Comments regarding this application may be submitted to the Kentucky Public Service Commission through its Web site or by mail to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602.

The rates proposed in this application are the rates proposed by Cumberland Valley Electric. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, KY 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 or mailing of the notice, the Commission may take final action on the application.



Cumberland Valley Electric

A Touchstone Energy Cooperative

May 3, 2016

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Executive Director:

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 3, 2016 Cumberland Valley Electric, Inc. intends to file an application for an increase in its retail rates based on a historical test year ending November 30, 2015.

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
1024 Capital Center Drive
Frankfort, Kentucky 40601

NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES

(Complete All Shaded Areas and Check Applicable Boxes)

In accordance with 807 KAR5:001, Section 8, Cumberland Valley Electric, Inc. gives notice of its intent to file an application for General Rate Increase with the Public Service Commission no later than June 6, 2016 and to use the electronic filing procedures set forth in that regulation.

Cumberland Valley Electric, Inc. further states that:

- | | | |
|--|-------------------------------------|-------------------------------------|
| | Yes | No |
| 1. It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible; | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission; | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment; | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. It or its authorized agents possess the facilities to receive electronic transmissions; | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff: | | |

| Name | Electronic Mail Address |
|-----------------|---------------------------------------|
| Robert Tolliver | PSC@cumberlandvalley.coop |
| Barbara Elliott | Barbara.Elliott@cumberlandvalley.coop |
| Jim Adkins | Jimadkins25@aol.com |

- | | | |
|---|-------------------------------------|--------------------------|
| 6. It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|---|-------------------------------------|--------------------------|

Signed Robert Tolliver

Name: Robert Tolliver
Title: Office Manager
Address: P.O. Box 440
Gray, Kentucky 40734
Telephone Number: 606-528-2677



Matthew G. Bevin
Governor

Daniel E. Logsdon Jr.
Vice Chairman

Charles G. Snively
Secretary
Energy and Environment Cabinet

Robert Cicero
Commissioner

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

May 05, 2016

PARTIES OF RECORD

RE: Case No. **2016-00169**

Cumberland Valley Electric, Inc.
(General Rates)

This letter is to acknowledge receipt of notice of election of use of electronic filing procedures to file an application in the above case. The notice was date-stamped received May 05, 2016, and has been assigned Case No. 2016-00169. 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. 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 Linda Faulkner in the Division of Filings at 502-564-3940.

Sincerely,

Aaron Greenwell
Acting Executive Director

AG/rs

*Barbara Elliott
Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

*James R Adkins
Jim Adkins Consulting
1041 Chasewood Way
Lexington, KENTUCKY 40513-1731

*Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

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

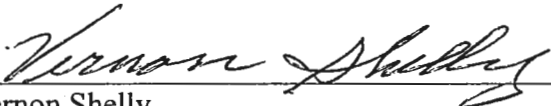
**CUMBERLAND VALLEY ELECTRIC
BOARD RESOLUTION**

**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 in an amount not to exceed \$2,000,000.00,

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 17, 2016.

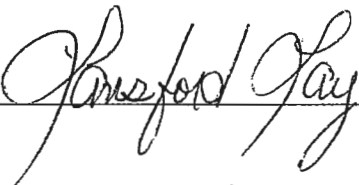


Vernon Shelly

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 17, 2016, 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. 2016-00169
Revenue Analysis
November 30, 2015

Exhibit G
page 1 of 1
Witness: Jim Adkins

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| Rate Schedule | Kwh Useage | Test Year Revenue | Percent of Total | Normalized Case No. 2014-00159 | Percent of Total | Proposed Revenue | Percent of Total | Increase | |
|--|---------------------------|---------------------|------------------|--------------------------------|------------------|----------------------------|------------------|---------------------------|-----------|
| | | | | | | | | Amount | Percent |
| I - Residential, Schools and Churches | 300,860,320 | \$27,951,430 | 68% | \$28,053,474 | 68% | \$29,700,273 | 69% | \$1,646,800 | 5.87% |
| I - Prepaid Service | 1,734,061 | \$169,299 | 0% | \$170,141 | 0% | \$181,424 | 0% | 11,283 | 6.63% |
| I - Marketing Rate | 737,631 | 37,815 | 0% | 37,899 | 0% | 44,258 | 0% | 6,358 | 16.78% |
| II - Small Power, Single Phase | 14,488,863 | 1,493,911 | 4% | 1,500,641 | 4% | 1,598,048 | 4% | 97,406 | 6.49% |
| II - Small Power, Three Phase | 7,393,144 | 836,668 | 2% | 837,356 | 2% | 865,012 | 2% | 27,657 | 3.30% |
| III - Three Phase Schools and Churches | 15,867,403 | 1,269,444 | 3% | 1,270,330 | 3% | 1,301,704 | 3% | 31,374 | 2.47% |
| IV - Large Power, Industrial | 16,450,200 | 1,139,142 | 3% | 1,143,449 | 3% | 1,144,199 | 3% | 750 | 0.07% |
| IV-A - Large Power Rate | 90,899,192 | 6,806,614 | 17% | 6,811,729 | 17% | 6,836,329 | 16% | 24,600 | 0.36% |
| S & T - Outdoor Lighting Service | 11,317,722 | 1,333,495 | 3% | 1,364,320 | 3% | 1,492,982 | 3% | 128,662 | 9.43% |
| Envirowatts | 27,600 | 780 | 0% | 780 | 0% | 780 | 0% | - | 0.00% |
| Rounding differences | | | | | | 0 | | 0 | |
| Total from base rates | <u>459,776,136</u> | 41,038,598 | 100% | <u>\$41,190,120</u> | 100% | <u>\$43,165,010</u> | 100% | <u>\$1,974,890</u> | 5% |
| Fuel adjustment billed | | (1,665,196) | | | | | | | |
| Environmental surcharge billed | | <u>4,646,101</u> | | | | | | | |
| | | <u>\$44,019,503</u> | | | | | | | |
| Increase | | | | <u>\$151,522</u> | | <u>\$1,974,890</u> | | | |

**CUMBERLAND VALLEY ELECTRIC
APPLICATION FOR AN INCREASE IN ELECTRIC UTILITY RATES
CASE NO. 2016-00169**

DIRECT TESTIMONY OF ROBERT D. TOLLIVER

Q1. State your name, job title and business address.

A1. I am Robert D. Tolliver, Office Manager for Cumberland Valley Electric ("Cumberland Valley"), 6219 North U.S. Highway 25E, Gray, KY 40734.

Q2. How long have you been employed by Cumberland Valley and what are your responsibilities?

A2. I have been employed by Cumberland Valley for twenty-six years. I am responsible for Finance and Administration, Human Resources and the Information Technology activities for Cumberland Valley.

Q3. What is your educational background?

A3. I have a Bachelor of Science in Business Administration from the University of the Cumberlands and several hours toward an MBA from Morehead State University.

Q4. What has been your role in the preparation of this Application?

A4. I have provided guidance and direction to the rate consultant in the development of the cost of service study and rate design in this application. I have also directed, supervised and reviewed the preparation of the rate application.

Q5. What is the main reason behind Cumberland Valley's request for an increase in rates?

A.5 The main reason for this request for an increase in rates is that Cumberland Valley has not met its mortgage requirements with the Rural Utilities Service ("RUS"). Cumberland Valley's operating TIER has been below 1.1 for the years 2012 through 2015. Cumberland Valley's financial situation continues to deteriorate today as evident by the Statement of Operations presented in Exhibit S of the Application.

Q6. In your opinion, what is the primary reasons behind this financial situation that currently exists at Cumberland Valley?

A6. Cumberland Valley has experienced significant decreases in revenue from its members especially in the commercial and industrial sector over 1000 kVa. The revenue for this sector of Cumberland Valley's customer base has decreased by approximately \$3.8 million or forty-seven percent between calendar years 2011 and 2015. This decrease is due mainly to decline of the coal industry in Southeastern Kentucky. The revenue from the residential rate class is also down by 1.08 percent for the same time period.

Q7. Do you expect that this situation in the large commercial and industrial sector along with the residential sector could change in the future?

A7. Cumberland Valley does not foresee any time in the future when this situation could change back to any resemblance of what it was just a few years ago. It is our feeling that the coal industry in Southeastern Kentucky will not recover to any

degree much greater than what it is today. The unemployment level in Cumberland Valley's service area is very significant and an increase in the residential sector will not change for the positive until unemployment is alleviated. A continuation of high unemployment may cause a continuation in the decrease of residential members.

Q8. What has been Cumberland Valley's policy in regards to long term financing and interest rates and has Cumberland Valley made any recent changes to this policy?

A8. Cumberland Valley has always strived to find a balance between maximizing savings on interest rates and maintaining stability to lessen the impact on electric rates. Ten years ago Cumberland Valley Electric had approximately \$31 million in long term debt and interest expense on that amount was approximately \$1.6 million dollars. The composite interest rate during this period of time was approximately 5.24 percent. In the last ten years Cumberland Valley Electric has taken advantage of extremely low variable FFB rates. In 2013 our total long term debt was approximately \$43 million dollars and the interest expense on that debt was approximately \$380,000 dollars. The composite rate in 2013 was .88 percent and the ratio was 85% variable and 15% fixed. This composite rate ranked 2nd lowest in the nation in CFC's Key Ratio Trend Analysis (KRTA) report. Cumberland Valley Electric estimated savings of \$6 million to \$10 million dollars over this period of time as we took advantage of rates that were at times slightly above zero. More recently we have been locking in historically low long term rates. Since March of 2015 we have locked rates on approximately \$22.6 million

dollars and the rates have ranged from 2.3 to 2.6 percent. The current ratio of fixed to variable rates stands at 60% fixed and 40% variable with a composite rate of approximately 1.75%. Cumberland Valley thinks it's a prudent decision to lock in these historically low interest rates as it creates long term stability with our interest expense.

Q9. In the Commission's Order in Case No. 2014-00159, the Commission ordered Cumberland Valley to have a Wage and Salary Survey completed along with the completion of a Depreciation Study. Has Cumberland Valley had these two studies completed?

A9. Both of these studies were initiated shortly after receiving the Commission's Order in the above mentioned case and were completed in 2015. Both of these studies are a part of this Application. The Wage and Salary Survey was completed by Winston Tan of Intandem, LLC and is based on a job evaluation hierarchy which is merged with the latest 2015 NRECA and Economic Research Institute ("ERI") survey data. The ERI data is based on a wider cross section of industries in Kentucky. This Wage and Salary Survey was presented to the Board of Directors and they plan to address these results in 2016. The Depreciation Study was completed in the fall of 2015 by JDS Consulting. Listed below is a summary of the results of this study and the RUS recommended range of depreciation rates. Cumberland Valley would like to place these depreciation rates into effect in January 2017.

| Account | Description | Propoosed | Present | RUS | RUS |
|---------|--------------------------|-----------|---------|-------|-------|
| | | Rate | Rate | Low | High |
| 362 | Sustation | 6.70% | 3.10% | 2.70% | 3.20% |
| 364 | Poles, Towers | 3.90% | 4.00% | 6.00% | 4.00% |
| 365 | OH Conductor | 3.27% | 2.80% | 2.30% | 2.80% |
| 367 | UG Conductor | 4.02% | 4.00% | 2.40% | 2.90% |
| 368 | Transformers | 2.39% | 3.10% | 2.60% | 3.10% |
| 369 | Services | 4.14% | 3.60% | 3.10% | 3.60% |
| 370 | Meters | 3.40% | 3.40% | 2.90% | 3.40% |
| 370.01 | Meters AMI | 6.70% | 6.70% | 2.90% | 3.40% |
| 371 | Install Cons Premises | 4.89% | 4.00% | 3.90% | 4.40% |

Q10. Does this conclude your testimony?

A10. Yes, it does.

Affiant, Robert D. Tolliver, states that the answers given by him in the foregoing questions are true and correct to the best of his knowledge and belief.



Robert D. Tolliver

Subscribed and sworn to before me by the affiant, Robert D. Tolliver, this

26 day of May, 2016.



Notary Public, Kentucky State at Large.

My Commission Expires 4-11-2018

| Residential Revenue 2011 & 2015 Comparison | | | | |
|--|-----------------|-----------------|---------------------------|-------------------------|
| Month | 2011 | 2015 | Difference 2011 v 2015 | % Change 2011 v 2015 |
| January | \$4,116,072.27 | \$3,803,311.33 | -\$312,760.94 | -7.60% |
| February | \$3,304,804.11 | \$4,216,424.72 | \$911,620.61 | 27.58% |
| March | \$2,604,601.34 | \$2,806,518.20 | \$201,916.86 | 7.75% |
| April | \$1,957,402.05 | \$2,024,409.06 | \$67,007.01 | 3.42% |
| May | \$1,788,129.56 | \$1,843,782.82 | \$55,653.26 | 3.11% |
| June | \$2,280,120.19 | \$2,220,984.90 | -\$59,135.29 | -2.59% |
| July | \$2,626,959.19 | \$2,815,324.95 | \$188,365.76 | 7.17% |
| August | \$3,042,493.19 | \$2,404,982.05 | -\$637,511.14 | -20.95% |
| September | \$2,039,592.38 | \$2,032,998.95 | -\$6,593.43 | -0.32% |
| October | \$1,891,203.76 | \$2,023,251.88 | \$132,048.12 | 6.98% |
| November | \$2,594,806.42 | \$2,377,559.18 | -\$217,247.24 | -8.37% |
| December | \$3,214,684.03 | \$2,550,151.19 | -\$664,532.84 | -20.67% |
| Total | \$31,460,868.49 | \$31,119,699.23 | -\$341,169.26 | -1.08% |

| Commercial 50 kVA or less Revenue 2011 & 2015 Comparison | | | | |
|--|----------------|----------------|---------------------------|-------------------------|
| Month | 2011 | 2015 | Difference 2011 v 2015 | % Change 2011 v 2015 |
| January | \$260,525.10 | \$287,116.31 | \$26,591.21 | 10.21% |
| February | \$245,533.31 | \$289,935.85 | \$44,402.54 | 18.08% |
| March | \$227,408.43 | \$246,893.81 | \$19,485.38 | 8.57% |
| April | \$202,631.28 | \$237,406.87 | \$34,775.59 | 17.16% |
| May | \$205,263.62 | \$221,016.87 | \$15,753.25 | 7.67% |
| June | \$221,778.37 | \$235,904.71 | \$14,126.34 | 6.37% |
| July | \$244,221.35 | \$269,594.54 | \$25,373.19 | 10.39% |
| August | \$280,045.57 | \$259,081.39 | -\$20,964.18 | -7.49% |
| September | \$243,208.74 | \$245,509.88 | \$2,301.14 | 0.95% |
| October | \$213,199.86 | \$231,773.66 | \$18,573.80 | 8.71% |
| November | \$240,764.72 | \$228,749.38 | -\$12,015.34 | -4.99% |
| December | \$257,526.46 | \$232,315.00 | -\$25,211.46 | -9.79% |
| Total | \$2,842,106.81 | \$2,985,298.27 | \$143,191.46 | 5.04% |

| Commercial 50-1000 kVA Revenue 2011 & 2015 Comparison | | | | |
|---|----------------|----------------|---------------------------|-------------------------|
| Month | 2011 | 2015 | Difference 2011 v 2015 | % Change 2011 v 2015 |
| January | \$435,546.03 | \$486,833.48 | \$51,287.45 | 11.78% |
| February | \$431,697.24 | \$442,292.61 | \$10,595.37 | 2.45% |
| March | \$383,084.78 | \$411,722.28 | \$28,637.50 | 7.48% |
| April | \$383,792.03 | \$396,185.12 | \$12,393.09 | 3.23% |
| May | \$368,435.35 | \$365,471.25 | -\$2,964.10 | -0.80% |
| June | \$364,514.48 | \$405,009.35 | \$40,494.87 | 11.11% |
| July | \$444,519.38 | \$440,300.01 | -\$4,219.37 | -0.95% |
| August | \$471,923.63 | \$453,504.54 | -\$18,419.09 | -3.90% |
| September | \$440,900.25 | \$428,695.70 | -\$12,204.55 | -2.77% |
| October | \$376,763.38 | \$401,947.44 | \$25,184.06 | 6.68% |
| November | \$407,380.35 | \$395,757.24 | -\$11,623.11 | -2.85% |
| December | \$444,703.71 | \$402,307.80 | -\$42,395.91 | -9.53% |
| Total | \$4,953,260.61 | \$5,030,026.82 | \$76,766.21 | 1.55% |

| Commercial Over 1000 kVA Revenue 2011 & 2015 Comparison | | | | |
|---|----------------|----------------|---------------------------|-------------------------|
| Month | 2011 | 2015 | Difference 2011 v 2015 | % Change 2011 v 2015 |
| January | \$726,461.47 | \$381,811.90 | -\$344,649.57 | -47.44% |
| February | \$737,414.71 | \$397,912.69 | -\$339,502.02 | -46.04% |
| March | \$641,033.12 | \$302,649.56 | -\$338,383.56 | -52.79% |
| April | \$626,490.32 | \$357,639.14 | -\$268,851.18 | -42.91% |
| May | \$633,245.69 | \$341,847.02 | -\$291,398.67 | -46.02% |
| June | \$576,332.53 | \$360,027.00 | -\$216,305.53 | -37.53% |
| July | \$667,948.10 | \$376,118.95 | -\$291,829.15 | -43.69% |
| August | \$720,475.95 | \$411,384.76 | -\$309,091.19 | -42.90% |
| September | \$733,383.19 | \$372,068.39 | -\$361,314.80 | -49.27% |
| October | \$651,373.53 | \$363,503.90 | -\$287,869.63 | -44.19% |
| November | \$701,515.38 | \$365,056.69 | -\$336,458.69 | -47.96% |
| December | \$789,415.96 | \$338,559.32 | -\$450,856.64 | -57.11% |
| Total | \$8,205,089.95 | \$4,368,579.32 | -\$3,836,510.63 | -46.76% |

| Total Revenue 2011 & 2015 Comparison | | | | |
|--------------------------------------|-----------------|-----------------|---------------------------|-------------------------|
| Month | 2011 | 2015 | Difference 2011 v 2015 | % Change 2011 v 2015 |
| January | \$5,538,604.87 | \$4,959,073.02 | -\$579,531.85 | -10.46% |
| February | \$4,719,449.37 | \$5,346,565.87 | \$627,116.50 | 13.29% |
| March | \$3,856,127.67 | \$3,767,783.85 | -\$88,343.82 | -2.29% |
| April | \$3,170,315.68 | \$3,015,640.19 | -\$154,675.49 | -4.88% |
| May | \$2,995,074.22 | \$2,772,117.96 | -\$222,956.26 | -7.44% |
| June | \$3,442,745.57 | \$3,221,925.96 | -\$220,819.61 | -6.41% |
| July | \$3,983,648.02 | \$3,901,338.45 | -\$82,309.57 | -2.07% |
| August | \$4,514,938.34 | \$3,528,952.74 | -\$985,985.60 | -21.84% |
| September | \$3,457,084.56 | \$3,079,272.92 | -\$377,811.64 | -10.93% |
| October | \$3,132,540.53 | \$3,020,476.88 | -\$112,063.65 | -3.58% |
| November | \$3,944,466.87 | \$3,367,122.49 | -\$577,344.38 | -14.64% |
| December | \$4,706,330.16 | \$3,523,333.31 | -\$1,182,996.85 | -25.14% |
| Total | \$47,461,325.86 | \$43,503,603.64 | -\$3,957,722.22 | -8.34% |

**CUMBERLAND VALLEY ELECTRIC
APPLICATION FOR AN INCREASE IN ELECTRIC UTILITY RATES
CASE NO. 2016-00169**

DIRECT TESTIMONY OF JAMES R. ADKINS

Q1. State your name and business address.

A1. My name is James R. Adkins and my address is 2189 Roswell Dr., Lexington, KY 40513.

Q2. What is your past experience in cost of service studies and rate design for electric utilities?

A2. I have been dealing with electric utility cost of service studies, rate design, revenue requirements and many different types of projects in the accounting and financial aspects of an electric utility for over thirty-five years..

Q3. What is your experience in the electric utility industry?

A3. I spent twenty-five years as the rate/pricing manager for East Kentucky Power Cooperative ("EKPC") and the last thirteen years, I have provided similar consulting services to electric cooperatives.

Q4. Have you ever appeared as a witness before this Commission?

A4. I have appeared as a witness before this Commission many times for East Kentucky Power Cooperative and for all the distribution cooperatives of EKPC and for two of the distribution cooperatives of Big Rivers Electric Corporation.

Q5. What is your education background?

A5. I have a Bachelor of Science Degree in Finance and a Master's Degree in Accounting and both degrees are from the University of Kentucky.

Q6. What has been your role in the preparation of this Application?

A6. My role in this application has been to provide guidance, assistance and oversight in the development of revenue requirements including the preparation of the test year adjustments and determination of margin levels, the completion the cost of service study presented in this Application, and in the development of the proposals on the appropriate rate design,

Q7. Please explain what provides the basis for the revenue requirements in this application and what is the basis for the amount of increase in rates that is being requested by Cumberland Valley Electric ("CVE")?

A7. The amount of increase requested in this case is based on an adjusted test year expenses plus margin requirements minus the actual revenues for the test year from base rates. The adjustment clauses for fuel adjustment clause ("FAC") and the environmental surcharge clause ("ESC") are not a part of the request in this application and the revenues and expenses associated with these clauses have been removed for rate-making purposes from the financial statements presented in this case. The adjusted test year presented in this case indicates that CVE needs an increase in electric rate revenue of approximately \$1.975 million with an increase in base rates and approximately \$22,450 thousand for nonrecurring charges. The results for the test indicate an actual margin of \$2,266,319 including the annual allocation of capital credits ("GTCCs") from its wholesale power supplier, East Kentucky Power Cooperative ("EKPC"). When the allocation of GTCCs received during the test year of \$2,489,456 are removed from the actual financial statements for the test year, CVE had a loss of \$232,837. With the other

test year adjustments included, CVE has an adjusted test year with losses of \$776,400.

Q8. Why were the GTCCs removed from the actual test year financial statements which changes the actual results from a positive margin to a loss for this period?

A8. It is the normal policy of the Kentucky Public Service Commission ("Commission") to remove these EKPC capital credits from CVE's financial statements for rate-making purposes. These capital credits are only a book entry at the current time since EKPC has never paid any of its capital credits.

Q9. What are other adjustments that have been made to the financial statements of CVE and what are these test year adjustments?

A9. The other test year adjustments have been completed in the normal and same manner as the test year adjustments have been made in the rate applications of other distribution cooperatives in the state of Kentucky. The test year adjustments dealing with revenues consist of the following ones:

- Normalization of revenue from base rates to insure that the rate increase of January 2015 is properly accounted for in the amount of \$151,522.
- Removal of the FAC and ESC revenues received during the test year which totals \$2,982,174.
- The adjustment for the end of test year number of customers in the amount of \$25,923 which is a decrease.

- And an adjustment for the proposed increase of \$5.00 in the reconnect charge in order to make the manual and remote charges equal and this amounts to an increase of \$22,450

The test year adjustment for expenses include the following ones:

- Normalization of wages and salaries for \$40,910;
- Normalization of payroll taxes for \$4,278,;
- Normalization of depreciation expenses for \$214,741;
- Normalization of interest expenses for \$344,521;
- Normalization of retirement and pension expenses for \$17,849;
- The removal of certain advertising expenses for \$1,144;
- Removal of donations for \$12,632;
- Removal of specific expenses for directors that not acceptable for rate-making purposes in the amount of \$68,173;
- Removal of certain professional fees that abnormal for \$17,212;
- Normalization of purchased power expenses and the removal of the FAC and ESC expenses from the test year in the amount of \$2,835,633;
- Removal of certain miscellaneous expenses for \$2,169;
- Inclusion of an estimate of the expenses that will be incurred for this rate application for \$35,000; and,
- Exclusion from the test year the GTCCs form EKPC as mentioned earlier in this testimony in the amount of \$2,818,449.

Q10. What does the term normalization mean as used above in your description of the test year adjustments?

A10. The term normalization as used in the above adjustments basically means that test year end data and test year end rates have been used to determine what the annual expense or annual revenue would be under these specific conditions. A specific example is below that is very descriptive of this process. Depreciation expense is a good example. Throughout the test year, CVE added new plant to its general plant and distribution plant for a variety of reasons. Since depreciation expense is calculated on a monthly basis, the test year expense for depreciation is not representative of what the year-end depreciable plant balances would provide as annual depreciation expense. To determine the amount of the adjustment, the test year end, depreciable plant balances are multiplied by their proper depreciation rates to determine the annual depreciation expense would be. The actual depreciation expense for the test year would then be subtracted from the above calculated annual depreciation to determine the amount of this adjustment for depreciation expense. The other normalized expenses would follow a very similar pattern.

Q11. What is CVE proposing for margins and what is the basis for the proposal?

A11. CVE is proposing a margin amount of \$1,199,412 and is based on a Times Interest Earned Ratio ("TIER") of 2.41X. The TIER method for determining margins has been the approach that this Commission has normally approved in past rate cases involving electric distribution cooperatives. The normal TIER authorized by this Commission has been a 2.0X. However, in Case No, 2011-00096, Application of

South Kentucky RECC for an Adjustment in Electric Rates, the Commission authorized a TIER of 2.10X in this case because of the declining equity level that the cooperative had experienced in recent years. CVE has had a very similar experience for the last several years with a declining equity level due to very low margins or losses. During the 1980s, this Commission did authorize distribution cooperative rates to be based on TIERS in amounts greater than 2.25X and up to 2.50X.

Q12. Cumberland Valley received an increase in base rates in January 2015 during the test year that is a part of the current rate application. What is the reason why CVE is filing this application in such a short period of time since the filing of the last rate application?

A12. CVE has filed this application because its financial statements reflects that CVE is still in violation of its mortgage agreements with its creditors. CVE witnesses in the last rate case testified that CVE would file an application in a very short period of time if the Commission did not grant the complete amount of increase that was requested in that application. The Commission granted an increase that was approximately sixty percent of the amount requested. Furthermore, CVE is in worse financial conditions today than it was in its last application. When margins are authorized in an amount equal to its interest expense (such as a TIER of 2.0X), then low interest expenses translate to low margins. In a manner, this method of setting margins on the basis of TIER may be a disincentive for a distribution cooperative to maintain the lowest interest expense possible.

Q13. Since its last rate application, has CVE changed or modified his approach to debt?

A13. CVE has modified its approach in regards to its long term debt. In the last rate application, CVE had approximately eighty-five percent of its long term debt in variable short term interest rates. The remainder or fifteen percent of its long term debt was in fixed interest rates. In this rate application, CVE has approximately sixty percent of its debt in fixed interest rates and the other forty percent in variable interest rates. The debt that has been moved from variable interest rates to fixed interest rates has received long term interest rates that are very favorable. A cursory review of the Statement of Operations for the test year that has been filed in this application indicates the significant change in interest expense that CVE has experienced due to the movement of some of its long term debt from variable interest rates to fixed interest rates.

Q14. If the Commission were to grant CVE the full amount of increase that is requested in this application, how long would it be before CVE would file an application for another increase?

A14. I would expect CVE would not have the need to file another application for an increase in base rates until sometime in 2020 or probably a later date. It is heavily dependent upon two occurrences over which CVE does no control. The first item is weather and extremely mild weather may cause CVE to come in sooner than stated above. Weather worse than normal could postpone the need for a longer period of time. The other item is the economy. CVE's sales have deteriorated with the decline of the coal industry in its service area and CVE may not have felt the

full impact yet. Any speculation about the need of increase requests in the future is a very subjective estimate.

Q15. Are you responsible for the Cost of Service Study (“COSS”) in this rate application?

A15. I am responsible for the COSS in this case as I completed this study for CVE.

Q16. Please explain the purpose of the COSS.

A16. The COSS was completed based on the methods and guidance provided in the National Association of Regulatory Utility Commission (“NARUC”) Electric Utility Cost Allocation Manual (1992). The purpose of this study is to determine the costs and revenue requirements to provide service to each rate class. The revenue requirements for each rate class is then compared with the current revenue from rates for each rate class to determine an increase amount for a rate class if needed. The COSS provides a breakdown into the various cost components for each rate class including the demand related costs, the energy related costs and the customer/member related components. This breakdown of costs may be used by CVE in determining the appropriate rate design for each rate class.

Q17. What is the process used in the COSS?

A17. The process used is the normal three step process of the functionalization of expenses, the classification of expenses and the allocation of expenses to the rate classes of CVE. Before this part of the study begins, the actual test year expenses and all test year adjustments are integrated into an adjusted statement of operations. Additionally, the margin requirements are also included and these margin requirements are based on a TIER of 2.41X as previously discussed.

These total adjusted expenses are functionalized into categories based on types of plant in place on CVE's system. These types of plants include the following ones:

- 1) Purchased Power substation, demand and energy components;
- 2) Stations;
- 3) Lines which includes poles, overhead conductor and underground conductor,
- 4) Transformers;
- 5) Services;
- 6) Meters;
- 7) Customer and accounting service; and,
- 8) Outdoor lighting.

The next step in the COSS is the classification of expenses into the demand, energy and consumer components. Listed below is a breakdown of the functions into the normal components:

| Category | Demand Related | Energy Related | Cons./Member Related | Outdoor Lighting |
|-----------------------------|----------------|----------------|----------------------|------------------|
| Purchased Power | XX | XX | | |
| Distribution Lines | XX | | XX | |
| Distribution Transformers | XX | | XX | |
| Services | | | XX | |
| Meters | | | XX | |
| Customer Service & Account. | | | XX | |
| Outdoor Lighting | | | | XX |

The final step in the COSS is the allocation of the expenses/revenue requirements to each rate classes. A different allocator is normally used for each type of expense to be

allocated. Provided below is the allocators used to allocate the demand and energy related expenses/revenue requirements to the appropriate rate class.

- a) Purchased power demand related costs are allocated proportionally on the basis of each rate class's contribution to EKPC's coincident peak during the EKPC's on-peak hours for each season. EKPC bills its demand on the basis of its coincident peak.
- b) Purchased power substation costs are allocated proportionally on the basis of the sum of the monthly peak demands of each rate class.
- c) Purchased power energy costs are allocated proportionally on the basis of each rate class's retails energy sales for the test year.
- d) Distribution station and line demand related costs are allocated proportionally on the basis of the sum of the monthly peak demands for each rate class.
- e) Distribution transformer demand related costs are allocated proportionally on the sum of the monthly peak demand for each rate class.

The consumer related components are allocated on the following basis:

- a) Consumer related line costs are allocated proportionally on the number of individual accounts in each rate class.
- b) Consumer related transformer costs are allocated proportionally on the basis of the minimum size transformer cost for each class weighted by the number of accounts in rate class.
- c) Consumer related services costs are allocated proportionally on the cost of the minimum service and the number accounts within each rate class.

- d) Meter costs are all consumer related and are allocated proportionally on the basis of the cost of the standard meter for each rate class and the number of accounts within each rate class.
- e) Consumer and accounting services are allocated proportionally on the basis of the number of accounts weighted by the complexity of the bills, meter reading data and an estimate of the time that may be spent dealing with a consumer matter. The more complex the bill and the size of the bill have entered into the development of this allocation.

Q18. How is revenue from other sources other than from electric rates handled in the COSS?

A18. These revenues have been allocated to Schedule I, Schedule II, Schedule III and Schedule VI. This allocation has been made on the basis of the number of consumers in each one of these rate classes. These revenues have the effect of reducing the need of revenue from rates for these rate classes and the lessening of the increase amount needed for these rate classes.

Q19. Provide a summary of the results of the COSS.

A19. The results of the COSS indicates that three rate classes do not provide enough revenue from rates to cover their revenue requirements. These rate classes are Schedule I – Residential, Schools & Churches (single phase), Schedule 1 – Marketing Rate and Schedule II – Small Commercial and Small Power (three phase) and Schedule VI – Outdoor Lighting. The results of the COSS for these four rate classes is provided below:

| COSS RESULTS FOR RATE CLASSES WITH RATES THAT DO NOT RECOVER COSTS | | | | |
|---|-----------------------------------|---|---|---------------------------------|
| | Schedule I Residential | Schedule 1 Residential. Market - ETS | Schedule II Three Phase Commercial | Schedule VI Lighting |
| Revenue from Rates | \$ 28,223,615 | \$ 37,899 | \$ 837,357 | \$ 1,364,318 |
| Total Cost to Serve | 30,840,765 | 47,093 | 861,987 | 1,447,912 |
| Margins from Rate Revenue | (2,617,150) | (9,194) | (24,630) | (83,594) |
| Other Revenue | 1,739,599 | - | 11,054 | 3,790 |
| Net Margins | (877,551) | (9,194) | (13,577) | (79,805) |

All other rate classes are providing rate revenue that does recover the costs to serve.

Q20. Are these the rate classes that you are proposing to have increases in their electric rates?

A20. I am proposing an increase in rates for all rate classes with most of the increase being placed on the customer charges for all rate classes that have a customer charge plus increases in the rates for all lights. Some energy rates for some classes are also being proposed for an increase in rates. The rationale for this approach is to keep the overall increase in Schedule I – Residential, Schools, and Churches to a reasonable amount. More importantly, it should be noted that the customer charges for all rate classes do not recover in full the consumer related costs. The above stated reasons are the primary ones for the proposals that are presented in this application.

Q21. What are the proposed increase amounts for each rate class in this application?

A21. The increase amounts and important ratios for each rate class is presented below:

| RATE CLASS | Increase | TIER | | OTIER | |
|--|-------------|---------|---------|---------|---------|
| | | Before | After | Before | After |
| I - Residential, Schools and Churches | \$1,646,800 | (0.35) | 2.20 | (0.66) | 1.88 |
| I - Prepaid Service | \$11,283 | | 2.20 | | |
| I - Marketing Rate | \$6,358 | (34.31) | (34.31) | (34.31) | (34.61) |
| II - Small Power, Single Phase | \$97,406 | 2.26 | 4.85 | 1.93 | 4.52 |
| II - Small Power, Three Phase | \$27,657 | 0.17 | 1.87 | 0.09 | 1.79 |
| III - Three Phase Schools and Churches | \$31,374 | 1.66 | 3.74 | 1.63 | 3.71 |
| IV - Large Power, Industrial | \$750 | 5.54 | 5.62 | 5.54 | 5.62 |
| IV-A - Large Power Rate | \$24,600 | 2.56 | 2.93 | 2.56 | 2.93 |
| S & T - Outdoor Lighting Service | \$128,675 | (0.49) | 1.91 | (0.50) | 1.90 |

Q22. Provide a comparison of the present and the proposed rate designs and the consumer related cost for each rate class that has a customer charge.

A22. Listed below is the requested comparison.

| RATE CLASS | Customer Charge | | Consumer |
|----------------------------------|-----------------|----------|----------|
| | Current | Proposed | Costs |
| Sched. I - Resid., Sch, Chrh | \$ 8.73 | \$ 14.10 | \$ 28.23 |
| Sched. II - Sml Com 1 Ph | 8.96 | 15.00 | 35.14 |
| Sched. II - Sml Com 3 Ph | 8.96 | 25.00 | 90.21 |
| Sched. III - All Elec Schl Chrh | 25.00 | 45.00 | 53.15 |
| Sched. IV - Lrg Pow > 2500kW | 50.00 | 100.00 | 140.53 |
| Sched. IV-A Lrg Pow 50-2500kW | 40.00 | 65.00 | 114.76 |

Q23. You stated above that you did want the increase for any rate class to exceed five percent. However, the increase percent for Schedule II – Small Commercial (Single Phase) does exceed five percent. Why does the situation exist?

A23. The proposed increase for Schedule II – Small Commercial (Single Phase) does exceed five percent. The primary reason for this situation is the preference to have the customer charge at least equal to the customer charge for Schedule I – Residential, Schools, and Churches. One could reasonably argue for a higher customer charge for this rate class, but the percentage increase in revenue for this class would have exceeded the 5.1% that is being requested in this application.

Q24. The Commission issued an Order in Case No. 2014-00159 on or about January 16, 2015. Why is CVE filing a new rate application in such short time since the completion of that case?

A24. As mentioned earlier, the amount of increase that CVE received was not large enough to care of its financial conditions. CVE has gone several years without meeting its mortgage requirements for the Operating Times Interest Earned Ratio ("OTIER") ratio. I believe that it is imperative that CVE start meeting all of this mortgages agreements.

Q25. What has CVE accomplished since receiving an order in Case No. 2014-00159?

A25. CVE has accomplished several things. CVE is always looking at ways to control or reduce its costs and this is readily indicated by having among the lowest rates among cooperatives in Kentucky. Also, CVE has had a wage and salary study completed as ordered in the last case and has had a depreciation study completed as also ordered in the last case. Both of these documents have been filed as a part of this case. CVE has also changed its approach to long term debt by fixing the amount the interest rates on about fifty percent of its long term debt and

keeping the other fifty percent at variable interest rates. The debt is monitored on a continuous basis.

Q26. Does CVE need to receive this complete amount of the increase that it is requesting?

A26. CVE most certainly does need the complete amount requested in this case with one major reason being that it needs to meet its mortgage requirements. Another significant reason is to keep from having the need to come back before this Commission after very short periods of time. CVE needs the complete increase amount.

Q27. Is CVE proposing some new rates?

A27. Yes, CVE is proposing a couple of new rate structures as a part of its overall tariffs. The first one is a new residential time-of-day rate. This rate is replacing the current tariff identified as Schedule 1-Residential Marketing Rate which is utilized for Electric Thermal Storage ("ETS") units. CVE is proposing to discontinue this ETS program. This new tariff was developed on the concept of revenue neutrality. With this concept, if all customers on Schedule I were to switch to the TOD schedule, the amount of revenue that CVE would receive would be an amount equal to what derives from the current Schedule 1 tariff. Attachment JRA-1 to this testimony contains the basis for the development of this new tariff. The second new rate is an inclining block rate which CVE is proposing to place into effect for the very low energy users

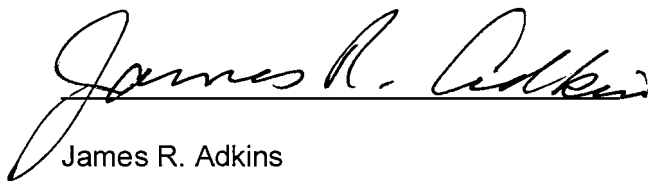
Q28. Is CVE proposing a change to one of its nonrecurring charges?

A28. CVE is proposing to make the remote connect/disconnect charge and the manual connect/disconnect charge equal at the amount of \$25.00 per occurrence. One is now \$20.00 while the other is \$25.00. CVE feels that these rates should be the same.

Q29. Does this conclude your testimony?

A29. Yes, this concludes my testimony.

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

20th day of May, 2016.



Notary Public, Kentucky State at Large.

My Commission Expires 2-13-19

ATTACHMENT JRA-1

PROPOSED TIME OF DAY RATE STRUCTURE

| Residential Time of Day Rates | |
|-------------------------------|----------|
| Customer Charge | \$ 20.00 |
| Off-Peak Energy Rate Per kWh | 0.06000 |
| On-Peak Energy Rate Per kWh | 0.10161 |

Derivation of On-Peak Energy Rate with Customer Charge and Off-Peak Energy Rate Set These Amounts

| Residential TOD Rate | Cust. Charges | Energy kWh | Revenue Prop |
|--------------------------------|---------------|----------------------------|--------------|
| Schedule I - Farm, Residential | 262,406 | 300,860,320 | 29,700,273 |
| Schedule I - Prepay | 1,846 | 1,734,061 | 44,258 |
| Schedule I - Marketing | | 737,631 | 175,886 |
| | 264,252 | 303,332,012 | 29,920,417 |
| On-Peak Energy | 154,656,734 | | |
| Off-Peak Energy | 148,675,278 | Off-Peak Energy \$ 0.06000 | 8,920,517 |
| Total Energy | 303,332,012 | Customer Charge 20 | 5,285,040 |
| | | Subtotal | 14,205,557 |
| | | On-Peak Energy Revenue | 15,714,861 |
| | | On-Peak Energy Rate | \$ 0.10161 |

Cumberland Valley Electric
Case No. 2016-00169
Average Bill for Residential Rate Class
Schedule 1, Residential, Schools and Churches

| | <u>Present</u> | <u>Proposed</u> | | |
|---------------------------|-----------------|-----------------|-----------------|----------------|
| Customer charge | \$8.73 | \$14.10 | | |
| Energy charge | \$0.08563 | \$0.08642 | | |
| | <u>Existing</u> | <u>Proposed</u> | <u>Increase</u> | |
| <u>kwh Usage</u> | <u>Rate</u> | <u>Rate</u> | <u>Amount</u> | <u>Percent</u> |
| 0 | \$8.73 | \$14.10 | \$5.37 | 61.5% |
| 25 | 10.87 | 16.26 | 5.39 | 49.6% |
| 50 | 13.01 | 18.42 | 5.41 | 41.6% |
| 100 | 17.29 | 22.74 | 5.45 | 31.5% |
| 150 | 21.57 | 27.06 | 5.49 | 25.4% |
| 200 | 25.86 | 31.38 | 5.53 | 21.4% |
| 250 | 30.14 | 35.71 | 5.57 | 18.5% |
| 300 | 34.42 | 40.03 | 5.61 | 16.3% |
| 350 | 38.70 | 44.35 | 5.65 | 14.6% |
| 400 | 42.98 | 48.67 | 5.69 | 13.2% |
| 450 | 47.26 | 52.99 | 5.73 | 12.1% |
| 500 | 51.55 | 57.31 | 5.77 | 11.2% |
| 600 | 60.11 | 65.95 | 5.84 | 9.7% |
| 700 | 68.67 | 74.59 | 5.92 | 8.6% |
| 800 | 77.23 | 83.24 | 6.00 | 7.8% |
| 900 | 85.80 | 91.88 | 6.08 | 7.1% |
| 1,000 | 94.36 | 100.52 | 6.16 | 6.5% |
| 1,100 | 102.92 | 109.16 | 6.24 | 6.1% |
| 1,200 | 111.49 | 117.80 | 6.32 | 5.7% |
| 1,300 | 120.05 | 126.45 | 6.40 | 5.3% |
| 1,400 | 128.61 | 135.09 | 6.48 | 5.0% |
| 1,500 | 137.18 | 143.73 | 6.56 | 4.8% |
| 1,600 | 145.74 | 152.37 | 6.63 | 4.6% |
| 1,700 | 154.30 | 161.01 | 6.71 | 4.4% |
| 1,800 | 162.86 | 169.66 | 6.79 | 4.2% |
| 1,900 | 171.43 | 178.30 | 6.87 | 4.0% |
| 2,000 | 179.99 | 186.94 | 6.95 | 3.9% |
| The average monthly usage | | | | |
| 1,147 | 106.91 | 113.18 | 6.28 | 5.9% |

Cumberland Valley Electric
Case No. 2016-00169
Revenue Analysis
November 30, 2015

Exhibit J
page 1 of 11
Witness: Jim Adkins

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| Rate Schedule | Kwh Useage | Test Year Revenue | Percent of Total | Normalized Case No. 2014-00159 | Percent of Total | Proposed Revenue | Percent of Total | Increase | |
|--|---------------------------|---------------------|------------------|--------------------------------|------------------|----------------------------|------------------|---------------------------|-----------|
| | | | | | | | | Amount | Percent |
| I - Residential, Schools and Churches | 300,860,320 | \$27,951,430 | 68% | \$28,053,474 | 68% | \$29,700,273 | 69% | \$1,646,800 | 5.87% |
| I - Prepaid Service | 1,734,061 | \$169,299 | 0% | \$170,141 | 0% | \$181,424 | 0% | 11,283 | 6.63% |
| I - Marketing Rate | 737,631 | 37,815 | 0% | 37,899 | 0% | 44,258 | 0% | 6,358 | 16.78% |
| II - Small Power, Single Phase | 14,488,863 | 1,493,911 | 4% | 1,500,641 | 4% | 1,598,048 | 4% | 97,406 | 6.49% |
| II - Small Power, Three Phase | 7,393,144 | 836,668 | 2% | 837,356 | 2% | 865,012 | 2% | 27,657 | 3.30% |
| III - Three Phase Schools and Churches | 15,867,403 | 1,269,444 | 3% | 1,270,330 | 3% | 1,301,704 | 3% | 31,374 | 2.47% |
| IV - Large Power, Industrial | 16,450,200 | 1,139,142 | 3% | 1,143,449 | 3% | 1,144,199 | 3% | 750 | 0.07% |
| IV-A - Large Power Rate | 90,899,192 | 6,806,614 | 17% | 6,811,729 | 17% | 6,836,329 | 16% | 24,600 | 0.36% |
| S & T - Outdoor Lighting Service | 11,317,722 | 1,333,495 | 3% | 1,364,320 | 3% | 1,492,982 | 3% | 128,662 | 9.43% |
| Envirowatts | 27,600 | 780 | 0% | 780 | 0% | 780 | 0% | - | 0.00% |
| Rounding differences | | | | | | 0 | | 0 | |
| Total from base rates | <u>459,776,136</u> | 41,038,598 | 100% | <u>\$41,190,120</u> | 100% | <u>\$43,165,010</u> | 100% | <u>\$1,974,890</u> | 5% |
| Fuel adjustment billed | | (1,665,196) | | | | | | | |
| Environmental surcharge billed | | <u>4,646,101</u> | | | | | | | |
| | | <u>\$44,019,503</u> | | | | | | | |
| Increase | | | | <u>\$151,522</u> | | <u>\$1,974,890</u> | | | |

Cumberland Valley Electric
Case No. 2016-00169
Billing Analysis
November 30, 2015

Exhibit J
page 2 of 11
Witness: Jim Adkins

Schedule 1, Residential, Schools and Churches

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|---------------------|-----------|---------------------|
| | | | Rates | Revenues | Rates | Revenues |
| Facility charge | 262,406 | \$2,188,761 | \$8.73 | \$2,290,804 | \$14.10 | \$3,699,925 |
| Energy charge per kWh | 300,860,320 | 25,762,669 | \$0.08563 | 25,762,669 | \$0.08642 | 26,000,349 |
| | | | | | | |
| Total from base rates | | 27,951,430 | | <u>\$28,053,474</u> | | <u>\$29,700,273</u> |
| | | | | | | |
| Fuel adjustment | | (1,090,009) | | | | |
| Environmental surcharge | | <u>3,165,856</u> | | | | |
| | | | | | | |
| Total revenues | | <u>\$30,027,277</u> | | | | |
| | | | | | | |
| Amount | | | | \$102,044 | | \$1,646,800 |
| Percent | | | | 0.4% | | 5.9% |
| | | | | | | |
| Average monthly bill | | \$106.52 | | \$106.91 | | \$113.18 |
| Amount | | | | \$0.39 | | \$6.28 |
| Percent | | | | 0.4% | | 5.9% |

Schedule 1, Residential, Schools and Churches

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2008-00525 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|------------------|-----------|------------------|
| | | | Rates | Revenues | Rates | Revenues |
| Facility charge | 1,846 | \$20,882 | \$8.73 | \$16,116 | \$14.10 | \$26,029 |
| Prepay charge | 1,846 | 0 | \$3.00 | 5,538 | \$3.00 | 5,538 |
| Energy charge per kWh | 1,734,061 | 148,417 | \$0.08563 | 148,488 | \$0.08642 | 149,858 |
| | | | | | | |
| Total from base rates | | 169,299 | | <u>\$170,141</u> | | <u>\$181,424</u> |
| | | | | | | |
| Fuel adjustment | | (6,287) | | | | |
| Environmental surcharge | | 19,176 | | | | |
| | | | | | | |
| Total revenues | | <u>\$182,188</u> | | | | |
| | | | | | | |
| Amount | | | | \$842 | | \$11,283 |
| Percent | | | | 0.5% | | 6.6% |
| | | | | | | |
| Average monthly bill | | \$91.71 | | \$92.17 | | \$98.28 |
| Amount | | | | \$0.46 | | \$6.11 |
| Percent | | | | 0.5% | | 6.6% |

Schedule 1, Marketing Rate

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|-----------------|-----------|-----------------|
| | | | Rates | Revenues | Rates | Revenues |
| Facility charge | 774 | | \$0.00 | \$0.00 | \$0.00 | \$0 |
| Energy charge | 737,631 | 37,815 | \$0.05138 | 37,899 | \$0.06000 | 44,258 |
| | | | | | | |
| Total from base rates | | 37,815 | | <u>\$37,899</u> | | <u>\$44,258</u> |
| | | | | | | |
| Fuel adjustment | | (2,674) | | | | |
| Environmental surcharge | | 4,283 | | | | |
| | | | | | | |
| Total revenues | | <u>\$39,424</u> | | | | |
| | | | | | | |
| Amount | | | | \$84 | | \$6,358 |
| Percent | | | | 0.2% | | 16.8% |
| | | | | | | |
| Average monthly bill | | \$48.86 | | \$48.97 | | \$57.18 |
| Amount | | | | \$0.11 | | \$8.21 |
| Percent | | | | 0.2% | | 16.8% |

Schedule II, Small Commercial - Single Phase

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|--------------------|-----------|--------------------|
| | | | Rates | Revenues | Rates | Revenues |
| Facility charge | 15,967 | \$136,334 | \$8.96 | \$143,064 | \$15.00 | \$239,505 |
| KVA Minimum Charge | 4,085 | 3,064 | \$0.75 | 3,064 | \$0.75 | 3,064 |
| Energy charge | | | | | | |
| First 3,000 | 10,626,321 | 1,011,519 | \$0.09519 | 1,011,519 | \$0.09519 | 1,011,519 |
| All over 3,000 | 3,862,542 | 342,994 | \$0.08880 | 342,994 | \$0.08905 | 343,959 |
| | 14,488,863 | | | | | |
| Total from base rates | | 1,493,911 | | <u>\$1,500,641</u> | | <u>\$1,598,048</u> |
| Fuel adjustment | | (52,529) | | | | |
| Environmental surcharge | | 169,207 | | | | |
| Total revenues | | <u>\$1,610,589</u> | | | | |
| Amount | | | | \$6,730 | | \$97,406 |
| Percent | | | | 0.5% | | 6.5% |
| Average monthly bill | | \$93.56 | | \$93.98 | | \$100.08 |
| Amount | | | | \$0.42 | | \$6.10 |
| Percent | | | | 0.5% | | 6.5% |

Schedule II, Small Commercial - Three Phase

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|------------------|-----------|------------------|
| | | | Rates | Revenues | Rates | Revenues |
| | | | Facility charge | 1,654 | \$14,130 | \$8.96 |
| KVA Minimum Charge | 26,539 | 19,904 | \$0.75 | 19,904 | \$0.75 | 19,904 |
| Demand charge | 30,254 | 127,674 | \$4.22 | \$127,672 | \$4.22 | \$127,672 |
| Energy charge | | | | | | |
| First 3,000 | 2,887,110 | 274,824 | \$0.09519 | 274,824 | \$0.09519 | 274,824 |
| All over 3,000 | 4,506,034 | 400,136 | \$0.08880 | 400,136 | \$0.08905 | 401,262 |
| | 7,393,144 | | | | | |
| Total from base rates | | 836,668 | | <u>\$837,356</u> | | <u>\$865,012</u> |
| Fuel adjustment | | (26,804) | | | | |
| Environmental surcharge | | 94,765 | | | | |
| Total revenues | | <u>\$904,629</u> | | | | |
| Amount | | | | \$688 | | \$27,657 |
| Percent | | | | 0.1% | | 3.3% |
| Average monthly bill | | \$505.85 | | \$506.26 | | \$522.98 |
| Amount | | | | \$0.42 | | \$16.72 |
| Percent | | | | 0.1% | | 3.3% |

Schedule III, Three Phase Schools and Churches

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|--------------------|-----------|--------------------|
| | | | Rates | Revenues | Rates | Revenues |
| Facility charge | 577 | \$12,563 | \$25.00 | \$14,425 | \$45.00 | \$25,965 |
| KVA Minimum Charge | 0 | - | \$0.75 | 0 | \$0.75 | 0 |
| Energy charge | 15,867,403 | 1,256,881 | \$0.07915 | 1,255,905 | \$0.08040 | 1,275,739 |
| | | | | | | |
| Total from base rates | | 1,269,444 | | <u>\$1,270,330</u> | | <u>\$1,301,704</u> |
| Fuel adjustment | | (57,527) | | | | |
| Environmental surcharge | | 141,798 | | | | |
| | | | | | | |
| Total revenues | | <u>\$1,353,715</u> | | | | |
| | | | | | | |
| Amount | | | | \$886 | | \$31,374 |
| Percent | | | | 0.1% | | 2.5% |
| | | | | | | |
| Average monthly bill | | \$2,200.08 | | \$2,201.61 | | \$2,255.99 |
| Amount | | | | \$1.54 | | \$54.37 |
| Percent | | | | 0.1% | | 2.5% |

Schedule IV, Large Power - Industrial

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|--------------------|-----------|--------------------|
| | | | Rates | Revenues | Rates | Revenues |
| Facility Charge | 15 | \$522 | \$50.00 | \$750 | \$100.00 | \$1,500 |
| Demand Charge | 46,071 | 301,766 | \$6.55 | 301,765 | \$6.55 | 301,765 |
| Energy charge | 16,450,200 | 836,854 | \$0.05112 | 840,934 | \$0.05112 | 840,934 |
| Total from base rates | | 1,139,142 | | <u>\$1,143,449</u> | | <u>\$1,144,199</u> |
| Fuel adjustment | | (59,640) | | | | |
| Environmental surcharge | | <u>129,029</u> | | | | |
| Total revenues | | <u>\$1,208,531</u> | | | | |
| Amount | | | | \$4,307 | | \$750 |
| Percent | | | | 0.4% | | 0.1% |
| Average monthly bill | | \$75,942.80 | | \$76,229.95 | | \$76,279.95 |
| Amount | | | | \$287.15 | | \$50.00 |
| Percent | | | | 0.4% | | 0.1% |

Schedule IV-A, Large Power Rate

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|--------------------|-----------|--------------------|
| | | | Rates | Revenues | Rates | Revenues |
| Facility Charge | 984 | \$34,244 | \$40.00 | \$39,360 | \$65.00 | \$63,960 |
| KVA Minimum Charge | 12,660 | 9,495 | \$0.75 | 9,495 | \$0.75 | 9,495 |
| Demand Charge | 293,370 | 1,238,022 | \$4.22 | 1,238,021 | \$4.22 | \$1,238,021 |
| Energy charge | 90,899,192 | 5,524,853 | \$0.06078 | 5,524,853 | \$0.06078 | 5,524,853 |
| Total from base rates | | 6,806,614 | | <u>\$6,811,729</u> | | <u>\$6,836,329</u> |
| Fuel adjustment | | (329,556) | | | | |
| Environmental surcharge | | 770,949 | | | | |
| Total revenues | | <u>\$7,248,007</u> | | | | |
| Amount | | | | \$5,115 | | \$24,600 |
| Percent | | | | 0.1% | | 0.4% |
| Average monthly bill | | \$6,917.29 | | \$6,922.49 | | \$6,947.49 |
| Amount | | | | \$5.20 | | \$25.00 |
| Percent | | | | 0.1% | | 0.4% |

Schedule S and T - Outdoor Lighting Facilities

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|----------------------------|-------------------------|--------------------------|-----------------------------------|--------------------|----------|--------------------|
| | | | Rates | Revenues | Rates | Revenues |
| | | | Mercury Vapor: | | | |
| 175 Watt | 86,822 | 726,753 | \$8.57 | 744,065 | \$9.42 | 817,863 |
| 400 Watt | 0 | | \$12.76 | 0 | \$13.90 | 0 |
| Other Lamps: | | | | | | |
| 100 Watt Open Bottom | 17,189 | 144,445 | \$8.59 | 147,654 | \$9.44 | 162,264 |
| 100 Watt Colonial Post | 0 | | \$9.68 | 0 | \$10.61 | 0 |
| 100 Watt Directional Flood | 332 | 3,384 | \$10.42 | 3,459 | \$11.40 | 3,785 |
| 400 Watt Directional Flood | 11,874 | 195,458 | \$16.57 | 196,752 | \$17.98 | 213,495 |
| 400 Watt Cobra Head | 16,404 | 262,881 | \$16.57 | 271,816 | \$17.98 | 294,944 |
| LED Open Bottom | 69 | 574 | \$8.32 | 574 | \$9.15 | 631 |
| LED Cobra Head | 0 | | \$14.19 | 0 | \$15.43 | 0 |
| LED Directional | 0 | | \$17.42 | 0 | \$18.89 | 0 |
| kWh | <u>11,317,722</u> | | | | | |
| Total from base rates | | 1,333,495 | | <u>\$1,364,320</u> | | <u>\$1,492,982</u> |
| Fuel adjustment | | (40,170) | | | | |
| Environmental surcharge | | 151,038 | | | | |
| Total revenues | | <u>\$1,444,363</u> | | | | |
| Amount | | | | \$30,825 | | \$128,662 |
| Percent | | | | 2.31% | | 9.43% |

Envirowatts

| <u>Description</u> | Test Year Revenues | Normalized Case No. 2014-00159 | | Proposed | |
|--|--------------------------|-----------------------------------|--------------|-----------|--------------|
| | | Rates | Revenues | Rates | Revenues |
| Envirowatts | 780 | \$0.02825 | 780 | \$0.02825 | 780 |
| kWh | <u>27,600</u> | | | | |
| Billing adjustments | | | <u>0</u> | | <u>0</u> |
| Total from base rates | 780 | | <u>\$780</u> | | <u>\$780</u> |
| Fuel adjustment Environmental surcharge | | | | | |
| Total revenues | | | <u>\$780</u> | | |
| Amount | | | \$0 | | \$0 |
| Percent | | | 0.0% | | 0.0% |

Cumberland Valley Electric
Case No. 2016-00169
Computation of Rate of Return
November 30, 2015

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| | <u>Actual Test Year</u> | <u>Adjusted Test Year</u> |
|------------------------------|-----------------------------|-------------------------------|
| Net margins | \$ 2,266,320 | \$ 1,199,412 |
| G&T capital credits | (2,489,156) | - |
| Interest on long-term debt | <u>506,126</u> | <u>850,647</u> |
| Total | <u>\$ 283,290</u> | <u>\$ 2,050,059</u> |
| Net rate base | <u>\$ 66,249,766</u> | <u>\$ 66,030,603</u> |
| Rate of return | <u>0.43%</u> | <u>3.10%</u> |
| Equity Capitalization | <u>\$ 67,827,210</u> | <u>\$ 62,831,117</u> |
| Rate of return | <u>0.42%</u> | <u>3.26%</u> |

Cumberland Valley Electric
Case No. 2016-00169
Determination of Rate Base
November 30, 2015

| | <u>Actual</u> <u>Test Year</u> | <u>Adjusted</u> <u>Test Year</u> |
|--|-----------------------------------|-------------------------------------|
| Gross rate base: | | |
| Total electric plant | \$ 100,810,405 | \$ 100,810,405 |
| Material and supplies (13 months average for test year) | 412,083 | 412,083 |
| Prepayments (13 months average for test year) | 151,813 | 151,813 |
| Working capital: 12.5% of operating expense less cost of power | <u>991,384</u> | <u>991,831</u> |
| | 102,365,685 | 102,366,132 |
| Deductions from rate base: | | |
| Accumulated depreciation | 36,032,638 | 36,252,248 |
| Consumer advances | <u>83,281</u> | <u>83,281</u> |
| Net rate base | <u>\$ 66,249,766</u> | <u>\$ 66,030,603</u> |

| | <u>Material</u> | <u>Prepayments</u> |
|----------------|-----------------|--------------------|
| November, 2014 | 427,422 | 86,331 |
| December | 427,412 | 45,952 |
| January | 413,710 | 134,594 |
| February | 449,617 | 126,696 |
| March | 423,647 | 116,459 |
| April | 457,697 | 262,651 |
| May | 474,287 | 252,374 |
| June | 475,618 | 242,097 |
| July | 453,381 | 199,426 |
| August | 431,248 | 206,050 |
| September | 467,916 | 166,051 |
| October | 380,193 | 126,053 |
| November | 502,353 | 95,169 |
| Average | 444,962 | 158,454 |

Cumberland Valley Electric
Case No. 2016-00169
Computation of Rate of Return
November 30, 2015

Exhibit K
page 3 of 7
Witness: Jim Adkins

| Test Year | Calendar Year | | | | | |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 1st | 2nd | 3rd | 4th | 5th | |
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | |
| Net margins | \$2,266,320 | \$2,735,613 | \$3,031,856 | \$2,473,447 | \$3,687,972 | \$3,465,120 |
| Interest on long-term debt | 506,126 | 348,543 | 354,342 | 427,212 | 449,190 | 567,377 |
| Total | 2,772,446 | 3,084,156 | 3,386,198 | 2,900,659 | 4,137,162 | 4,032,497 |
| Net rate base | 66,249,766 | 65,044,423 | 63,796,898 | 60,934,675 | 58,106,354 | 55,768,535 |
| Rate of return | <u>4.18%</u> | <u>4.74%</u> | <u>5.31%</u> | <u>4.76%</u> | <u>7.12%</u> | <u>7.23%</u> |

| Test Year | | | | Calendar Year | | |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
| | 1st | 2nd | 1st | 2nd | 3rd | |
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | |
| Net margins | \$2,266,320 | \$2,735,613 | \$3,031,856 | \$2,473,447 | \$3,687,972 | \$3,465,120 |
| G & T patronage dividends | 2,489,156 | 2,489,157 | 2,957,019 | 2,364,260 | 2,700,063 | 1,513,478 |
| Interest on long-term debt | 506,126 | 348,543 | 354,342 | 427,212 | 449,190 | 567,377 |
| Total | 283,290 | 594,999 | 429,179 | 536,399 | 1,437,099 | 2,519,019 |
| Net rate base | 66,249,766 | 65,044,423 | 63,796,898 | 60,934,675 | 58,106,354 | 55,768,535 |
| Rate of return, excluding G & T | <u>0.43%</u> | <u>0.91%</u> | <u>0.67%</u> | <u>0.88%</u> | <u>2.47%</u> | <u>4.52%</u> |

Witness: Jim Adkins

Cumberland Valley Electric
Case No. 2016-00169
Determination of Rate Base
November 30, 2015

| Test Year 2015 | Calendar Year | | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1st 2014 | 2nd 2013 | 3rd 2012 | 4th 2011 | 5th 2010 | |
| Gross rate base: | | | | | | |
| Total electric plant | \$100,810,405 | \$97,990,900 | \$95,868,118 | \$91,907,099 | \$87,488,900 | \$84,725,706 |
| Material and supplies (13 mo. ave t | 412,083 | 427,412 | 496,675 | 700,215 | 587,895 | 515,580 |
| Prepayments (13 mo. ave test year) | 151,813 | 45,952 | 69,683 | 46,119 | 42,743 | 39,578 |
| Working capital: | | | | | | |
| 12.5% of operating expense | | | | | | |
| less cost of power | 991,384 | 967,383 | 932,570 | 924,738 | 891,626 | 917,403 |
| | <u>102,365,685</u> | <u>99,431,647</u> | <u>97,367,046</u> | <u>93,578,171</u> | <u>89,011,164</u> | <u>86,198,267</u> |
| Deductions from rate base: | | | | | | |
| Accumulated depreciation | 36,032,638 | 34,331,984 | 33,482,599 | 32,589,402 | 30,851,298 | 30,384,843 |
| Consumer advances | 83,281 | 55,240 | 87,549 | 54,094 | 53,512 | 44,889 |
| | <u>36,115,920</u> | <u>34,387,224</u> | <u>33,570,148</u> | <u>32,643,496</u> | <u>30,904,810</u> | <u>30,429,732</u> |
| Net rate base | <u>\$66,249,766</u> | <u>\$65,044,423</u> | <u>\$63,796,898</u> | <u>\$60,934,675</u> | <u>\$58,106,354</u> | <u>\$55,768,535</u> |

Cumberland Valley Electric
Case No. 2016-00169
TIER and DSC Calculations
November 30, 2015

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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 | (\$222,836) | \$1,199,412 |
| Interest on long term debt | 506,126 | 850,647 |
| TIER | 0.56 | 2.41 |
| DSC: | | |
| Margins, excluding G&T capital credits | (\$222,836) | \$1,199,412 |
| Depreciation expense | 3,485,419 | 3,705,029 |
| Interest on long term debt | 506,126 | 850,647 |
| Principal payment on long term debt | 2,024,179 | 2,024,179 |
| DSC | 1.49 | 2.00 |

$$\text{DSC} = \frac{(\text{Margins} + \text{depreciation} + \text{interest})}{(\text{interest} + \text{principal payments})}$$

Cumberland Valley Electric
Case No. 2016-00169
TIER and DSC Calculations
November 30, 2015

Exhibit K
page 6 of 7
Witness: Jim Adkins

| Test Year | Calendar Year | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 1st | 2nd | 3rd | 4th | 5th | |
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | |
| <u>TIER calculations:</u> | | | | | | |
| Margins, excluding G&T capital credits | (222,836) | 246,456 | 74,837 | 109,187 | 987,909 | 1,951,642 |
| Interest on long term debt | 506,126 | 348,543 | 354,342 | 427,212 | 449,190 | 567,377 |
| TIER, excluding G&T capital cr | 0.56 | 1.71 | 1.21 | 1.26 | 3.20 | 4.44 |
| Margins, including G&T capital credits | 2,266,320 | 2,735,613 | 3,031,856 | 2,473,447 | 3,687,972 | 3,465,120 |
| Interest on long term debt | 506,126 | 348,543 | 354,342 | 427,212 | 449,190 | 567,377 |
| TIER | 5.48 | 8.85 | 9.56 | 6.79 | 9.21 | 7.11 |
| <u>DSC calculations:</u> | | | | | | |
| DSC = ((Margins + depreciation + interest) / (interest + principal payments)) | | | | | | |
| Margins, excluding G&T capital credits | (222,836) | 246,456 | 74,837 | 109,187 | 987,909 | 1,951,642 |
| Depreciation expense | 3,485,419 | 3,246,850 | 3,115,270 | 2,750,265 | 2,968,519 | 2,868,087 |
| Interest on long term debt | 506,126 | 348,543 | 354,342 | 427,212 | 449,190 | 567,377 |
| Principal payment on long term debt | 2,024,179 | 1,888,565 | 1,944,489 | 1,656,579 | 1,884,303 | 2,138,705 |
| DSC, excluding G&T capital crec | <u>1.49</u> | <u>1.72</u> | <u>1.54</u> | <u>1.58</u> | <u>1.89</u> | <u>1.99</u> |
| Margins, including G&T capital credits | 2,266,320 | 2,735,613 | 3,031,856 | 2,473,447 | 3,687,972 | 3,465,120 |
| Depreciation expense | 3,485,419 | 3,246,850 | 3,115,270 | 2,750,265 | 2,968,519 | 2,868,087 |
| Interest on long term debt | 506,126 | 348,543 | 354,342 | 427,212 | 449,190 | 567,377 |
| Principal payment on long term debt | 2,024,179 | 1,888,565 | 1,944,489 | 1,656,579 | 1,884,303 | 2,138,705 |
| DSC | <u>2.47</u> | <u>2.83</u> | <u>2.83</u> | <u>2.71</u> | <u>3.05</u> | <u>2.55</u> |

Cumberland Valley Electric

Case No. 2016-00169

Equity Capitalization

November 30, 2015

Exhibit K

page 7 of 7

Witness: Jim Adkins

| Proposed | Test Year 2015 | Calendar Year | | | | |
|----------|----------------|---------------|------|------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |

Equity Capitalization:
without G&T patronage capital

| | | | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| Total margins and equities | 37,973,410 | 42,969,503 | 42,864,919 | 40,094,172 | 31,322,996 | 37,000,392 | 34,652,023 |
| Less G&T Patronage capital | 23,066,206 | 23,066,206 | 20,577,049 | 17,620,030 | 15,255,770 | 12,555,707 | 11,042,229 |
| | 14,907,204 | 19,903,297 | 22,287,870 | 22,474,142 | 16,067,226 | 24,444,685 | 23,609,794 |
| Long-term debt | 47,923,913 | 47,923,913 | 43,857,616 | 42,813,061 | 35,722,364 | 37,921,171 | 37,526,041 |
| Total | 62,831,117 | 67,827,210 | 66,145,486 | 65,287,203 | 51,789,590 | 62,365,856 | 61,135,835 |

Equity capitalization ratio 24% 29% 34% 34% 31% 39% 39%

Equity Capitalization:
with G&T patronage capital

| | | | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| Total margins and equities | 37,973,410 | 42,969,503 | 42,864,919 | 40,094,172 | 31,322,996 | 37,000,392 | 34,652,023 |
| Long-term debt | 47,923,913 | 47,923,913 | 43,857,616 | 42,813,061 | 35,722,364 | 37,921,171 | 37,526,041 |
| Total | 85,897,323 | 90,893,416 | 86,722,535 | 82,907,233 | 67,045,360 | 74,921,563 | 72,178,064 |

Equity capitalization ratio 44% 47% 49% 48% 47% 49% 48%

Equity to Total Assets:
with G&T patronage capital

| | | | | | | | |
|----------------------------|------------|-------------|------------|------------|------------|------------|------------|
| Total margins and equities | 37,973,410 | 42,969,503 | 42,864,919 | 40,094,172 | 31,322,996 | 37,000,392 | 34,652,023 |
| Total assets | 91,086,437 | 100,240,172 | 96,904,768 | 93,207,169 | 77,308,129 | 85,721,370 | 82,033,415 |

Equity to total asset ratio 42% 43% 44% 43% 41% 43% 42%

Cumberland Valley Electric
Case No. 2016-00169
Reconciliation of Rate Base and Capital
November 30, 2015

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

| | |
|---|---|
| Equity Capitalization, with G&T capital credits | \$ 90,893,416 |
| G&T capital credits | <u>(23,066,206)</u> |
| Equity, excluding G&T capital credits | 67,827,210 |
| Reconciling items: | |
| Capital credits from associated organizations (Allocated but unpaid) | (1,732,446) |
| Working capital requirements | 991,384 |
| Material and supplies, 13 month average | 412,083 |
| Prepayments, 13 month average | 151,813 |
| Cash and temporary investments | (5,070,910) |
| Accounts receivable | (3,493,030) |
| Material and supplies | (407,597) |
| Prepayments | (917,473) |
| Deferred charges | (774,743) |
| Accumulated operating provisions | 3,538,956 |
| Accounts payable | 3,152,263 |
| Short term borrowings | - |
| Consumer deposits | 1,223,581 |
| Accrued expenses | 1,348,675 |
| | <u> </u> |
| Net Rate Base | <u><u>\$ 66,249,766</u></u> |

CUMBERLAND VALLEY RECC

04/15/2016 1:42:24 PM

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 | 107.8 | 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 | 123.19 | PATRON CAPITAL-CRC |
| 0 | 123.22 | INVEST IN CAP TERM CERT CFC |
| 0 | 123.23 | OTHER INVEST IN ASSOC ORGAN |
| 0 | 123.24 | INVEST-ENVISION |
| 1 | 123.25 | INVEST-COBANK |
| 0 | 123.26 | INVEST-ASSOC COMP E KY MEMBER |
| 1 | 123.29 | INVEST-CRC |
| 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 |

CUMBERLAND VALLEY RECC

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General Ledger
Chart of Accounts

| Div | Account | Description |
|-----|---------|--|
| 0 | 165.5 | PREPAID FOR UNIFORMS |
| 0 | 171.0 | INT AND DIVIDEND RECEIC CFC |
| 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'13-10YR |
| 1 | 253.51 | ADV FOR CONST-CONNIE BENNETT OCT'15-10YI |
| 2 | 253.52 | ADV FOR CONST-RONALD CANADA DEC'15-10YI |
| 3 | 253.53 | ADV FOR CONST-BRETT BOWMAN OCT'15-10YR |

CUMBERLAND VALLEY RECC

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General Ledger
Chart of Accounts

| Div | Account | Description |
|-----|---------|--|
| 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 |
| 0 | 367.0 | UNDERGROUND COND AND DEVICES |
| 0 | 368.0 | LINE TRANSFORMERS |
| 0 | 369.0 | SERVICES |
| 0 | 370.0 | METERS |
| 1 | 370.01 | 2-3 WIRE METERS-SOLID STATE |
| 2 | 370.02 | DEMAND METERS-SOLID STATE |
| 0 | 370.1 | TURTLES |
| 0 | 370.11 | TURTLE II |
| 0 | 370.12 | METER W/DISCONNECT SWITCH |
| 1 | 370.13 | METER W/TS2 |
| 2 | 370.14 | METER COMBO (W/TS2 & DISCONNECT SWITCH |
| 0 | 370.15 | REMOTE SERVICE SWITCHES |
| 0 | 371.0 | INSTALL ON CONSUMERS PREMISES |
| 0 | 389.1 | LAND RT'S-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 |
| -1 | 419.2 | DIVIDEND INCOME - CRC |
| 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 |

CUMBERLAND VALLEY RECC

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General Ledger
Chart of Accounts

| Div | Account | Description |
|-----|---------|------------------------------------|
| 0 | 426.11 | DONATIONS-SCHOLARSHIPS |
| 0 | 426.12 | DONATIONS-MEMBERSHIPS, DUES |
| 0 | 427.1 | INT ON REA CONST LOAN |
| 0 | 427.15 | INT ON IFB 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 |
| 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 |
| 1 | 592 | MAINT OF STATION EQUIPMENT |
| 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 |
| 1 | 593.05 | PCB MAINTENANCE EXPENSE |
| 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 |

CUMBERLAND VALLEY RECC

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General Ledger
Chart of Accounts

| Div | Account | Description |
|-----|---------|--------------------------------|
| 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, 2015 and 2014

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

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MEMBER
• AMERICAN INSTITUTE OF CPA'S
• KENTUCKY SOCIETY OF CPA'S
• 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, 2015 and 2014, 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.

To the Board of Directors
Cumberland Valley Electric

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, 2015 and 2014, 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 July 21, 2015, 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
July 21, 2015

Cumberland Valley Electric
Balance Sheets, May 31, 2015 and 2014

| <u>Assets</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| Electric Plant, at original cost: | | |
| In service | \$ 98,996,776 | \$ 96,752,015 |
| Under construction | 174,020 | 578,301 |
| | <u>99,170,796</u> | <u>97,330,316</u> |
| Less accumulated depreciation | 35,069,578 | 34,169,335 |
| | <u>64,101,218</u> | <u>63,160,981</u> |
| Investments in Associated Organizations | <u>24,797,194</u> | <u>22,246,572</u> |
| Current Assets: | | |
| Cash and cash equivalents | 1,721,631 | 1,549,583 |
| Accounts receivable, less allowance for 2015 of \$132,131 and 2014 of \$198,491 | 2,887,571 | 3,349,780 |
| Other receivables | 445,292 | 172,170 |
| Material and supplies, at average cost | 474,287 | 575,240 |
| Other current assets | 684,678 | 689,566 |
| | <u>6,213,459</u> | <u>6,336,339</u> |
| Accelerated Pension Payments | <u>797,961</u> | <u>858,945</u> |
| Total | <u>\$ 95,909,832</u> | <u>\$ 92,602,837</u> |
| <u>Members' Equities and Liabilities</u> | | |
| Members' Equities: | | |
| Memberships | \$ 431,635 | \$ 430,200 |
| Patronage capital | 41,852,324 | 39,278,540 |
| Other equities | 2,237,079 | 2,235,303 |
| Accumulated other comprehensive income | (826,504) | (854,804) |
| | <u>43,694,534</u> | <u>41,089,239</u> |
| Long Term Debt | <u>41,160,215</u> | <u>40,185,578</u> |
| Accumulated Postretirement Benefits | <u>3,488,373</u> | <u>3,371,726</u> |
| Current Liabilities: | | |
| Accounts payable | 2,511,324 | 2,852,293 |
| Current portion of long term debt | 2,000,000 | 2,000,000 |
| Consumer deposits | 1,222,747 | 1,357,571 |
| Accrued expenses | 1,689,132 | 1,604,711 |
| | <u>7,423,203</u> | <u>7,814,575</u> |
| Consumer Advances | <u>143,507</u> | <u>141,719</u> |
| Total | <u>\$ 95,909,832</u> | <u>\$ 92,602,837</u> |

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

Cumberland Valley Electric
Statements of Revenue and Comprehensive Income
for the years ended May 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Operating Revenues | | |
| Sale of electric energy | \$ 45,234,540 | \$ 45,573,223 |
| Other electric revenues | 1,664,049 | 1,674,986 |
| | <u>46,898,589</u> | <u>47,248,209</u> |
| Operating Expenses: | | |
| Cost of power | 35,362,547 | 36,371,745 |
| Distribution - operations | 1,410,540 | 1,411,200 |
| Distribution - maintenance | 2,779,976 | 2,682,015 |
| Consumer accounts | 1,980,417 | 1,831,927 |
| Customer services | 131,436 | 153,482 |
| Administrative and general | 1,570,719 | 1,382,382 |
| Depreciation, excluding \$270,448 in 2015 and \$307,098 in 2014 charged to clearing accounts | 3,354,281 | 3,177,095 |
| Taxes | 56,178 | 51,441 |
| | <u>46,646,094</u> | <u>47,061,287</u> |
| Operating margins before interest charges | <u>252,495</u> | <u>186,922</u> |
| Interest Charges: | | |
| Long-term debt | 372,503 | 364,111 |
| Other | 1,758 | 2,550 |
| | <u>374,261</u> | <u>366,661</u> |
| Operating margins after interest charges | <u>(121,766)</u> | <u>(179,739)</u> |
| Nonoperating Margins | | |
| Interest income | 124,310 | 120,344 |
| Others | (17,938) | (9,713) |
| | <u>106,372</u> | <u>110,631</u> |
| Patronage Capital Credits | <u>2,589,164</u> | <u>3,050,756</u> |
| Net Margins | 2,573,770 | 2,981,648 |
| Other comprehensive income | | |
| Accumulated postretirement benefits | 28,300 | 52,620 |
| Net Comprehensive Income | <u>\$ 2,602,070</u> | <u>\$ 3,034,268</u> |

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

Cumberland Valley Electric
Statement of Changes in Members' Equity
for the years ended May 31, 2015 and 2014

| | <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 | \$ 430,680 | \$ 36,296,899 | \$ 2,223,418 | \$ (907,424) | \$ 38,043,573 |
| Comprehensive income: | | | | | |
| Net margins | | 2,981,648 | | | 2,981,648 |
| Postretirement benefit obligation | | | | | |
| Amortization | | | | 52,620 | |
| Adjustments | | | | - | 52,620 |
| Total comprehensive income | | | | - | 3,034,268 |
| Net change in memberships | (480) | | | | (480) |
| Refunds of capital credits | | (7) | | | (7) |
| Other equities | | | 11,885 | | 11,885 |
| | | | | | |
| Balance - May 31, 2014 | 430,200 | 39,278,540 | 2,235,303 | (854,804) | 41,089,239 |
| Comprehensive income: | | | | | |
| Net margins | | 2,573,770 | | | 2,573,770 |
| Postretirement benefit obligation | | | | | |
| Amortization | | | | 52,620 | |
| Adjustments | | | | (24,320) | 28,300 |
| Total comprehensive income | | | | (24,320) | 2,602,070 |
| Net change in memberships | 1,435 | | | | 1,435 |
| Refunds of capital credits | | 14 | | | 14 |
| Other equities | | | 1,776 | | 1,776 |
| | | | | | |
| Balance - May 31, 2015 | \$ 431,635 | \$ 41,852,324 | \$ 2,237,079 | \$ (826,504) | \$ 43,694,534 |

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

Cumberland Valley Electric
Statements of Cash Flows
for the years ended May 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Net margins | \$ 2,573,770 | \$ 2,981,648 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Depreciation: | | |
| Charged to expense | 3,354,281 | 3,177,095 |
| Charged to clearing accounts | 270,448 | 307,098 |
| Patronage capital credits assigned | (2,589,164) | (3,050,756) |
| Accumulated postretirement benefits | 144,947 | 154,669 |
| Past service pension costs | 60,984 | 55,902 |
| Change in assets and liabilities: | | |
| Receivables | 189,087 | (75,075) |
| Material and supplies | 100,953 | 308,066 |
| Other assets | 4,888 | 8,283 |
| Payables | (340,969) | (308,144) |
| Consumer deposits and advances | (133,036) | 103,615 |
| Accrued expenses | 84,421 | 127,772 |
| | <u>3,720,610</u> | <u>3,790,173</u> |
| Cash Flows from Investing Activities: | | |
| Plant additions | (3,988,972) | (5,723,815) |
| Plant removal costs | (645,012) | (596,884) |
| Salvage recovered from retired plant | 69,018 | 197,875 |
| Receipts from other investments, net | 38,542 | 58,981 |
| | <u>(4,526,424)</u> | <u>(6,063,843)</u> |
| Cash Flows from Financing Activities: | | |
| Net increase in memberships | 1,435 | (480) |
| Increase in other equities | 1,776 | 11,885 |
| Refund of capital credits | 14 | (7) |
| Advances of long term debt | 3,000,000 | 3,900,000 |
| Payments on long term debt | (1,956,804) | (1,891,930) |
| Advance payments on long term debt | (68,559) | (65,235) |
| | <u>977,862</u> | <u>1,954,233</u> |
| Net increase in cash | 172,048 | (319,437) |
| Cash and cash equivalents, beginning of year | <u>1,549,583</u> | <u>1,869,020</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,721,631</u> | <u>\$ 1,549,583</u> |
| Supplemental cash flows information: | | |
| Interest paid on long-term debt | \$ 336,737 | \$ 360,427 |

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>2015</u> | <u>2014</u> |
|--------------------|---------------------|---------------------|
| Distribution plant | \$91,077,148 | \$89,116,505 |
| General plant | <u>7,919,628</u> | <u>7,635,510</u> |
| Total | <u>\$98,996,776</u> | <u>\$96,752,015</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 uses Insured Cash Sweep (“ICS”) services for FDIC coverage for all accounts.

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, 2015 or 2014.

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’ 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 Values 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 2015 and 2014.

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, 2015 and 2014. Cumberland Valley's income tax return is subject to possible examination by taxing authorities until the expiration of related statutes of limitations on the return, which is generally three years.

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 July 21, 2015, 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>2015</u> | <u>2014</u> |
|----------------------------------|---------------------|---------------------|
| East Kentucky, patronage capital | \$23,066,206 | \$20,577,050 |
| CFC, patronage capital | 193,937 | 193,916 |
| CFC, CTC's | 850,942 | 850,942 |
| Others | <u>686,109</u> | <u>624,664</u> |
| Total | <u>\$24,797,194</u> | <u>\$22,246,572</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>2015</u> | <u>2014</u> |
|---------------------|---------------------|---------------------|
| Assigned to date | \$44,522,832 | \$41,787,218 |
| Assignable margins | 806,690 | 968,533 |
| Retirements to date | <u>(3,477,198)</u> | <u>(3,477,211)</u> |
| Total | <u>\$41,852,324</u> | <u>\$39,278,540</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, 2015, the equities and margins were 46% 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>2015</u> | <u>2014</u> |
|-----------------------|---------------------|---------------------|
| RUS, 0.125% to 5.375% | \$3,267,663 | \$3,398,042 |
| Advance payments | <u>(1,414,281)</u> | <u>(1,345,723)</u> |
| | 1,853,382 | 2,052,319 |
| FFB, 0.039% to 2.327% | 37,247,776 | 35,536,335 |
| CoBank 1.86% to 3.68% | 2,316,300 | 2,545,130 |
| NCSC, 3.05% to 4.30% | <u>1,742,757</u> | <u>2,051,794</u> |
| | 43,160,215 | 42,185,578 |
| Less current portion | <u>2,000,000</u> | <u>2,000,000</u> |
| Long term portion | <u>\$41,160,215</u> | <u>\$40,185,578</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. Cumberland Valley has loan funds available from FFB in the amount of \$7,708,000 at May 31, 2015. 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, 2015, annual current principal due for the next five years are as follows: 2016 - \$2,000,000; 2017 - \$2,050,000; 2018 - \$2,100,000; 2019 - \$2,150,000; 2020 - \$2,200,000.

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, 2015 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 2015 and 2014 represent less than 5 percent of the total contributions made to the plan by all participating employers. Cumberland Valley Energy made contributions to the plan of \$282,138 in 2015 and \$278,909 in 2014. There have been no significant changes that affect the comparability of 2015 and 2014.

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, 2014 and 2012 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.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the Retirement Security (“R&S”) Plan (a defined benefit multiemployer pension plan) to make a prepayment and reduce future required contributions. The prepayment amount is a cooperative share, as of January 1, 2014, of future contributions required to fund the R&S Plan’s unfunded value of benefits earned to date using Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative’s annual R&S Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from that expected, plan assumptions changes, and other factors may have an impact on the differential in billing rates and the 15 year period.

Two prepayment options were available to participating cooperatives:

1. Use current assets to make the prepayment over a period of not more than 4 years, or,
2. Borrow funds sufficient to make the prepayment in a lump sum, with the prepayment of the borrowed amount determined by the loan’s amortization schedule.

On February 14, 2013, RUS issued a memorandum to all of its borrowers regarding the proper accounting treatment of the R&S Plan prepayment. RUS stipulated that the prepayment shall be recorded as a long term prepayment in Account 186, Miscellaneous Deferred Debits. This prepaid expense shall be amortized to Account 926, Employee Pensions and Benefits, over a ten year period. Alternatively, RUS borrowers may calculate the amortization period by subtracting the cooperative’s average age of its workforce as provided by NRECA from the cooperative’s normal retirement age under the R&S Plan, up to a maximum period of 20 years. If the entity chooses to finance the prepayment, interest expense associated with the loan shall be recorded in the year incurred as is required under the RUS Uniform System of Accounts (“USoA”).

Notes to Financial Statements

Note 6. Pension Plan, continued

Section 6.13(e) of the RUS Loan Contract limits the amount of unsecured debt that a borrower may incur to 15% on Net Utility Plant if the equity level of the borrower, after considering such unsecured debt, is below 30% of its Total Assets, unless the borrower obtains RUS consent. RUS will consider any unsecured debt associated with the R&S Plan prepayment to be "Permitted Debt" and accordingly, it will be excluded from the application of Section 6.13(e). During May, 2013, the Corporation made a prepayment of \$914,847 to the R&S Plan. The amount is being amortized over 15 years.

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 \$273,917 for 2015 and \$253,357 for 2014.

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 2014, 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 5.0% in 2015 and 2014.

The funded status of the plan is as follows:

| | <u>2015</u> | <u>2014</u> |
|------------------------------|----------------------|----------------------|
| Projected benefit obligation | (\$3,488,373) | (\$3,371,726) |
| Plan assets at fair value | - | - |
| Total | <u>(\$3,488,373)</u> | <u>(\$3,371,726)</u> |

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

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Benefit obligation at beginning of year | <u>\$3,371,726</u> | <u>\$3,269,677</u> |
| Components of net periodic benefit cost: | | |
| Service cost | 51,878 | 57,345 |
| Interest cost | <u>171,502</u> | <u>166,035</u> |
| Net periodic benefit cost | 223,380 | 223,380 |
| Benefits paid | (131,053) | (121,331) |
| Actuarial gain/loss | <u>24,320</u> | - |
| Benefit obligation at end of year | <u>\$3,488,373</u> | <u>\$3,371,726</u> |

Projected retiree benefit payments for the next five years are expected to be as follows: 2016 - \$109,333; 2017 - \$107,661; 2018 - \$105,034; 2019 - \$88,817; 2020 - \$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.

Notes to Financial Statements

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.

Note 13. Rate Matters

During January 2015, the PSC approved a rate increase in the amount of \$968,000, or approximately a 3% increase in base revenues.

* * * * *

ALAN M. ZUMSTEIN
CERTIFIED PUBLIC ACCOUNTANT

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

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, 2015 and 2014, 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 July 21, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Cumberland Valley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of Cumberland Valley's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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,

To the Board of Directors
Cumberland Valley Electric

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
July 21, 2015

ALAN M. ZUMSTEIN
CERTIFIED PUBLIC ACCOUNTANT

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LEXINGTON, KENTUCKY 40509
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MEMBER
• AMERICAN INSTITUTE OF CPA'S
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• INDIANA SOCIETY OF CPA'S
• AICPA DIVISION FOR FIRMS

Independent Auditor's Report on Compliance with Aspects of Contractual
Agreements and Regulatory Requirements for Electric Borrowers

Board of Directors
Cumberland Valley Electric

Independent Auditor's Report

I have audited, 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, the financial statements of Cumberland Valley Electric ("the Cooperative"), which comprise the balance sheet as of May 31, 2015, and the related statements of revenue and comprehensive income, patronage capital, and changes in cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated July 21, 2015. In accordance with *Government Auditing Standards*, we have also issued my report dated July 21, 2015, on my consideration of the Cooperative's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above and my schedule of findings and recommendations related to my audit have been furnished to management.

In connection with my audit, nothing came to my attention that caused me to believe that the Cooperative failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2015, insofar as they relate to accounting matters as enumerated below. However, my audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had I performed additional procedures, other matters may have come to my attention regarding the Cooperative's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with my audit, I noted no matters regarding the Cooperative's accounting and records to indicate that the Cooperative did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plant accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;

Board of Directors
Cumberland Valley Electric

- Seek approval of the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over material and supplies;
- Prepare accurate and timely Financial and Operating Reports;
- Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electric system;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Record depreciation in accordance with RUS requirements ("See RUS Bulletin 183-1, Depreciation Rates and Procedures");
- Comply with the requirements for the detailed schedule of deferred debits and deferred credits, which are listed below; and
- Comply with the requirements for the detailed schedule of investments, of which there were none.

The deferred debits are as follows:

| | |
|------------------------------|------------------|
| Accelerated pension payments | <u>\$797,961</u> |
|------------------------------|------------------|

The deferred credits are as follows:

| | |
|------------------------------------|------------------|
| Consumer advances for construction | <u>\$143,507</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. However, this report is a matter of public record and its distributions is not limited.

Alan Zumstein

Alan M. Zumstein, CPA
July 21, 2015

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
COMPUTER SOFTWARE PROGRAMS
November 30, 2015

Cumberland Valley has used Microsoft Excel and Word along with Adobe in the preparation of this Application.

Witness: Robert Tolliver

Cumberland Valley Electric
Case No. 2016-00169
Annual Meeting Information
November 30, 2015

The most recent Cumberland Valley annual meeting was held June 5, 2015. 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> |
|-------------|------------------------------|---------------------------|-------------|
| 2015 | 232 | - | \$ 23,601 |
| 2014 | 298 | - | \$ 32,088 |
| 2013 | 454 | - | \$ 46,238 |
| 2012 | 373 | - | \$ 76,071 |
| 2011 | 379 | - | \$ 65,965 |



Ted Hampton
President/CEO



Vernon Shelley
Chairman



Lansford Lay
Secretary-Treasurer



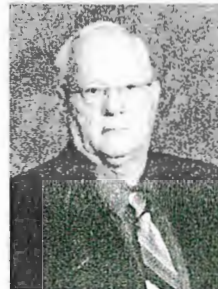
Roger Vaňover
Vice Chairman



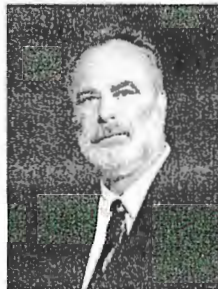
Chester Davis



Elbert Hampton



Kermit Creech



Kevin Moses



W. Patrick Hauser
Attorney

Official Business Meeting Agenda Annual Meeting of Members Cumberland Valley Electric

Where: Knox County Middle School Gym

When: Friday, June 5

Registration Time: 5:00 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 unapproved minutes of previous meetings of the members and the taking of necessary action thereon
4. Presentation and consideration of reports of officers, trustees, and committees
5. Election of Directors
6. Unfinished business
7. New business
8. Adjournment

NOMINATIONS FOR DIRECTORS

We, the undersigned nominating committee, having been duly appointed by the Board of Directors of the above named cooperative to nominate duly qualified members to fill the vacancies which will arise by the expiration of the terms of the present directors:

Mr. Kevin Moses **Mr. Kermit Creech**
At Large **Harlan, Leslie and Letcher Counties**

At the 2015 Annual Meeting, do hereby nominate the following named members for said office terms of four (4) years expiring at the 2019 Annual Meeting; to wit:

This 18 day of ~~March~~ 2015.

James Lay
James Lay
James Lay
James Lay
James Lay
James Lay
James Lay

OFFICIAL NOTICE OF ANNUAL MEETING

Knox County Middle School Gym

June 5, 2015

Registration Time 5:00 p.m. Business Meeting Time 6:30 p.m.

The Cumberland Valley Electric will conduct an Annual Membership Meeting, Friday, June 5, 2015, at 6:30 p.m. The meeting will be held at the Knox County Middle School Gym in Barbourville, Kentucky. The registration of Cumberland Valley Electric's membership will begin at 5:00 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 5, 2015, at the Knox County 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,

Lansford Lay

Cumberland Valley Electric
Lansford Lay, Secretary

ACTIVE ACCOUNTS

(as of December 31, 2014)

| | |
|----------------------------|---------------|
| Bell County..... | 832 |
| Clay County..... | 24 |
| Harlan County | 2,025 |
| Knox County | 8,780 |
| Laurel County | 243 |
| Leslie County..... | 373 |
| Letcher County | 1,124 |
| McCreary County | 456 |
| Whitley County..... | 9,725 |
| Campbell County, TN..... | 9 |
| Claiborne County, TN | 66 |
| Total..... | 23,657 |

Accounts Billed

2014.....23,657

**Average Kilowatt-hour Use
 (Residential per month)**

2014.....1,228.05

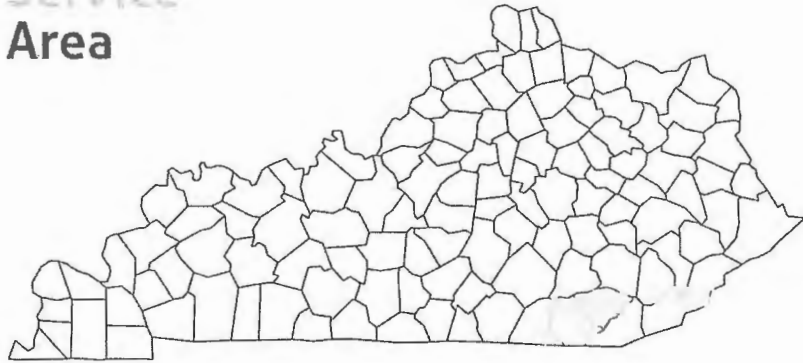
Miles of Line

2014.....2,639.42

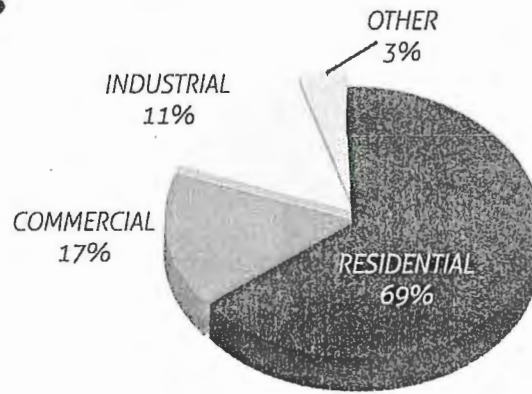
Consumers per Mile

2014.....8.96

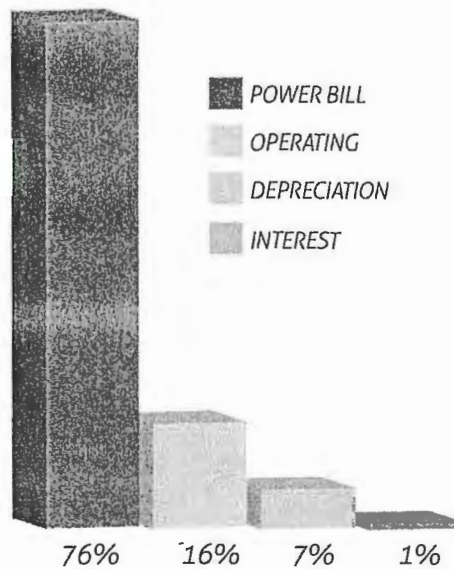
**Service
 Area**



**Revenue
 Sources**



**Major
 Costs**



Statement of Operations

For the Year Ending December 31, 2014

| | |
|-------------------------------------|--------------|
| Operating Revenue..... | \$47,893,295 |
| Operating Expense | |
| Purchased Power..... | \$36,454,328 |
| Operating System..... | \$7,739,061 |
| Depreciation..... | \$3,246,850 |
| Taxes..... | \$56,178 |
| Interest on Loans..... | \$348,543 |
| Other Deductions..... | \$19,796 |
| Total Cost of Electric Service..... | \$47,864,756 |
| Operating Margins..... | \$28,539 |
| Non-Operating Margins..... | \$123,516 |
| G&T Capital Credits..... | \$2,489,157 |
| Other Capital Credits..... | \$94,401 |
| Patronage Capital & Margins..... | \$2,735,613 |


Balance Sheet

For the Year Ending December 31, 2014

| | |
|-------------------------------------|--------------|
| ASSETS | |
| Total Utility Plant..... | \$97,990,900 |
| Less Depreciation..... | \$34,331,984 |
| Net Utility Plant..... | \$63,658,916 |
| Investment in Assoc. | |
| Organization..... | \$24,761,559 |
| Cash..... | \$1,917,562 |
| Accounts Receivable..... | \$5,260,370 |
| Inventory..... | \$427,412 |
| Expenses Paid in Advance..... | \$45,952 |
| Deferred Debits & Other Assets..... | \$832,997 |
| Total Assets..... | \$96,904,768 |
| LIABILITIES | |
| Consumer Deposits..... | \$1,295,421 |
| Membership & Other Equities.. | \$42,864,919 |
| Long-Term Debt..... | \$41,747,775 |
| Notes and Accounts Payable..... | \$7,201,500 |
| Other Current Liabilities..... | \$3,739,913 |
| Noncurrent Liabilities..... | \$55,240 |
| Total Liabilities..... | \$96,904,768 |



**Cumberland
Valley Electric**

A Touchstone Energy Cooperative 



Cumberland Valley Electric, Inc.

A Touchstone Energy Cooperative 

2015 ANNUAL MEETING FRIDAY, JUNE 5

Knox County Middle
School - Barbourville, KY
Registration: 5:00 p.m.
Business Meeting: 6:30 p.m.

Brian Free and Assurance



Special Guests Ned & Joan

Caricaturist
Denny Whalen



- FREE Bucket & Energy-Saving Light Bulbs
- FREE Food & Drinks
- SimpleSaver Booth
- Scholarship Awards to Area Seniors
- Health Fair
- Drawing for Used Truck





Ted Hampton
President/CEO



Vernon Shelley
Chairman



Lansford Lay
Secretary-Treasurer



Roger Vanover
Vice Chairman



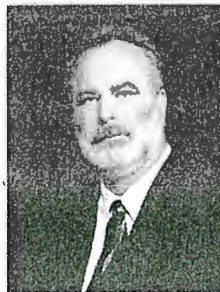
Chester Davis



Elbert Hampton



Kermit Creech



Kevin Moses



W. Patrick Hauser
Attorney

Official Business Meeting Agenda Annual Meeting of Members Cumberland Valley Electric

Where: Knox County Middle School Gym

When: Friday, June 6

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 unapproved minutes of previous meetings 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. Unfinished business
7. New business (or other business if properly raised)
8. Adjournment

REPORT OF NOMINATING COMMITTEE

Mr. Elbert Hampton (Representing Knox, Laurel, and Bell Counties)
Mr. Chester Davis (Representing Harlan, Leslie, and Letcher Counties)

Were nominated by the Nominating Committee for said office of four years expiring at 2018 Annual Meeting.

OFFICIAL NOTICE OF ANNUAL MEETING

Knox County Middle School Gym

June 6, 2014

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 6, 2014, at 6:30 p.m. The meeting will be held at the Knox County 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 6, 2014, at the Knox County Middle School Gym in Barbourville, Kentucky.

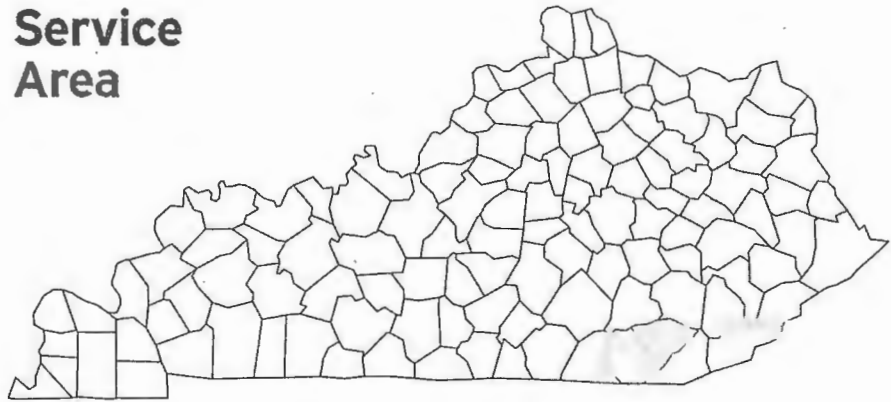
The entertainment will be outstanding this year. I am sure you will want to be present. Come to your Annual Meeting and enjoy the entertainment. There will be prizes for each member present.

Thank you,

Cumberland Valley Electric
Lansford Lay, Secretary

CO-OP SAFETY

Service Area



ACTIVE ACCOUNTS

(meters served as of December 31, 2013)

| | |
|----------------------|--------|
| Bell County..... | 837 |
| Clay County..... | 26 |
| Harlan County ... | 2,064 |
| Knox County | 8,798 |
| Laurel County | 245 |
| Leslie County..... | 389 |
| Letcher | 1,133 |
| McCreary County... | 437 |
| Whitley County ... | 9,704 |
| Campbell County, TN | 9 |
| Claiborne County, TN | 70 |
| Total..... | 23,712 |

Accounts Billed

| | |
|-----------|--------|
| 2013..... | 23,712 |
|-----------|--------|

Average Kilowatt-hour Use

(Residential per month)

| | |
|-----------|----------|
| 2013..... | 1,187.91 |
|-----------|----------|

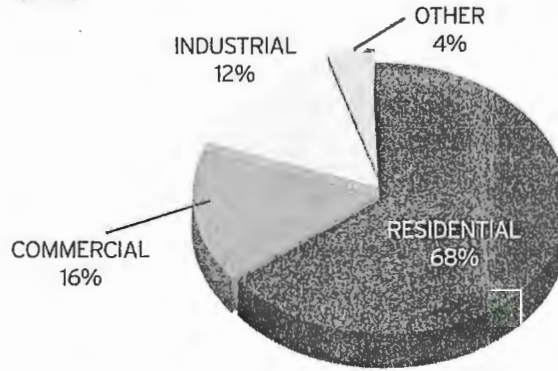
Miles of Line

| | |
|-----------|----------|
| 2013..... | 2,633.27 |
|-----------|----------|

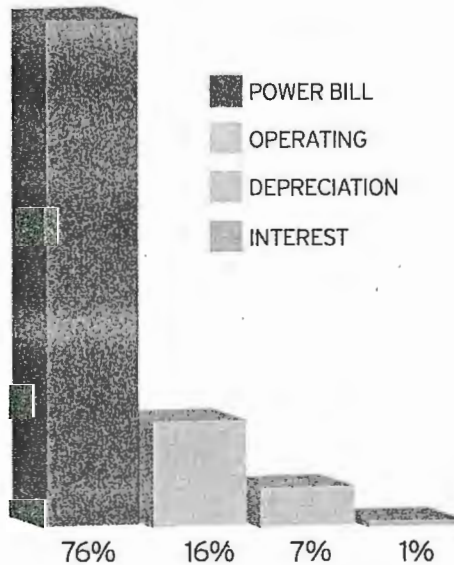
Consumers Per Mile

| | |
|-----------|------|
| 2013..... | 9.00 |
|-----------|------|

Revenue Sources



Major Costs



Statement of Operations

For the Year Ending December 31, 2013

| | |
|-------------------------------------|------------|
| Operating Revenue..... | 46,665,845 |
| Operating Expense | |
| Purchased Power..... | 35,772,176 |
| Operating System..... | 7,460,561 |
| Depreciation..... | 3,115,270 |
| Taxes..... | 51,441 |
| Interest on Loans..... | 354,342 |
| Other Deductions..... | 13,847 |
| Total Cost of Electric Service..... | 46,767,637 |
| Operating Margins..... | -101,792 |
| Non-Operating Margins..... | 121,888 |
| G & T Capital Credits..... | 2,957,019 |
| Other Capital Credits..... | 54,741 |
| Patronage Capital and Margins..... | 3,031,856 |

Balance Sheet

For the Year Ending December 31, 2013

| | |
|-----------------------------------|------------|
| ASSETS | |
| Total Utility Plant..... | 95,868,118 |
| Less Depreciation..... | 33,482,599 |
| Net Utility Plant..... | 62,385,519 |
| Investment in Assoc. Organization | 22,211,260 |
| Cash..... | 1,514,221 |
| Notes Receivable..... | 0 |
| Accounts Receivable..... | 5,635,829 |
| Inventory..... | 496,675 |
| Expenses Paid in Advance..... | 69,683 |
| Deferred Debits and Other Assets | 893,982 |
| Total Assets..... | 93,207,169 |
| LIABILITIES | |
| Consumer Deposits..... | 1,348,825 |
| Membership and Other Equities | 40,094,172 |
| Long-Term Debt..... | 40,921,321 |
| Notes and Accounts Payable..... | 7,293,194 |
| Other Current Liabilities..... | 3,462,108 |
| Noncurrent Liabilities..... | 87,549 |
| Total Liabilities..... | 93,207,169 |




Cumberland Valley
Electric, Inc.

A Touchstone Energy Cooperative



**Cumberland Valley
Electric, Inc.**

A Touchstone Energy
Cooperative 

2014 ANNUAL MEETING FRIDAY JUNE 6

Knox County Middle School
311 North Main St, Barbourville, KY
Registration: 5:30 p.m.
Business meeting: 6:30 p.m.



Featured Entertainment
Kelsey K



Special Guest
Rick Arnold

- **FREE Bucket & Light Bulbs**
- **Food, Drinks**
- **SimpleSaver Booth**
- **Scholarship Awards**
- **Health Fair**
- **Drawing for Used Truck**



Caricaturist
Denny Whalen

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 December, 2014 |
| | 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 3/18/2015
 _____ 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 | 46,665,845 | 47,893,295 | 47,068,052 | 4,208,155 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 35,772,176 | 36,454,328 | 35,860,542 | 3,433,087 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 1,404,991 | 1,445,918 | 1,411,238 | 159,748 |
| 7. Distribution Expense - Maintenance | 2,660,031 | 2,726,964 | 2,689,752 | 206,523 |
| 8. Customer Accounts Expense | 1,871,976 | 1,895,090 | 1,885,858 | 189,337 |
| 9. Customer Service and Informational Expense | 153,670 | 169,774 | 182,553 | 17,447 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 1,369,893 | 1,501,315 | 1,360,030 | 151,091 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 43,232,737 | 44,193,389 | 43,389,973 | 4,157,233 |
| 13. Depreciation and Amortization Expense | 3,115,270 | 3,246,850 | 3,202,004 | 273,111 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | 51,441 | 56,178 | 51,441 | |
| 16. Interest on Long-Term Debt | 354,342 | 348,543 | 368,181 | 27,326 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 3,176 | 2,281 | 3,096 | 136 |
| 19. Other Deductions | 10,671 | 17,515 | 10,597 | 145 |
| 20. Total Cost of Electric Service (12 thru 19) | 46,767,637 | 47,864,756 | 47,025,292 | 4,457,951 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | (101,792) | 28,539 | 42,760 | (249,796) |
| 22. Non Operating Margins - Interest | 121,888 | 123,516 | 115,731 | 10,788 |
| 23. Allowance for Funds Used During Construction | | | | |
| 24. Income (Loss) from Equity Investments | | | | |
| 25. Non Operating Margins - Other | | | | |
| 26. Generation and Transmission Capital Credits | 2,957,019 | 2,489,157 | | 2,489,156 |
| 27. Other Capital Credits and Patronage Dividends | 54,741 | 94,401 | 41,037 | 23,080 |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 3,031,856 | 2,735,613 | 199,528 | 2,273,228 |

| 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 | | |
| | | | December, 2014 | | |
| 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 | 421 | 436 | 5. Miles Transmission | | |
| 2. Services Retired | 283 | 329 | 6. Miles Distribution - Overhead | 2,503.01 | 2,506.16 |
| 3. Total Services in Place | 24,823 | 24,930 | 7. Miles Distribution - Underground | 130.26 | 133.26 |
| 4. Idle Services (Exclude Seasonals) | 1,111 | 1,273 | 8. Total Miles Energized (5 + 6 + 7) | 2,633.27 | 2,639.42 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 97,818,709 | | 30. Memberships | 432,860 | |
| 2. Construction Work in Progress | 172,191 | | 31. Patronage Capital | 40,435,388 | |
| 3. Total Utility Plant (1 + 2) | 97,990,900 | | 32. Operating Margins - Prior Years | 0 | |
| 4. Accum. Provision for Depreciation and Amort. | 34,331,984 | | 33. Operating Margins - Current Year | 2,612,096 | |
| 5. Net Utility Plant (3 - 4) | 63,658,916 | | 34. Non-Operating Margins | 123,516 | |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | (738,941) | |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | 42,864,919 | |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,873,517 | | 37. Long-Term Debt - RUS (Net) | 3,194,609 | |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | 36,165,427 | |
| 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) | 3,767,408 | |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | 0 | |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | 1,379,669 | |
| 14. Total Other Property & Investments (6 thru 13) | 24,761,559 | | 43. Total Long-Term Debt (37 thru 41 - 42) | 41,747,775 | |
| 15. Cash - General Funds | 1,908,262 | | 44. Obligations Under Capital Leases - Noncurrent | 0 | |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | 3,447,131 | |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | 3,447,131 | |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | 0 | |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | 3,754,369 | |
| 20. Accounts Receivable - Sales of Energy (Net) | 4,227,726 | | 49. Consumers Deposits | 1,295,421 | |
| 21. Accounts Receivable - Other (Net) | 1,032,644 | | 50. Current Maturities Long-Term Debt | 2,109,841 | |
| 22. Renewable Energy Credits | 0 | | 51. Current Maturities Long-Term Debt - Economic Development | 0 | |
| 23. Materials and Supplies - Electric & Other | 427,412 | | 52. Current Maturities Capital Leases | 0 | |
| 24. Prepayments | 45,952 | | 53. Other Current and Accrued Liabilities | 1,630,072 | |
| 25. Other Current and Accrued Assets | 9,626 | | 54. Total Current & Accrued Liabilities (47 thru 53) | 8,789,703 | |
| 26. Total Current and Accrued Assets (15 thru 25) | 7,660,922 | | 55. Regulatory Liabilities | 0 | |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | 55,240 | |
| 28. Other Deferred Debits | 823,371 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | 96,904,768 | |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 96,904,768 | | | | |

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 <u>January, 2015</u> 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

4/8/2015
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 | 5,846,445 | 5,091,378 | 6,061,896 | 5,091,378 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 4,599,268 | 3,905,125 | 4,599,268 | 3,905,125 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 34,478 | 112,725 | 34,822 | 112,725 |
| 7. Distribution Expense - Maintenance | 241,064 | 242,492 | 259,111 | 242,492 |
| 8. Customer Accounts Expense | 134,574 | 173,425 | 136,593 | 173,425 |
| 9. Customer Service and Informational Expense | 21,760 | 8,596 | 21,977 | 8,596 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 112,414 | 118,058 | 115,787 | 118,058 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 5,143,558 | 4,560,421 | 5,167,558 | 4,560,421 |
| 13. Depreciation and Amortization Expense | 266,576 | 288,697 | 277,239 | 288,697 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | | | | |
| 16. Interest on Long-Term Debt | 29,255 | 28,065 | 50,904 | 28,065 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 142 | 132 | 142 | 132 |
| 19. Other Deductions | 1,699 | 1,050 | 1,733 | 1,050 |
| 20. Total Cost of Electric Service (12 thru 19) | 5,441,230 | 4,878,365 | 5,497,576 | 4,878,365 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 405,215 | 213,013 | 564,320 | 213,013 |
| 22. Non Operating Margins - Interest | (1,653) | (1,571) | (1,669) | (1,571) |
| 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) | 403,562 | 211,442 | 562,651 | 211,442 |

| 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 | | |
| | | | January, 2015 | | |
| 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 | 22 | 25 | 5. Miles Transmission | | |
| 2. Services Retired | 54 | 14 | 6. Miles Distribution - Overhead | 2,502.05 | 2,505.50 |
| 3. Total Services in Place | 24,791 | 24,941 | 7. Miles Distribution - Underground | 130.32 | 133.55 |
| 4. Idle Services (Exclude Seasonals) | 1,060 | 1,233 | 8. Total Miles Energized (5 + 6 + 7) | 2,632.37 | 2,639.05 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 97,994,575 | | 30. Memberships | | 433,515 |
| 2. Construction Work in Progress | 193,984 | | 31. Patronage Capital | | 43,171,001 |
| 3. Total Utility Plant (1 + 2) | 98,188,559 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 34,481,250 | | 33. Operating Margins - Current Year | | 213,013 |
| 5. Net Utility Plant (3 - 4) | 63,707,309 | | 34. Non-Operating Margins | | (1,571) |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (734,557) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 43,081,401 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,862,517 | | 37. Long-Term Debt - RUS (Net) | | 3,312,233 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 37,608,202 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 4,286,996 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,379,669 |
| 14. Total Other Property & Investments (6 thru 13) | 24,761,559 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 43,827,762 |
| 15. Cash - General Funds | 1,150,198 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,455,608 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,455,608 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 4,303,129 |
| 20. Accounts Receivable - Sales of Energy (Net) | 5,286,665 | | 49. Consumers Deposits | | 1,258,200 |
| 21. Accounts Receivable - Other (Net) | 1,011,154 | | 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 | 413,710 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 134,594 | | 53. Other Current and Accrued Liabilities | | 1,479,292 |
| 25. Other Current and Accrued Assets | 87,835 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 7,040,621 |
| 26. Total Current and Accrued Assets (15 thru 25) | 8,093,456 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 55,240 |
| 28. Other Deferred Debits | 898,308 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 97,460,632 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 97,460,632 | | | | |

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, 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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 PERIOD ENDED February, 2015 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) | |
| <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. | <input type="checkbox"/> 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 | 4/9/2015 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 | 10,780,178 | 10,597,982 | 11,170,500 | 5,506,604 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 8,073,075 | 7,989,558 | 8,073,075 | 4,084,433 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 140,426 | 214,149 | 141,830 | 101,424 |
| 7. Distribution Expense - Maintenance | 473,753 | 482,410 | 510,306 | 239,919 |
| 8. Customer Accounts Expense | 280,027 | 329,165 | 284,227 | 155,739 |
| 9. Customer Service and Informational Expense | 35,880 | 23,844 | 36,239 | 15,247 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 210,922 | 239,094 | 217,249 | 121,036 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 9,214,083 | 9,278,220 | 9,262,926 | 4,717,798 |
| 13. Depreciation and Amortization Expense | 534,655 | 577,908 | 556,042 | 289,212 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | | | | |
| 16. Interest on Long-Term Debt | 57,298 | 54,927 | 99,699 | 26,862 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 285 | 264 | 284 | 132 |
| 19. Other Deductions | 2,149 | 1,851 | 2,192 | 800 |
| 20. Total Cost of Electric Service (12 thru 19) | 9,808,470 | 9,913,170 | 9,921,143 | 5,034,804 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 971,708 | 684,812 | 1,249,357 | 471,800 |
| 22. Non Operating Margins - Interest | 18,752 | 19,699 | 18,940 | 21,269 |
| 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) | 990,460 | 704,511 | 1,268,297 | 493,069 |

| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE | | | BORROWER DESIGNATION KY0057 | | |
|--|------------------|------------------|--|------------------|------------------|
| FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | | | PERIOD ENDED February, 2015 | | |
| 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 | 45 | 47 | 5. Miles Transmission | | |
| 2. Services Retired | 76 | 65 | 6. Miles Distribution - Overhead | 2,501.80 | 2,504.12 |
| 3. Total Services in Place | 24,792 | 24,912 | 7. Miles Distribution - Underground | 130.50 | 133.62 |
| 4. Idle Services (Exclude Seasonals) | 1,071 | 1,243 | 8. Total Miles Energized (5 + 6 + 7) | 2,632.30 | 2,637.74 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 98,093,856 | | 30. Memberships | | 433,355 |
| 2. Construction Work in Progress | 359,469 | | 31. Patronage Capital | | 43,170,892 |
| 3. Total Utility Plant (1 + 2) | 98,453,325 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 34,663,759 | | 33. Operating Margins - Current Year | | 684,812 |
| 5. Net Utility Plant (3 - 4) | 63,789,566 | | 34. Non-Operating Margins | | 19,699 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (730,171) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 43,578,587 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,855,504 | | 37. Long-Term Debt - RUS (Net) | | 3,300,457 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 37,608,203 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 4,192,621 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,396,679 |
| 14. Total Other Property & Investments (6 thru 13) | 24,754,546 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 43,704,602 |
| 15. Cash - General Funds | 1,666,051 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,464,130 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,464,130 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 4,496,018 |
| 20. Accounts Receivable - Sales of Energy (Net) | 5,846,452 | | 49. Consumers Deposits | | 1,259,100 |
| 21. Accounts Receivable - Other (Net) | 490,206 | | 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 | 449,617 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 126,696 | | 53. Other Current and Accrued Liabilities | | 1,547,418 |
| 25. Other Current and Accrued Assets | 166,044 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 7,302,536 |
| 26. Total Current and Accrued Assets (15 thru 25) | 8,754,366 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 134,574 |
| 28. Other Deferred Debits | 885,951 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 98,184,429 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 98,184,429 | | | | |

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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 |
| | PERIOD ENDED March, 2015 |
| | 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

4/16/2015

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 | 15,115,145 | 14,540,898 | 15,655,216 | 3,942,916 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 11,222,456 | 10,987,420 | 11,222,456 | 2,997,862 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 261,857 | 330,602 | 264,476 | 116,453 |
| 7. Distribution Expense - Maintenance | 686,444 | 694,120 | 739,226 | 211,710 |
| 8. Customer Accounts Expense | 448,554 | 494,223 | 455,282 | 165,059 |
| 9. Customer Service and Informational Expense | 43,415 | 46,624 | 43,849 | 22,780 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 326,071 | 360,874 | 335,854 | 121,780 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 12,988,797 | 12,913,863 | 13,061,143 | 3,635,644 |
| 13. Depreciation and Amortization Expense | 802,883 | 867,269 | 834,998 | 289,361 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | | | | |
| 16. Interest on Long-Term Debt | 90,376 | 82,391 | 157,254 | 27,464 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 899 | 396 | 899 | 132 |
| 19. Other Deductions | 2,349 | 2,921 | 2,396 | 1,070 |
| 20. Total Cost of Electric Service (12 thru 19) | 13,885,304 | 13,866,840 | 14,056,690 | 3,953,671 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 1,229,841 | 674,058 | 1,598,526 | (10,755) |
| 22. Non Operating Margins - Interest | 23,091 | 24,070 | 23,322 | 4,372 |
| 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 | 65,657 | 71,263 | 65,656 | 71,263 |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 1,318,589 | 769,391 | 1,687,504 | 64,880 |

| 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 March, 2015 | | |
| 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 | 75 | 72 | 5. Miles Transmission | | |
| 2. Services Retired | 97 | 82 | 6. Miles Distribution - Overhead | 2,501.86 | 2,503.68 |
| 3. Total Services in Place | 24,801 | 24,920 | 7. Miles Distribution - Underground | 130.69 | 133.74 |
| 4. Idle Services (Exclude Seasonals) | 1,189 | 1,298 | 8. Total Miles Energized (5 + 6 + 7) | 2,632.55 | 2,637.42 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 98,392,231 | | 30. Memberships | | 432,665 |
| 2. Construction Work in Progress | 187,377 | | 31. Patronage Capital | | 43,170,892 |
| 3. Total Utility Plant (1 + 2) | 98,579,608 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 34,812,078 | | 33. Operating Margins - Current Year | | 745,321 |
| 5. Net Utility Plant (3 - 4) | 63,767,530 | | 34. Non-Operating Margins | | 24,070 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (725,683) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 43,647,265 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,898,152 | | 37. Long-Term Debt - RUS (Net) | | 3,289,669 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 37,247,776 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 4,173,401 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,396,679 |
| 14. Total Other Property & Investments (6 thru 13) | 24,797,194 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 43,314,167 |
| 15. Cash - General Funds | 1,840,046 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,472,607 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,472,607 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 3,331,583 |
| 20. Accounts Receivable - Sales of Energy (Net) | 4,185,764 | | 49. Consumers Deposits | | 1,256,995 |
| 21. Accounts Receivable - Other (Net) | 455,794 | | 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 | 423,647 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 116,459 | | 53. Other Current and Accrued Liabilities | | 1,555,786 |
| 25. Other Current and Accrued Assets | 244,148 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 6,144,364 |
| 26. Total Current and Accrued Assets (15 thru 25) | 7,275,158 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 134,574 |
| 28. Other Deferred Debits | 873,095 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 96,712,977 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 96,712,977 | | | | |

According to the Paperwork Reduction Act of 1995, an agency cannot conduct or sponsor, and a person is not required to respond to, 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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 |
| | PERIOD ENDED April, 2015 |
| | 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

5/14/2015

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 | 18,271,789 | 17,694,289 | 18,914,847 | 3,153,391 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 13,696,339 | 12,985,848 | 13,696,339 | 1,998,428 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 351,349 | 413,789 | 354,862 | 83,188 |
| 7. Distribution Expense - Maintenance | 898,209 | 922,570 | 968,086 | 228,450 |
| 8. Customer Accounts Expense | 607,801 | 654,434 | 616,918 | 160,210 |
| 9. Customer Service and Informational Expense | 53,984 | 33,747 | 54,523 | (12,877) |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 433,116 | 488,138 | 446,110 | 127,263 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 16,040,798 | 15,498,526 | 16,136,838 | 2,584,662 |
| 13. Depreciation and Amortization Expense | 1,071,744 | 1,157,677 | 1,114,614 | 290,407 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | | | | |
| 16. Interest on Long-Term Debt | 120,775 | 128,826 | 210,150 | 46,436 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 1,037 | 527 | 1,037 | 131 |
| 19. Other Deductions | 2,619 | 3,021 | 2,671 | 100 |
| 20. Total Cost of Electric Service (12 thru 19) | 17,236,973 | 16,788,577 | 17,465,310 | 2,921,736 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 1,034,816 | 905,712 | 1,449,537 | 231,655 |
| 22. Non Operating Margins - Interest | 28,460 | 28,777 | 28,745 | 4,707 |
| 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 | 65,657 | 71,264 | 65,657 | |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 1,128,933 | 1,005,753 | 1,543,939 | 236,362 |

| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE | | | BORROWER DESIGNATION KY0057 | | |
|--|------------------|------------------|--|------------------|------------------|
| FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | | | PERIOD ENDED April, 2015 | | |
| 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 | 112 | 93 | 5. Miles Transmission | | |
| 2. Services Retired | 114 | 116 | 6. Miles Distribution - Overhead | 2,502.34 | 2,503.47 |
| 3. Total Services in Place | 24,821 | 24,907 | 7. Miles Distribution - Underground | 130.87 | 133.79 |
| 4. Idle Services (Exclude Seasonals) | 1,241 | 1,375 | 8. Total Miles Energized (5 + 6 + 7) | 2,633.21 | 2,637.26 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 98,769,176 | | 30. Memberships | | 431,165 |
| 2. Construction Work in Progress | 236,229 | | 31. Patronage Capital | | 43,170,892 |
| 3. Total Utility Plant (1 + 2) | 99,005,405 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 34,976,785 | | 33. Operating Margins - Current Year | | 976,976 |
| 5. Net Utility Plant (3 - 4) | 64,028,620 | | 34. Non-Operating Margins | | 28,778 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (719,069) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 43,888,742 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,898,152 | | 37. Long-Term Debt - RUS (Net) | | 3,278,513 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 37,247,776 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 4,154,137 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,396,679 |
| 14. Total Other Property & Investments (6 thru 13) | 24,797,194 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 43,283,747 |
| 15. Cash - General Funds | 1,685,847 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,480,490 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,480,490 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 2,427,619 |
| 20. Accounts Receivable - Sales of Energy (Net) | 3,223,835 | | 49. Consumers Deposits | | 1,221,945 |
| 21. Accounts Receivable - Other (Net) | 454,504 | | 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 | 457,697 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 262,651 | | 53. Other Current and Accrued Liabilities | | 1,626,053 |
| 25. Other Current and Accrued Assets | 303,191 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 5,275,617 |
| 26. Total Current and Accrued Assets (15 thru 25) | 6,397,025 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 155,482 |
| 28. Other Deferred Debits | 861,239 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 96,084,078 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 96,084,078 | | | | |

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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 |
| | PERIOD ENDED May, 2015 |
| | 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 6/11/2015
 _____ 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 | 21,576,989 | 20,582,284 | 22,328,563 | 2,887,994 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 16,190,474 | 15,098,693 | 16,190,474 | 2,112,845 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 545,986 | 510,607 | 551,445 | 96,817 |
| 7. Distribution Expense - Maintenance | 1,099,381 | 1,152,393 | 1,185,579 | 229,823 |
| 8. Customer Accounts Expense | 768,708 | 854,035 | 780,239 | 199,602 |
| 9. Customer Service and Informational Expense | 71,190 | 32,852 | 71,902 | (895) |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 551,554 | 620,958 | 568,101 | 132,821 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 19,227,293 | 18,269,538 | 19,347,740 | 2,771,013 |
| 13. Depreciation and Amortization Expense | 1,341,659 | 1,449,091 | 1,395,326 | 291,414 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | | | | |
| 16. Interest on Long-Term Debt | 150,785 | 174,745 | 262,365 | 45,918 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 1,179 | 656 | 1,180 | 129 |
| 19. Other Deductions | 3,069 | 3,492 | 3,130 | 471 |
| 20. Total Cost of Electric Service (12 thru 19) | 20,723,985 | 19,897,522 | 21,009,741 | 3,108,945 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 853,004 | 684,762 | 1,318,822 | (220,951) |
| 22. Non Operating Margins - Interest | 49,872 | 50,665 | 50,371 | 21,888 |
| 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 | 65,657 | 71,263 | 65,657 | |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 968,533 | 806,690 | 1,434,850 | (199,063) |

| | |
|---|------------------------------------|
| 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 May, 2015 |

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 | 128 | 5. Miles Transmission | | |
| 2. Services Retired | 132 | 186 | 6. Miles Distribution - Overhead | 2,502.54 | 2,502.70 |
| 3. Total Services in Place | 24,843 | 24,872 | 7. Miles Distribution - Underground | 131.16 | 133.86 |
| 4. Idle Services (Exclude Seasonals) | 1,309 | 1,374 | 8. Total Miles Energized (5 + 6 + 7) | 2,633.70 | 2,636.56 |

PART C. BALANCE SHEET

| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
|--|------------|--|------------|
| 1. Total Utility Plant in Service | 98,996,776 | 30. Memberships | 431,635 |
| 2. Construction Work in Progress | 174,020 | 31. Patronage Capital | 43,170,892 |
| 3. Total Utility Plant (1 + 2) | 99,170,796 | 32. Operating Margins - Prior Years | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 35,069,578 | 33. Operating Margins - Current Year | 756,026 |
| 5. Net Utility Plant (3 - 4) | 64,101,218 | 34. Non-Operating Margins | 50,665 |
| 6. Non-Utility Property (Net) | 0 | 35. Other Margins and Equities | (714,684) |
| 7. Investments in Subsidiary Companies | 0 | 36. Total Margins & Equities (30 thru 35) | 43,694,534 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,898,152 | 37. Long-Term Debt - RUS (Net) | 3,267,663 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | 38. Long-Term Debt - FFB - RUS Guaranteed | 37,247,776 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | 39. Long-Term Debt - Other - RUS Guaranteed | 0 |
| 11. Investments in Economic Development Projects | 0 | 40. Long-Term Debt Other (Net) | 4,059,057 |
| 12. Other Investments | 0 | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | 0 |
| 13. Special Funds | 0 | 42. Payments - Unapplied | 1,414,281 |
| 14. Total Other Property & Investments (6 thru 13) | 24,797,194 | 43. Total Long-Term Debt (37 thru 41 - 42) | 43,160,215 |
| 15. Cash - General Funds | 1,712,331 | 44. Obligations Under Capital Leases - Noncurrent | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | 45. Accumulated Operating Provisions and Asset Retirement Obligations | 3,488,373 |
| 17. Special Deposits | 4,300 | 46. Total Other Noncurrent Liabilities (44 + 45) | 3,488,373 |
| 18. Temporary Investments | 5,000 | 47. Notes Payable | 0 |
| 19. Notes Receivable (Net) | 0 | 48. Accounts Payable | 2,511,324 |
| 20. Accounts Receivable - Sales of Energy (Net) | 2,887,571 | 49. Consumers Deposits | 1,222,747 |
| 21. Accounts Receivable - Other (Net) | 445,292 | 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 | 474,287 | 52. Current Maturities Capital Leases | 0 |
| 24. Prepayments | 252,374 | 53. Other Current and Accrued Liabilities | 1,689,132 |
| 25. Other Current and Accrued Assets | 381,383 | 54. Total Current & Accrued Liabilities (47 thru 53) | 5,423,203 |
| 26. Total Current and Accrued Assets (15 thru 25) | 6,162,538 | 55. Regulatory Liabilities | 0 |
| 27. Regulatory Assets | 0 | 56. Other Deferred Credits | 143,507 |
| 28. Other Deferred Debits | 848,882 | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | 95,909,832 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 95,909,832 | | |

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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 |
| | PERIOD ENDED June, 2015 |
| | 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

7/17/2015

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 | 25,122,878 | 23,940,154 | 25,991,640 | 3,357,871 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 19,106,121 | 17,875,460 | 19,106,121 | 2,776,767 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 658,776 | 676,737 | 665,364 | 166,131 |
| 7. Distribution Expense - Maintenance | 1,361,881 | 1,432,154 | 1,466,407 | 279,761 |
| 8. Customer Accounts Expense | 919,862 | 1,015,234 | 933,660 | 161,199 |
| 9. Customer Service and Informational Expense | 81,842 | 48,746 | 82,661 | 15,894 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 675,166 | 753,786 | 695,420 | 132,827 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 22,803,648 | 21,802,117 | 22,949,633 | 3,532,579 |
| 13. Depreciation and Amortization Expense | 1,612,252 | 1,741,131 | 1,676,742 | 292,041 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | 56,178 | 56,396 | 56,178 | 56,395 |
| 16. Interest on Long-Term Debt | 178,301 | 232,456 | 310,243 | 57,711 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 1,322 | 785 | 1,322 | 129 |
| 19. Other Deductions | 3,844 | 4,042 | 3,921 | 550 |
| 20. Total Cost of Electric Service (12 thru 19) | 24,655,545 | 23,836,927 | 24,998,039 | 3,939,405 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 467,333 | 103,227 | 993,601 | (581,534) |
| 22. Non Operating Margins - Interest | 54,064 | 54,908 | 54,605 | 4,243 |
| 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 | 65,657 | 71,264 | 65,657 | |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 587,054 | 229,399 | 1,113,863 | (577,291) |

| 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 | | |
| | | | June, 2015 | | |
| 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 | 196 | 170 | 5. Miles Transmission | | |
| 2. Services Retired | 143 | 216 | 6. Miles Distribution - Overhead | 2,503.15 | 2,502.97 |
| 3. Total Services in Place | 24,876 | 24,884 | 7. Miles Distribution - Underground | 131.45 | 133.99 |
| 4. Idle Services (Exclude Seasonals) | 1,325 | 1,344 | 8. Total Miles Energized (5 + 6 + 7) | 2,634.60 | 2,636.96 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 99,137,404 | | 30. Memberships | | 432,480 |
| 2. Construction Work in Progress | 238,263 | | 31. Patronage Capital | | 43,228,462 |
| 3. Total Utility Plant (1 + 2) | 99,375,667 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 35,283,171 | | 33. Operating Margins - Current Year | | 174,491 |
| 5. Net Utility Plant (3 - 4) | 64,092,496 | | 34. Non-Operating Margins | | 54,908 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (710,299) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 43,180,042 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,898,152 | | 37. Long-Term Debt - RUS (Net) | | 3,256,443 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 36,917,057 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 4,039,706 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,414,281 |
| 14. Total Other Property & Investments (6 thru 13) | 24,797,194 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 42,798,925 |
| 15. Cash - General Funds | 1,316,162 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,496,638 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,496,638 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 3,153,321 |
| 20. Accounts Receivable - Sales of Energy (Net) | 3,333,939 | | 49. Consumers Deposits | | 1,226,567 |
| 21. Accounts Receivable - Other (Net) | 164,037 | | 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 | 475,618 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 242,097 | | 53. Other Current and Accrued Liabilities | | 1,723,129 |
| 25. Other Current and Accrued Assets | 459,574 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 6,103,017 |
| 26. Total Current and Accrued Assets (15 thru 25) | 6,000,727 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 148,321 |
| 28. Other Deferred Debits | 836,526 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 95,726,943 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 95,726,943 | | | | |

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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 |
| | PERIOD ENDED July, 2015 |
| | 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

8/13/2015
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 | 28,950,641 | 27,956,657 | 29,949,426 | 4,016,503 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 22,049,475 | 20,808,259 | 22,049,475 | 2,932,799 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 775,763 | 764,668 | 783,520 | 87,931 |
| 7. Distribution Expense - Maintenance | 1,586,550 | 1,740,007 | 1,710,729 | 307,853 |
| 8. Customer Accounts Expense | 1,102,233 | 1,180,012 | 1,118,767 | 164,777 |
| 9. Customer Service and Informational Expense | 89,121 | 51,700 | 90,012 | 2,954 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 845,717 | 872,168 | 871,088 | 118,383 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 26,448,859 | 25,416,814 | 26,623,591 | 3,614,697 |
| 13. Depreciation and Amortization Expense | 1,883,297 | 2,033,601 | 1,958,629 | 292,469 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | 56,178 | 56,395 | 56,178 | |
| 16. Interest on Long-Term Debt | 207,375 | 282,467 | 360,834 | 50,011 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 1,465 | 914 | 1,465 | 130 |
| 19. Other Deductions | 14,494 | 4,782 | 14,784 | 740 |
| 20. Total Cost of Electric Service (12 thru 19) | 28,611,668 | 27,794,973 | 29,015,481 | 3,958,047 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 338,973 | 161,684 | 933,945 | 58,456 |
| 22. Non Operating Margins - Interest | 58,491 | 58,853 | 59,076 | 3,946 |
| 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 | 65,657 | 71,264 | 65,657 | |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 463,121 | 291,801 | 1,058,678 | 62,402 |

| | |
|---|------------------------------------|
| 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 July, 2015 |

| 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 | 233 | 230 | 5. Miles Transmission | | |
| 2. Services Retired | 178 | 249 | 6. Miles Distribution – Overhead | 2,504.44 | 2,503.27 |
| 3. Total Services in Place | 24,878 | 24,911 | 7. Miles Distribution - Underground | 131.90 | 134.74 |
| 4. Idle Services (Exclude Seasonals) | 1,277 | 1,365 | 8. Total Miles Energized (5 + 6 + 7) | 2,636.34 | 2,638.01 |

| PART C. BALANCE SHEET | | | |
|--|------------|--|------------|
| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
| 1. Total Utility Plant in Service | 99,420,130 | 30. Memberships | 433,620 |
| 2. Construction Work in Progress | 274,513 | 31. Patronage Capital | 43,228,462 |
| 3. Total Utility Plant (1 + 2) | 99,694,643 | 32. Operating Margins - Prior Years | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 35,474,401 | 33. Operating Margins - Current Year | 232,948 |
| 5. Net Utility Plant (3 - 4) | 64,220,242 | 34. Non-Operating Margins | 58,853 |
| 6. Non-Utility Property (Net) | 0 | 35. Other Margins and Equities | (705,914) |
| 7. Investments in Subsidiary Companies | 0 | 36. Total Margins & Equities (30 thru 35) | 43,247,969 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,898,152 | 37. Long-Term Debt - RUS (Net) | 3,245,528 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | 38. Long-Term Debt - FFB - RUS Guaranteed | 36,917,057 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | 39. Long-Term Debt - Other - RUS Guaranteed | 0 |
| 11. Investments in Economic Development Projects | 0 | 40. Long-Term Debt Other (Net) | 4,020,311 |
| 12. Other Investments | 0 | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | 0 |
| 13. Special Funds | 0 | 42. Payments – Unapplied | 1,414,281 |
| 14. Total Other Property & Investments (6 thru 13) | 24,797,194 | 43. Total Long-Term Debt (37 thru 41 - 42) | 42,768,615 |
| 15. Cash - General Funds | 803,162 | 44. Obligations Under Capital Leases - Noncurrent | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | 45. Accumulated Operating Provisions and Asset Retirement Obligations | 3,505,048 |
| 17. Special Deposits | 4,300 | 46. Total Other Noncurrent Liabilities (44 + 45) | 3,505,048 |
| 18. Temporary Investments | 5,000 | 47. Notes Payable | 0 |
| 19. Notes Receivable (Net) | 0 | 48. Accounts Payable | 3,581,185 |
| 20. Accounts Receivable - Sales of Energy (Net) | 4,043,940 | 49. Consumers Deposits | 1,232,493 |
| 21. Accounts Receivable - Other (Net) | 198,057 | 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 | 453,381 | 52. Current Maturities Capital Leases | 0 |
| 24. Prepayments | 199,426 | 53. Other Current and Accrued Liabilities | 1,597,466 |
| 25. Other Current and Accrued Assets | 537,765 | 54. Total Current & Accrued Liabilities (47 thru 53) | 6,411,144 |
| 26. Total Current and Accrued Assets (15 thru 25) | 6,245,031 | 55. Regulatory Liabilities | 0 |
| 27. Regulatory Assets | 0 | 56. Other Deferred Credits | 153,860 |
| 28. Other Deferred Debits | 824,169 | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | 96,086,636 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 96,086,636 | | |

According to the Paperwork Reduction Act of 1995, an agency is not required to conduct or sponsor, and a person is not required to respond to, 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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 |
| | PERIOD ENDED August, 2015 |
| | 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

9/10/2015

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 | 32,784,382 | 31,609,800 | 33,912,487 | 3,653,143 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 24,998,997 | 23,458,104 | 24,998,997 | 2,649,845 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 881,479 | 854,167 | 890,294 | 89,499 |
| 7. Distribution Expense - Maintenance | 1,838,198 | 2,003,260 | 1,984,387 | 263,253 |
| 8. Customer Accounts Expense | 1,235,554 | 1,315,159 | 1,254,087 | 135,147 |
| 9. Customer Service and Informational Expense | 117,658 | 66,955 | 118,835 | 15,255 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 965,423 | 991,237 | 994,385 | 119,069 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 30,037,309 | 28,688,882 | 30,240,985 | 3,272,068 |
| 13. Depreciation and Amortization Expense | 2,154,925 | 2,327,190 | 2,241,122 | 293,589 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | 56,178 | 56,395 | 56,178 | |
| 16. Interest on Long-Term Debt | 235,804 | 332,040 | 410,299 | 49,573 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 1,609 | 1,044 | 1,610 | 130 |
| 19. Other Deductions | 16,347 | 11,532 | 16,674 | 6,750 |
| 20. Total Cost of Electric Service (12 thru 19) | 32,502,172 | 31,417,083 | 32,966,868 | 3,622,110 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 282,210 | 192,717 | 945,619 | 31,033 |
| 22. Non Operating Margins - Interest | 80,590 | 80,553 | 81,397 | 21,699 |
| 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 | 65,657 | 71,263 | 65,657 | |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 428,457 | 344,533 | 1,092,673 | 52,732 |

| 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, 2015 | | |
| 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 | 290 | 265 | 5. Miles Transmission | | |
| 2. Services Retired | 226 | 333 | 6. Miles Distribution - Overhead | 2,504.45 | 2,502.27 |
| 3. Total Services in Place | 24,887 | 24,862 | 7. Miles Distribution - Underground | 132.26 | 135.00 |
| 4. Idle Services (Exclude Seasonals) | 1,283 | 1,306 | 8. Total Miles Energized (5 + 6 + 7) | 2,636.71 | 2,637.27 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 99,681,091 | | 30. Memberships | | 433,570 |
| 2. Construction Work in Progress | 251,535 | | 31. Patronage Capital | | 43,228,462 |
| 3. Total Utility Plant (1 + 2) | 99,932,626 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 35,607,446 | | 33. Operating Margins - Current Year | | 263,980 |
| 5. Net Utility Plant (3 - 4) | 64,325,180 | | 34. Non-Operating Margins | | 80,553 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (701,529) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 43,305,036 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,898,152 | | 37. Long-Term Debt - RUS (Net) | | 3,234,582 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 36,917,058 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 3,924,522 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,432,105 |
| 14. Total Other Property & Investments (6 thru 13) | 24,797,194 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 42,644,057 |
| 15. Cash - General Funds | 1,008,824 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,513,525 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,513,525 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 632,799 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 3,038,491 |
| 20. Accounts Receivable - Sales of Energy (Net) | 3,762,235 | | 49. Consumers Deposits | | 1,237,977 |
| 21. Accounts Receivable - Other (Net) | 244,595 | | 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 | 431,248 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 206,050 | | 53. Other Current and Accrued Liabilities | | 1,641,277 |
| 25. Other Current and Accrued Assets | 615,956 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 6,550,544 |
| 26. Total Current and Accrued Assets (15 thru 25) | 6,278,208 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 199,233 |
| 28. Other Deferred Debits | 811,813 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 96,212,395 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 96,212,395 | | | | |

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 September, 2015

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

10/8/2015
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 | 36,115,595 | 34,834,243 | 37,353,080 | 3,224,443 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 27,442,097 | 25,823,999 | 27,442,097 | 2,365,895 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 1,027,022 | 980,528 | 1,037,292 | 126,361 |
| 7. Distribution Expense - Maintenance | 2,054,847 | 2,246,056 | 2,218,455 | 242,796 |
| 8. Customer Accounts Expense | 1,396,801 | 1,478,229 | 1,417,753 | 163,070 |
| 9. Customer Service and Informational Expense | 125,545 | 76,459 | 126,801 | 9,504 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 1,088,850 | 1,127,258 | 1,121,515 | 136,021 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 33,135,162 | 31,732,529 | 33,363,913 | 3,043,647 |
| 13. Depreciation and Amortization Expense | 2,426,905 | 2,621,608 | 2,523,981 | 294,418 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | 56,178 | 56,395 | 56,178 | |
| 16. Interest on Long-Term Debt | 265,010 | 380,797 | 461,117 | 48,757 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 1,841 | 3,402 | 1,841 | 2,358 |
| 19. Other Deductions | 16,347 | 11,632 | 16,674 | 100 |
| 20. Total Cost of Electric Service (12 thru 19) | 35,901,443 | 34,806,363 | 36,423,704 | 3,389,280 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 214,152 | 27,880 | 929,376 | (164,837) |
| 22. Non Operating Margins - Interest | 85,684 | 85,269 | 86,540 | 4,716 |
| 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 | 71,322 | 72,977 | 71,322 | 1,714 |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 371,158 | 186,126 | 1,087,238 | (158,407) |

| 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, 2015 | | |
| 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 | 328 | 309 | 5. Miles Transmission | | |
| 2. Services Retired | 244 | 371 | 6. Miles Distribution - Overhead | 2,506.12 | 2,502.35 |
| 3. Total Services in Place | 24,907 | 24,868 | 7. Miles Distribution - Underground | 132.62 | 135.57 |
| 4. Idle Services (Exclude Seasonals) | 1,340 | 1,304 | 8. Total Miles Energized (5 + 6 + 7) | 2,638.74 | 2,637.92 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 99,974,687 | | 30. Memberships | | 433,570 |
| 2. Construction Work in Progress | 302,357 | | 31. Patronage Capital | | 43,228,462 |
| 3. Total Utility Plant (1 + 2) | 100,277,044 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 35,855,810 | | 33. Operating Margins - Current Year | | 100,858 |
| 5. Net Utility Plant (3 - 4) | 64,421,234 | | 34. Non-Operating Margins | | 85,269 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (695,279) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 43,152,880 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,899,610 | | 37. Long-Term Debt - RUS (Net) | | 3,223,318 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 39,586,072 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 3,905,038 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,432,105 |
| 14. Total Other Property & Investments (6 thru 13) | 24,798,652 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 45,282,323 |
| 15. Cash - General Funds | 3,048,623 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,522,002 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,522,002 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 2,877,773 |
| 20. Accounts Receivable - Sales of Energy (Net) | 3,314,970 | | 49. Consumers Deposits | | 1,229,442 |
| 21. Accounts Receivable - Other (Net) | 166,777 | | 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 | 467,916 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 166,051 | | 53. Other Current and Accrued Liabilities | | 1,678,027 |
| 25. Other Current and Accrued Assets | 694,253 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 5,785,242 |
| 26. Total Current and Accrued Assets (15 thru 25) | 7,867,890 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 144,785 |
| 28. Other Deferred Debits | 799,456 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 97,887,232 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 97,887,232 | | | | |

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.

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| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION | BORROWER DESIGNATION KY0057 <hr/> PERIOD ENDED October, 2015 <hr/> 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

11/17/2015

DATE

PART A. STATEMENT OF OPERATIONS

| ITEM | YEAR-TO-DATE | | | THIS MONTH |
|---|-------------------------|-------------------------|----------------------|------------------|
| | LAST YEAR <i>(a)</i> | THIS YEAR <i>(b)</i> | BUDGET <i>(c)</i> | |
| 1. Operating Revenue and Patronage Capital | 39,357,475 | 37,974,464 | 40,525,596 | 3,140,221 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 29,697,410 | 28,053,036 | 29,816,383 | 2,229,037 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 1,168,998 | 1,131,309 | 1,165,190 | 150,781 |
| 7. Distribution Expense - Maintenance | 2,304,412 | 2,463,110 | 2,459,421 | 217,053 |
| 8. Customer Accounts Expense | 1,575,379 | 1,658,106 | 1,593,763 | 179,877 |
| 9. Customer Service and Informational Expense | 137,623 | 85,745 | 139,341 | 9,286 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 1,231,923 | 1,253,743 | 1,247,488 | 126,486 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 36,115,745 | 34,645,049 | 36,421,586 | 2,912,520 |
| 13. Depreciation and Amortization Expense | 2,699,803 | 2,916,539 | 2,797,682 | 294,931 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | 56,178 | 56,395 | 107,619 | |
| 16. Interest on Long-Term Debt | 293,773 | 430,195 | 513,899 | 49,398 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 1,990 | 3,531 | 2,037 | 129 |
| 19. Other Deductions | 17,107 | 12,092 | 16,878 | 460 |
| 20. Total Cost of Electric Service (12 thru 19) | 39,184,596 | 38,063,801 | 39,859,701 | 3,257,438 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 172,879 | (89,337) | 665,895 | (117,217) |
| 22. Non Operating Margins - Interest | 90,959 | 90,716 | 91,724 | 5,448 |
| 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 | 71,322 | 72,978 | 80,094 | |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 335,160 | 74,357 | 837,713 | (111,769) |

| | |
|---|------------------------------------|
| 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 October, 2015 |

| 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 | 377 | 354 | 5. Miles Transmission | | |
| 2. Services Retired | 293 | 399 | 6. Miles Distribution – Overhead | 2,506.15 | 2,503.59 |
| 3. Total Services in Place | 24,907 | 24,885 | 7. Miles Distribution - Underground | 132.86 | 135.94 |
| 4. Idle Services (Exclude Seasonals) | 1,296 | 1,298 | 8. Total Miles Energized (5 + 6 + 7) | 2,639.01 | 2,639.53 |

| PART C. BALANCE SHEET | | | | |
|--|-------------|--|--|------------|
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | |
| 1. Total Utility Plant in Service | 100,090,478 | | 30. Memberships | 434,585 |
| 2. Construction Work in Progress | 306,328 | | 31. Patronage Capital | 43,228,462 |
| 3. Total Utility Plant (1 + 2) | 100,396,806 | | 32. Operating Margins - Prior Years | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 35,832,458 | | 33. Operating Margins - Current Year | (16,360) |
| 5. Net Utility Plant (3 - 4) | 64,564,348 | | 34. Non-Operating Margins | 90,717 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | (690,893) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | 43,046,511 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,899,610 | | 37. Long-Term Debt - RUS (Net) | 3,212,356 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | 39,586,072 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | 3,885,511 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | 1,432,105 |
| 14. Total Other Property & Investments (6 thru 13) | 24,798,652 | | 43. Total Long-Term Debt (37 thru 41 - 42) | 45,251,834 |
| 15. Cash - General Funds | 2,769,895 | | 44. Obligations Under Capital Leases - Noncurrent | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | 3,530,479 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | 3,530,479 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | 2,812,790 |
| 20. Accounts Receivable - Sales of Energy (Net) | 3,115,432 | | 49. Consumers Deposits | 1,226,426 |
| 21. Accounts Receivable - Other (Net) | 152,592 | | 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 | 380,193 | | 52. Current Maturities Capital Leases | 0 |
| 24. Prepayments | 126,053 | | 53. Other Current and Accrued Liabilities | 1,427,291 |
| 25. Other Current and Accrued Assets | 753,209 | | 54. Total Current & Accrued Liabilities (47 thru 53) | 5,466,507 |
| 26. Total Current and Accrued Assets (15 thru 25) | 7,306,674 | | 55. Regulatory Liabilities | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | 161,443 |
| 28. Other Deferred Debits | 787,100 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | 97,456,774 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 97,456,774 | | | |

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 November, 2015 |
| | 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

12/10/2015

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 | 43,685,141 | 41,458,888 | 44,208,101 | 3,484,425 |
| 2. Power Production Expense | | | | |
| 3. Cost of Purchased Power | 33,021,241 | 30,681,639 | 32,960,389 | 2,628,603 |
| 4. Transmission Expense | | | | |
| 5. Regional Market Expense | | | | |
| 6. Distribution Expense - Operation | 1,286,171 | 1,251,484 | 1,277,946 | 120,176 |
| 7. Distribution Expense - Maintenance | 2,520,441 | 2,675,007 | 2,696,503 | 211,897 |
| 8. Customer Accounts Expense | 1,705,753 | 1,822,317 | 1,723,744 | 164,211 |
| 9. Customer Service and Informational Expense | 152,326 | 97,607 | 152,001 | 11,861 |
| 10. Sales Expense | | | | |
| 11. Administrative and General Expense | 1,350,224 | 1,360,514 | 1,366,873 | 106,771 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 40,036,156 | 37,888,568 | 40,177,456 | 3,243,519 |
| 13. Depreciation and Amortization Expense | 2,973,739 | 3,212,308 | 3,073,361 | 295,769 |
| 14. Tax Expense - Property & Gross Receipts | | | | |
| 15. Tax Expense - Other | 56,178 | 56,395 | 107,619 | |
| 16. Interest on Long-Term Debt | 321,217 | 478,800 | 564,745 | 48,605 |
| 17. Interest Charged to Construction - Credit | | | | |
| 18. Interest Expense - Other | 2,146 | 3,660 | 2,235 | 129 |
| 19. Other Deductions | 17,370 | 12,487 | 17,755 | 395 |
| 20. Total Cost of Electric Service (12 thru 19) | 43,406,806 | 41,652,218 | 43,943,171 | 3,588,417 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 278,335 | (193,330) | 264,930 | (103,992) |
| 22. Non Operating Margins - Interest | 112,728 | 113,444 | 112,066 | 22,727 |
| 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 | 71,322 | 72,978 | 80,095 | |
| 28. Extraordinary Items | | | | |
| 29. Patronage Capital or Margins (21 thru 28) | 462,385 | (6,908) | 457,091 | (81,265) |

| 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, 2015 | | |
| 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 | 412 | 398 | 5. Miles Transmission | | |
| 2. Services Retired | 308 | 410 | 6. Miles Distribution - Overhead | 2,506.47 | 2,504.90 |
| 3. Total Services in Place | 24,927 | 24,918 | 7. Miles Distribution - Underground | 133.03 | 136.52 |
| 4. Idle Services (Exclude Seasonals) | 1,267 | 1,305 | 8. Total Miles Energized (5 + 6 + 7) | 2,639.50 | 2,641.42 |
| PART C. BALANCE SHEET | | | | | |
| ASSETS AND OTHER DEBITS | | | LIABILITIES AND OTHER CREDITS | | |
| 1. Total Utility Plant in Service | 100,581,010 | | 30. Memberships | | 434,550 |
| 2. Construction Work in Progress | 229,395 | | 31. Patronage Capital | | 43,228,369 |
| 3. Total Utility Plant (1 + 2) | 100,810,405 | | 32. Operating Margins - Prior Years | | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 36,032,638 | | 33. Operating Margins - Current Year | | (120,351) |
| 5. Net Utility Plant (3 - 4) | 64,777,767 | | 34. Non-Operating Margins | | 113,444 |
| 6. Non-Utility Property (Net) | 0 | | 35. Other Margins and Equities | | (686,509) |
| 7. Investments in Subsidiary Companies | 0 | | 36. Total Margins & Equities (30 thru 35) | | 42,969,503 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 23,899,610 | | 37. Long-Term Debt - RUS (Net) | | 3,201,026 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | | 38. Long-Term Debt - FFB - RUS Guaranteed | | 42,386,072 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 899,042 | | 39. Long-Term Debt - Other - RUS Guaranteed | | 0 |
| 11. Investments in Economic Development Projects | 0 | | 40. Long-Term Debt Other (Net) | | 3,786,772 |
| 12. Other Investments | 0 | | 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | 0 |
| 13. Special Funds | 0 | | 42. Payments - Unapplied | | 1,449,957 |
| 14. Total Other Property & Investments (6 thru 13) | 24,798,652 | | 43. Total Long-Term Debt (37 thru 41 - 42) | | 47,923,913 |
| 15. Cash - General Funds | 5,061,610 | | 44. Obligations Under Capital Leases - Noncurrent | | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | | 45. Accumulated Operating Provisions and Asset Retirement Obligations | | 3,538,956 |
| 17. Special Deposits | 4,300 | | 46. Total Other Noncurrent Liabilities (44 + 45) | | 3,538,956 |
| 18. Temporary Investments | 5,000 | | 47. Notes Payable | | 0 |
| 19. Notes Receivable (Net) | 0 | | 48. Accounts Payable | | 3,152,263 |
| 20. Accounts Receivable - Sales of Energy (Net) | 3,425,271 | | 49. Consumers Deposits | | 1,223,581 |
| 21. Accounts Receivable - Other (Net) | 67,759 | | 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 | 407,597 | | 52. Current Maturities Capital Leases | | 0 |
| 24. Prepayments | 86,055 | | 53. Other Current and Accrued Liabilities | | 1,348,675 |
| 25. Other Current and Accrued Assets | 831,418 | | 54. Total Current & Accrued Liabilities (47 thru 53) | | 5,724,519 |
| 26. Total Current and Accrued Assets (15 thru 25) | 9,889,010 | | 55. Regulatory Liabilities | | 0 |
| 27. Regulatory Assets | 0 | | 56. Other Deferred Credits | | 83,281 |
| 28. Other Deferred Debits | 774,743 | | 57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56) | | 100,240,172 |
| 29. Total Assets and Other Debits (5+14+26 thru 28) | 100,240,172 | | | | |

**Cumberland Valley Electric, Inc.
Gray, KY**

Case No. 2016-00169

COST OF SERVICE STUDY

Test Year -

Twelve Months Ending November 2015

Prepared: March 2016

J. Adkins

OUTLINE

Schedule

- A Test Year - Actual & Adjusted
- B Functionalization of Expenses
- C Functionalization Footnotes
- D Rate Base Functionalized
- E Classification of Expenses
- F Determination of Demand & Consumer Related Plant Investments
- G Allocation of Costs
- H Demand & Energy Allocators
- I Consumer Allocators
- J Unbundled Statement of Operations
- K Increase Amounts by Rate Class & Rate Design
- L Rate Base for Each Rate Class

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
ACTUAL TEST YEAR EXPENSES WITH ADJUSTMENTS

| Acct No. | Description | Actual \$\$\$\$ | Test Year Adjustments | | | | | | Pro Forma \$\$\$\$ |
|----------|------------------------------|--------------------|------------------------|-----------------|-------------------------|------------------------------|------------------|-----------------------|-----------------------|
| | | | Adjustment 1, 2 & 5 | Adjustment 3 | Adjustment 4, 6, & 7 | Adjustment 8, 9, 10, & 11 | Adjustment 12 | Adjustment 13 & 15 | |
| 555 | Demand Charges | 6,986,348 | | | | | | | 6,986,348 |
| | Energy Charges | 26,406,018 | | | | | | (2,818,449) | 23,587,569 |
| | Load Center Charges | 722,360 | | | | | | (17,184) | 705,176 |
| | Total Purchased Power | 34,114,726 | - | - | - | - | - | (2,835,633) | 31,279,093 |
| 580 | Operations Supv & Eng | - | | | | | | | - |
| 582 | Station Expense | 5,629 | 27 | | | | | | 5,656 |
| 583 | Overhead Line Exp. | 622,602 | 2,960 | | | | | | 625,562 |
| 584 | Underground Line Exp | 46,746 | 222 | | | | | | 46,968 |
| 586 | Meter Expense | 448,223 | 2,131 | | | | | | 450,354 |
| 587 | Consumer Installations | 118,166 | 562 | | | | | | 118,728 |
| 588 | Misc. Distribution Exp | 162,367 | 772 | | | | | | 163,139 |
| 589 | Rents | 7,500 | 36 | (1,138) | | | | | 6,398 |
| | Total Operations | 1,411,233 | 6,709 | (1,138) | - | - | - | - | 1,416,804 |
| 590 | Maint Supv & Eng | - | | | | | | | - |
| 592 | Maint of Station Equip | - | | | | | | | - |
| 593 | Maint. Overhead Lines | 2,547,433 | 19,029 | | | | | | 2,566,463 |
| 594 | Maint of Underground Lines | - | - | | | | | | - |
| 595 | Maint Line Transformers | 13,072 | 98 | | | | | | 13,170 |

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
ACTUAL TEST YEAR EXPENSES WITH ADJUSTMENTS

| Acct | Description | Actual | Test Year Adjustments | | | | | | Pro Forma |
|-------|----------------------------------|------------|-----------------------|------------|------------|----------------|------------|-------------|------------|
| | | | Adjustment | Adjustment | Adjustment | Adjustment | Adjustment | Adjustment | |
| | | \$\$\$\$ | 1, 2 & 5 | 3 | 4, 6, & 7 | 8, 9, 10, & 11 | 12 | 13 & 15 | \$\$\$\$ |
| 930.1 | Director Fees | 179,483 | | | | (68,173) | | | 111,310 |
| 930.1 | General Advertising Exp | 75,546 | | | (1,144) | | | | 74,402 |
| 930.2 | Misc. General Exp-Other | 87,210 | | | | (2,169) | | | 85,041 |
| 930.3 | Capital Credits | 13 | | | | | | | 13 |
| 930.4 | Annual Meetings | 25,840 | | | | | | | 25,840 |
| 932 | Maintenance of General Plant | 117,369 | | (742) | | | | | 116,627 |
| | | | | | | | | | - |
| | Total Admin & General | 1,511,605 | 13,423 | (742) | (1,144) | (52,554) | - | - | 1,470,588 |
| | | | | | | | | | - |
| 403 | Deprec. Distribution Plant | 3,299,174 | | 219,610 | | | | | 3,518,784 |
| 403 | Deprec. General Plant | 186,245 | | | | | | | 186,245 |
| | | | | | | | | | - |
| | Total Depreciation | 3,485,419 | - | 219,610 | - | - | - | - | 3,705,029 |
| | | | | | | | | | - |
| 408 | Taxes Other Than Income Tax | 56,395 | | | | | | | 56,395 |
| 426.1 | Donations | 6,181 | | | (6,181) | | | | 0 |
| 426.1 | Donations - Scholarships | 4,500 | | | (4,500) | | | | - |
| 423.1 | Donations - dues | 1,950 | | | (1,950) | | | | 0 |
| | | | | | | | | | - |
| | Total Miscellaneous | 69,027 | - | - | (12,631) | - | - | - | 56,396 |
| | | | | | | | | | - |
| | Total Interest on LTD | 506,126 | | | 344,521 | | | | 850,646 |
| | | | | | | | | | - |
| | Total Short Term Interest | 3,796 | | | | | | | 3,796 |
| | | | | | | | | | - |
| | Total Costs | 46,110,168 | 62,137 | 214,741 | 330,746 | (52,554) | - | (2,835,633) | 43,829,605 |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Functionalization of Revenue Requirements

| Acct No. | Description | Allocation Basis | Pro Forma \$\$\$\$ | Power Supply | Substa-Station | Lines |
|----------|------------------------------|------------------|--------------------|--------------|----------------|-----------|
| 555 | Demand Charges | Direct Assign | 6,986,348 | 6,986,348 | | |
| | Energy Charges | Direct Assign | 23,587,569 | 23,587,569 | - | |
| | Load Center Charges | Direct Assign | 705,176 | 705,176 | | |
| | Total Purchased Power | | 31,279,093 | 31,279,093 | | |
| 580 | Operations Supv & Eng | Prop. Exp(b) | - | | | |
| 582 | Station Expense | Direct Assign | 5,656 | | 5,656 | |
| 583 | Overhead Line Exp. | Plant Bal (a) | 625,562 | | | 551,027 |
| 584 | Underground Line Exp | Plant Bal (a) | 46,968 | | | 41,372 |
| 586 | Meter Expense | Direct Assign | 450,354 | | | |
| 587 | Consumer Installations | Direct Assign | 118,728 | | | |
| 588 | Misc. Distribution Exp | Prop. Exp(b) | 163,139 | | 740 | 77,484 |
| 589 | Rents | Prop. Exp(b) | 6,398 | | 29 | 3,039 |
| | Total Operations | | 1,416,804 | - | 6,424 | 672,922 |
| | | | - | | | |
| 590 | Maint Supv & Eng | Prop. Exp(b) | - | | | |
| | | | - | | | |
| 592 | Maint of Station Equip | Direct Assign | - | | | |
| 593 | Maint. Overhead Lines | Plt Bal (a) | 2,566,463 | | | 2,260,674 |
| 594 | Maint of Underground Lines | Plt Bal (a) | - | | | |
| 595 | Maint Line Transformers | Direct Assign | 13,170 | | | |
| 596 | Maint of St Lg & Signal Sys | Direct Assign | - | | | |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Functionalization of Revenue Requirements

| Acct No. | Description | Allocation Basis | Trans former | Services | Meters | Cons. & Acct Services | Outdoor Lighting |
|----------|------------------------------|------------------|--------------|----------|---------|-----------------------|------------------|
| 555 | Demand Charges | Direct Assign | | | | | |
| | Energy Charges | Direct Assign | | | | | |
| | Load Center Charges | Direct Assign | | | | | |
| | Total Purchased Power | | | | | | |
| 580 | Operations Supv & Eng | Prop. Exp(b) | | | | | |
| 582 | Station Expense | Direct Assign | | | | | |
| 583 | Overhead Line Exp. | Plant Bal (a) | | 74,534 | | | |
| 584 | Underground Line Exp | Plant Bal (a) | | 5,596 | | | |
| 586 | Meter Expense | Direct Assign | | | 450,354 | | |
| 587 | Consumer Installations | Direct Assign | | | | | 118,728 |
| 588 | Misc. Distribution Exp | Prop. Exp(b) | | 10,481 | 58,905 | | 15,529 |
| 589 | Rents | Prop. Exp(b) | - | 411 | 2,310 | | 609 |
| | Total Operations | | - | 91,022 | 511,569 | - | 134,866 |
| 590 | Maint Supv & Eng | Prop. Exp(b) | | | | | |
| 592 | Maint of Station Equip | Direct Assign | | | | | |
| 593 | Maint. Overhead Lines | Plt Bal (a) | | 305,789 | | | |
| 594 | Maint of Underground Lines | Plt Bal (a) | | - | | | |
| 595 | Maint Line Transformers | Direct Assign | 13,170 | | | | |
| 596 | Maint of St Lg & Signal Sys | Direct Assign | | | | | |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Functionalization of Revenue Requirements

| | Acct No. | Description | Allocation Basis | Pro Forma \$\$\$\$ | Power Supply | Substa-Station | Lines |
|--|----------|------------------------------------|------------------|--------------------|--------------|----------------|-----------|
| | 597 | Maintenance of Meters | Direct Assign | 138,663 | | | |
| | 598 | Maint Misc Distrib Plant | Prop. Exp {c} | 182,725 | | | 151,964 |
| | | Total Distribut Maintenance | | 2,901,021 | - | | 2,412,637 |
| | 901 | Supervision | Direct Assign | | | | |
| | 902 | Meter Reading Expense | Direct Assign | 174,610 | | | |
| | 903 | Cons Recds & Collections | Direct Assign | 1,676,738 | | | |
| | 904 | Uncollectible Accounts | Direct Assign | 178,618 | | | |
| | | Total Consumer Accounts | | 2,029,966 | | | - |
| | 908 | Customer Assist. Expense | Direct Assign | 76,265 | | | |
| | 909 | Customer Information Exp | Direct Assign | 40,002 | | | |
| | | Total Customer Service | | 116,267 | - | - | - |
| | | Total of Above | | 37,743,150 | 31,279,093 | 6,424 | 3,085,559 |
| | 920 | Administrative Salaries | Prop. Exp(d) | 888,865 | | 883 | 424,291 |
| | 921 | Office Supplies | Prop. Exp(d) | 111,055 | | 110 | 53,011 |
| | 923 | Outside Services | Prop. Exp(d) | 89,395 | | 89 | 42,672 |
| | 928 | Regulatory Comm Expenses | Prop. Exp(d) | 10,691 | | 11 | 5,103 |
| | 925 | Injuries & Damages | Prop. Exp(d) | - | | - | - |
| | 929 | Duplicate Charges | Prop. Exp(d) | (42,650) | | (42) | (20,359) |
| | 930.1 | Director Fees | Prop. Exp(d) | 111,310 | | 111 | 53,133 |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Functionalization of Revenue Requirements

| Acct No. | Description | Allocation Basis | Trans former | Services | Meters | Cons. & Acct Services | Outdoor Lighting |
|----------|------------------------------------|------------------|--------------|----------|---------|-----------------------|------------------|
| 597 | Maintenance of Meters | Direct Assign | | | 138,663 | | |
| 598 | Maint Misc Distrib Plant | Prop. Exp {c} | 885 | 20,555 | 9,321 | | |
| | Total Distribut Maintenance | | 14,055 | 326,344 | 147,984 | - | - |
| 901 | Supervision | Direct Assign | | | | | |
| 902 | Meter Reading Expense | Direct Assign | | | | 174,610 | |
| 903 | Cons Recds & Collections | Direct Assign | | | | 1,676,738 | |
| 904 | Uncollectible Accounts | Direct Assign | | | | 178,618 | |
| | Total Consumer Accounts | | - | - | | 2,029,966 | - |
| | | | | | | - | |
| 908 | Customer Assist. Expense | Direct Assign | | | | 76,265 | |
| 909 | Customer Information Exp | Direct Assign | | | | 40,002 | |
| | Total Customer Service | | - | - | | 116,267 | - |
| | | | | | | | |
| | Total of Above | | 14,055 | 417,367 | 659,553 | 2,146,233 | 134,866 |
| | | | | | | | |
| 920 | Administrative Salaries | Prop. Exp(d) | 1,933 | 57,392 | 90,694 | 295,126 | 18,545 |
| 921 | Office Supplies | Prop. Exp(d) | 241 | 7,171 | 11,331 | 36,873 | 2,317 |
| 923 | Outside Services | Prop. Exp(d) | 194 | 5,772 | 9,121 | 29,681 | 1,865 |
| 928 | Regulatory Comm Expenses | Prop. Exp(d) | 23 | 690 | 1,091 | 3,550 | 223 |
| 925 | Injuries & Damages | Prop. Exp(d) | - | - | - | - | - |
| 929 | Duplicate Charges | Prop. Exp(d) | (93) | (2,754) | (4,352) | (14,161) | (890) |
| 930.1 | Director Fees | Prop. Exp(d) | 242 | 7,187 | 11,357 | 36,958 | 2,322 |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Functionalization of Revenue Requirements

| | | Allocation | Pro Forma | Power | Substa- | |
|-------|----------------------------------|--------------|-----------------|---------------|----------------|--------------|
| Acct | Description | <u>Basis</u> | <u>\$\$\$\$</u> | <u>Supply</u> | <u>Station</u> | <u>Lines</u> |
| No. | | | | | | |
| 930.1 | General Advertising Exp | Prop. Exp(d) | 74,402 | | 74 | 35,515 |
| 930.2 | Misc. General Exp-Other | Prop. Exp(d) | 85,041 | | 85 | 40,594 |
| 930.3 | Capital Credits | Prop. Exp(d) | 13 | | 0 | 6 |
| 930.4 | Annual Meetings | Prop. Exp(d) | 25,840 | | 26 | 12,334 |
| 932 | Maintenance of General Plant | Prop. Exp(d) | 116,627 | | 116 | 55,671 |
| | Total Admin & General | | 1,470,588 | | 1,462 | 701,972 |
| | | | - | | | |
| 403 | Deprec. Distribution Plant | Net Plant | 3,518,784 | | 27,118 | 2,279,515 |
| 403 | Deprec. General Plant | Net Plant | 186,245 | | 1,435 | 120,652 |
| | Total Depreciation | | 3,705,029 | - | 28,553 | 2,400,167 |
| | | | - | | | |
| 408 | Taxes Other Than Income Taxe | Rate Base | 56,395 | | 435 | 36,535 |
| 426.1 | Donations | Rate Base | 0 | | 0 | 0 |
| 426.1 | Donations - Scholarships | Rate Base | - | | | |
| 423.1 | Donations - dues | | 0 | | | |
| | Total Miscellaneous | | 56,396 | - | 435 | 36,536 |
| | | | - | | | |
| | Total Interest on LTD | | 850,646 | - | 6,557 | 551,087 |
| | | | - | | | |
| | Total Short Term Interest | Rate Base | 3,796 | - | 29 | 2,459 |
| | | | - | | | |
| | Total Costs | | 43,829,605 | 31,279,093 | 43,460 | 6,777,779 |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Exhibit R
Page 11 of 40
Witness: James Adkins
Schedule B

Functionalization of Revenue Requirements

| Acct No. | Description | Allocation Basis | Trans former | Services | Meters | Cons. & Acct Services | Outdoor Lighting |
|----------|----------------------------------|------------------|--------------|----------|-----------|-----------------------|------------------|
| 930.1 | General Advertising Exp | Prop. Exp(d) | 162 | 4,804 | 7,592 | 24,703 | 1,552 |
| 930.2 | Misc. General Exp-Other | Prop. Exp(d) | 185 | 5,491 | 8,677 | 28,236 | 1,774 |
| 930.3 | Capital Credits | Prop. Exp(d) | 0 | 1 | 1 | 4 | 0 |
| 930.4 | Annual Meetings | Prop. Exp(d) | 56 | 1,668 | 2,637 | 8,579 | 539 |
| 932 | Maintenance of General Plant | Prop. Exp(d) | 254 | 7,530 | 11,900 | 38,723 | 2,433 |
| | Total Admin & General | | 3,198 | 94,952 | 150,050 | 488,273 | 30,682 |
| 403 | Deprec. Distribution Plant | Net Plant | 372,575 | 308,312 | 260,916 | 93,030 | 177,319 |
| 403 | Deprec. General Plant | Net Plant | 19,720 | 16,319 | 13,810 | 4,924 | 9,385 |
| | Total Depreciation | | 392,295 | 324,630 | 274,726 | 97,954 | 186,704 |
| 408 | Taxes Other Than Income Tax | Rate Base | 5,972 | 4,942 | 4,181 | 1,488 | 2,842 |
| 426.1 | Donations | Rate Base | 0 | 0 | 0 | 0 | 0 |
| 426.1 | Donations - Scholarships | Rate Base | | | | | |
| 423.1 | Donations - dues | | | | | | |
| | Total Miscellaneous | | 5,972 | 4,942 | 4,181 | 1,488 | 2,842 |
| | Total Interest on LTD | | 90,085 | 74,536 | 63,071 | 22,440 | 42,871 |
| | Total Short Term Interest | Rate Base | 402 | 333 | 281 | 100 | 191 |
| | Total Costs | | 506,006 | 916,759 | 1,151,862 | 2,756,488 | 398,157 |

CASE NO. 2016-00169

FUNCTIONALIZATION OF REVENUE REQUIREMENTS

FOOTNOTES

| (c) Expense Proportion | | | | | | | | | |
|------------------------|----------------------------|-----------|--------------|--------------|------------|------------|-----------|----------|-----------|
| | | Lines | Transformers | Services | Meters | Total | | | |
| 593 | Maint. Overhead Lines | 2,260,674 | - | 305,789 | - | 2,566,463 | | | |
| 594 | Maint of Underground Li | | - | - | - | - | | | |
| 595 | Maint Line Transformers | - | 13,170 | | - | 13,170 | | | |
| 596 | Maint of St Lg & Signal Sy | - | - | - | - | - | | | |
| 597 | Maintenance of Meters | - | - | - | 138,663 | 138,663 | | | |
| | Total | 2,260,674 | 13,170 | 305,789 | 138,663 | 2,718,296 | | | |
| | Percent | 83.17% | 0.48% | 11.25% | 5.10% | 100.00% | | | |
| (d) Expense Proportion | | | | | | | | | |
| | | Station | Lines | Transformers | Services | Meters | Consumer | Lighting | Total |
| | Total Operations | 6,424 | 672,922 | - | 91,022 | 511,569 | - | 134,866 | 1,416,804 |
| | Total Distribut Maintena | - | 2,412,637.35 | 14,054.90 | 326,344.27 | 147,984.16 | - | - | 2,901,021 |
| | Total Consumer Account | - | - | - | - | - | 2,029,966 | | 2,029,966 |
| | Total Customer Service | - | - | - | - | - | 116,267 | - | 116,267 |
| | Total | 6,424 | 3,085,559 | 14,055 | 417,367 | 659,553 | 2,146,233 | 134,866 | 6,464,057 |
| | Percent | 0.10% | 47.73% | 0.22% | 6.46% | 10.20% | 33.20% | 2.09% | 100.00% |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169
NET INVESTMENT RATE BASE

| | | | | | | | | Consumer | |
|-----|-----------------------------|-------------|----------|------------|--------------|-----------|-----------|--------------|-----------|
| | | | | | | | | Meters | Outdoor |
| | Description | \$\$\$\$ | Stations | Lines | Transformers | Services | Consumer | & Accounting | Lighting |
| | | | | | | | Services | | |
| 360 | Land & Land Rights | 5,488 | | 5,488 | | | | | |
| 362 | Station Equipment | 768,921 | 768,921 | | | | | | |
| 364 | Poles, Towers and Fixtures | 29,674,571 | | 29,674,571 | | | | | - |
| 365 | Overhead Conductor | 27,905,005 | | 27,905,005 | | | | | |
| 366 | Underground Conduit | | | - | | | | | |
| 367 | UG Conductor | 3,889,519 | | 3,889,519 | | | | | |
| 368 | Line Transformers | 10,656,531 | | | 10,656,531 | | | | |
| 369 | Services | 8,314,588 | | | | 8,314,588 | | | - |
| 370 | Meters | 6,656,001 | | | | | 6,656,001 | | |
| 371 | Install. On Consumer Prem. | 4,912,562 | | | | | | | 4,912,562 |
| 373 | Street Ltg & Signal Systems | - | | | | | | | |
| | Total Distribution Plant | 92,783,185 | 768,921 | 61,474,582 | 10,656,531 | 8,314,588 | 6,656,001 | - | 4,912,562 |
| | | | 0.83% | 66.26% | 11.49% | 8.96% | 7.17% | 0.00% | 5.29% |
| | Total General Plant | 8,027,220 | 7,978 | 3,831,721 | 17,454 | 518,296 | 819,048 | 2,665,243 | 167,480 |
| | | | 0.1% | 47.7% | 0.2% | 6.5% | 10.2% | 33.2% | 2.1% |
| | Total Utility Plant | 100,810,405 | 776,899 | 65,306,303 | 10,673,984 | 8,832,884 | 7,475,050 | 2,665,243 | 5,080,042 |
| | Accum. Depreciation | 36,032,638 | 277,687 | 23,342,416 | 3,815,200 | 3,157,136 | 2,671,805 | 952,637 | 1,815,758 |
| | Net Plant | 64,777,767 | 499,212 | 41,963,887 | 6,858,785 | 5,675,749 | 4,803,244 | 1,712,606 | 3,264,284 |
| | | 101,039,800 | 0.77% | 64.78% | 10.59% | 8.76% | 7.41% | 2.64% | 5.04% |
| | CWIP | 229,395 | 1,901 | 151,988 | 26,347 | 20,557 | 16,456 | - | 12,146 |
| | | 65,007,162 | 501,114 | 42,115,876 | 6,885,132 | 5,696,305 | 4,819,701 | 1,712,606 | 3,276,430 |
| | Plus | | | | | | | | |
| | Cash Working Capital | 991,384 | 7,640 | 642,232 | 104,969 | 86,864 | 73,511 | 26,210 | 49,958 |
| | Materials & Supplies | 412,083 | 3,176 | 266,953 | 43,632 | 36,106 | 30,556 | 10,895 | 20,766 |
| | Prepayments | 412,083 | 3,176 | 266,953 | 43,632 | 36,106 | 30,556 | 10,895 | 20,766 |
| | Minus: Consumer Advances | 83,281 | 690 | 55,179 | 9,565 | 7,463 | 5,974 | - | 4,409 |
| | Net Investment Rate Base | 66,739,431 | 514,415 | 43,236,834 | 7,067,800 | 5,847,919 | 4,948,348 | 1,760,605 | 3,363,509 |
| | Percentage | | 0.77% | 64.78% | 10.59% | 8.76% | 7.41% | 2.64% | 5.04% |

CUMBLERLAND VALLEY ELECTRIC
CASE NO. 2016-00169

CLASSIFICATION OF FUNCTIONALIZED COSTS

| Acct No. | Description | Pro Forma \$\$\$\$ | Power Supply | | | Distribution Station | Lines Demand |
|----------|------------------------------|-----------------------|------------------|-------------------|----------------|-------------------------|-----------------|
| | | | Demand | Energy | Load Center | | |
| 555 | Demand Charges | 6,986,348 | 6,986,348 | | | | |
| | Energy Charges | 23,587,569 | - | 23,587,569 | | | |
| | Load Center Charges | 705,176 | | | 705,176 | | |
| | Total Purchased Power | 31,279,093 | 6,986,348 | 23,587,569 | 705,176 | | |
| 580 | Operations Supv & Eng | - | | | | | |
| 582 | Station Expense | 5,656 | | | | 5,656 | |
| 583 | Overhead Line Exp. | 625,562 | 1,670,864 | | | | 252,640 |
| 584 | Underground Line Exp | 46,968 | | | | | 18,968 |
| 586 | Meter Expense | 450,354 | | | | | |
| 587 | Consumer Installations | 118,728 | | | | | |
| 588 | Misc. Distribution Exp | 163,139 | | | | 740 | 35,526 |
| 589 | Rents | 6,398 | | | | 29 | 1,393 |
| | Total Operations | 1,416,804 | | | | 6,424 | 308,527 |
| 590 | Maint Supv & Eng | - | | | | | |
| 592 | Maint of Station Equip | - | | | | | |
| 593 | Maint. Overhead Lines | 2,566,463 | | | | | 1,036,495 |
| 594 | Maint of Underground Lines | - | | | | | |
| 595 | Maint Line Transformers | 13,170 | | | | | |
| 596 | Maint of St Lg & Signal Sys | - | | | | | |
| 597 | Maintenance of Meters | 138,663 | | | | | |
| 598 | Maint Misc Distrib Plant | 182,725 | | | | | 69,674 |

CUMBLERLAND VALLEY ELECTRIC
CASE NO. 2016-00169

CLASSIFICATION OF FUNCTIONALIZED COSTS

| Acct No. | Description | Pro Forma \$\$\$ | Lines Consumer | Transformers Demand | Consumer | Services Consumer | Meters Consumer | Cons & Acct Consumer | Outdoor Lighting |
|----------|------------------------------|---------------------|-------------------|------------------------|----------|----------------------|--------------------|-------------------------|---------------------|
| 555 | Demand Charges | 6,986,348 | | | | | | | |
| | Energy Charges | 23,587,569 | | | | | | | |
| | Load Center Charges | 705,176 | | | | | | | |
| | Total Purchased Power | 31,279,093 | | | | | | | |
| 580 | Operations Supv & Eng | - | | - | | - | - | - | |
| 582 | Station Expense | 5,656 | | | | | | | |
| 583 | Overhead Line Exp. | 625,562 | 298,387 | | | 74,534 | | | |
| 584 | Underground Line Exp | 46,968 | 22,403 | | | 5,596 | | | |
| 586 | Meter Expense | 450,354 | | | | | 450,354 | | |
| 587 | Consumer Installations | 118,728 | | | | | | | 118,728 |
| 588 | Misc. Distribution Exp | 163,139 | 41,958 | | | 10,481 | 58,905 | | 15,529 |
| 589 | Rents | 6,398 | 1,645 | - | | 411 | 2,310 | | 609 |
| | Total Operations | 1,416,804 | 364,394 | - | | 91,022 | 511,569 | | 134,866 |
| 590 | Maint Supv & Eng | - | | | | | | | |
| 592 | Maint of Station Equip | - | | | | | | | |
| 593 | Maint. Overhead Lines | 2,566,463 | 1,224,179 | | | 305,789 | | | |
| 594 | Maint of Underground Lines | - | | | | - | | | |
| 595 | Maint Line Transformers | 13,170 | | 9,991 | 3,178 | | | | |
| 596 | Maint of St Lg & Signal Sys | - | | | | | | | |
| 597 | Maintenance of Meters | 138,663 | | | | | 138,663 | | |
| 598 | Maint Misc Distrib Plant | 182,725 | 82,290 | 672 | 214 | 20,555 | 9,321 | - | - |

**CUMBLERLAND VALLEY ELECTRIC
CASE NO. 2016-00169**

CLASSIFICATION OF FUNCTIONALIZED COSTS

| Acct | Description | Pro Forma \$\$\$\$ | Power Supply | | | Distribution | Lines |
|-------|------------------------------------|-----------------------|--------------|------------|-------------|--------------|-----------|
| | | | Demand | Energy | Load Center | Station | Demand |
| | Total Distribut Maintenance | 2,901,021 | - | - | - | - | 1,106,168 |
| 901 | Supervision | 174,610 | | | | | |
| 902 | Meter Reading Expense | 174,610 | | | | | |
| 903 | Cons Recds & Collections | 1,676,738 | 94,681 | | | | |
| 904 | Uncollectible Accounts | 178,618 | | | | | |
| | Total Consumer Accounts | 2,029,966 | | | | | - |
| | | - | | | | | |
| 908 | Customer Assist. Expense | 76,265 | | | | | |
| 909 | Customer Information Exp | 40,002 | | | | | |
| | Total Customer Service | 116,267 | - | | - | | - |
| | | | | | | | |
| | Total of Above | 37,743,150 | 6,986,348 | 23,587,569 | 705,176 | 6,424 | 1,414,695 |
| | | | | | | | |
| 920 | Administrative Salaries | 888,865 | | | | 883 | 194,533 |
| 921 | Office Supplies | 111,055 | | | | 110 | 24,305 |
| 923 | Outside Services | 89,395 | | | | 89 | 19,565 |
| 928 | Regulatory Comm Expenses | 10,691 | | | | 11 | 2,340 |
| 925 | Injuries & Damages | - | | | | - | - |
| 929 | Duplicate Charges | (42,650) | | | | (42) | (9,334) |
| 930.1 | Director Fees | 111,310 | | | | 111 | 24,361 |

**CUMBLERLAND VALLEY ELECTRIC
CASE NO. 2016-00169**

CLASSIFICATION OF FUNCTIONALIZED COSTS

| Acct | Description | Pro Forma \$\$\$\$ | Lines | | Transformers | | Services | Meters | Cons & Acct | Outdoor |
|-------|------------------------------------|-----------------------|-----------|--------|--------------|----------|----------|-----------|-------------|----------|
| | | | Consumer | Demand | Consumer | Consumer | Consumer | Consumer | Consumer | Lighting |
| | Total Distribut Maintenance | 2,901,021 | 1,306,469 | 10,663 | 3,392 | 326,344 | 147,984 | - | - | |
| 901 | Supervision | 174,610 | | | | | | | | |
| 902 | Meter Reading Expense | 174,610 | | | | | | 174,610 | | |
| 903 | Cons Recds & Collections | 1,676,738 | | | | | | 1,676,738 | | |
| 904 | Uncollectible Accounts | 178,618 | | | | | | 178,618 | | |
| | Total Consumer Accounts | 2,029,966 | | - | | - | | 2,029,966 | - | |
| | | - | | | | | | | | |
| 908 | Customer Assist. Expense | 76,265 | | | | | | 76,265 | | |
| 909 | Customer Information Exp | 40,002 | | | | | | 40,002 | | |
| | Total Customer Service | 116,267 | | - | | - | | 116,267 | - | |
| | | | | | | | | | | |
| | Total of Above | 37,743,150 | 1,670,864 | 10,663 | 3,392 | 417,367 | 659,553 | 2,146,233 | 134,866 | |
| | | | | | | | | | | |
| 920 | Administrative Salaries | 888,865 | 229,758 | 1,466 | 466 | 57,392 | 90,694 | 295,126 | 18,545 | |
| 921 | Office Supplies | 111,055 | 28,706 | 183 | 58 | 7,171 | 11,331 | 36,873 | 2,317 | |
| 923 | Outside Services | 89,395 | 23,107 | 147 | 47 | 5,772 | 9,121 | 29,681 | 1,865 | |
| 928 | Regulatory Comm Expenses | 10,691 | 2,763 | 18 | 6 | 690 | 1,091 | 3,550 | 223 | |
| 925 | Injuries & Damages | - | - | - | - | - | - | - | - | |
| 929 | Duplicate Charges | (42,650) | (11,024) | (70) | (22) | (2,754) | (4,352) | (14,161) | (890) | |
| 930.1 | Director Fees | 111,310 | 28,772 | 184 | 58 | 7,187 | 11,357 | 36,958 | 2,322 | |

CUMBLERLAND VALLEY ELECTRIC
CASE NO. 2016-00169

EXHIBIT R
PAGE 19 OF 40
WITNESS: James Adkins
Schedule E

CLASSIFICATION OF FUNCTIONALIZED COSTS

| Acct | Description | Pro Forma \$\$\$\$ | Power Supply | | | Distribution | Lines |
|--------|----------------------------------|-----------------------|------------------|-------------------|----------------|---------------|------------------|
| | | | Demand | Energy | Load Center | Station | Demand |
| 930.11 | General Advertising Exp | 74,402 | | | | 74 | 16,283 |
| 930.2 | Misc. General Exp-Other | 85,041 | | | | 85 | 18,612 |
| 930.3 | Capital Credits | 13 | | | | 0 | 3 |
| 930.4 | Annual Meetings | 25,840 | | | | 26 | 5,655 |
| 932 | Maintenance of General Plant | 116,627 | | | | 116 | 25,525 |
| | Total Admin & General | 1,470,588 | | | | 1,462 | 321,846 |
| | | - | | | | | - |
| 403 | Deprec. Distribution Plant | 3,518,784 | | | | 27,118 | 1,045,133 |
| 403 | Deprec. General Plant | 186,245 | | | | 1,435 | 55,318 |
| | Total Depreciation | 3,705,029 | - | - | - | 28,553 | 1,100,450 |
| | | - | | | | | |
| 408 | Taxes Other Than Income Taxes | 56,395 | | | | 435 | 16,751 |
| 426.1 | Donations | 0 | | | | 0 | 0 |
| 426.11 | Donations - Scholarships | - | | | | | - |
| 423.12 | Donations - dues | 0 | | | | | - |
| | Total Miscellaneous | 56,396 | - | - | - | 435 | 16,751 |
| | | - | | | | | - |
| | Total Interest on LTD | 850,646 | - | | | 6,557 | 252,668 |
| | | - | | | | | - |
| | Total Short Term Interest | 3,796 | - | | | 29 | 1,127 |
| | | - | | | | | - |
| | Total Costs | 43,829,605 | 6,986,348 | 23,587,569 | 705,176 | 43,460 | 3,107,539 |

**CUMBLERLAND VALLEY ELECTRIC
CASE NO. 2016-00169**

CLASSIFICATION OF FUNCTIONALIZED COSTS

| Acct | Description | Pro Forma \$\$\$\$ | Lines | | Transformers | | Services | Meters | Cons & Acct | Outdoor |
|--------|----------------------------------|-----------------------|------------------|----------------|----------------|----------------|------------------|------------------|----------------|----------|
| | | | Consumer | Demand | Consumer | Consumer | Consumer | Consumer | Consumer | Lighting |
| 930.11 | General Advertising Exp | 74,402 | 19,232 | 123 | 39 | 4,804 | 7,592 | 24,703 | 1,552 | |
| 930.2 | Misc. General Exp-Other | 85,041 | 21,982 | 140 | 45 | 5,491 | 8,677 | 28,236 | 1,774 | |
| 930.3 | Capital Credits | 13 | 3 | 0 | 0 | 1 | 1 | 4 | 0 | |
| 930.4 | Annual Meetings | 25,840 | 6,679 | 43 | 14 | 1,668 | 2,637 | 8,579 | 539 | |
| 932 | Maintenance of General Plant | 116,627 | 30,146 | 192 | 61 | 7,530 | 11,900 | 38,723 | 2,433 | |
| | Total Admin & General | 1,470,588 | 380,125 | 2,426 | 772 | 94,952 | 150,050 | 488,273 | 30,682 | |
| | | - | - | | | | | | | |
| 403 | Deprec. Distribution Plant | 3,518,784 | 1,234,382 | 282,654 | 89,921 | 308,312 | 260,916 | 93,030 | 177,319 | |
| 403 | Deprec. General Plant | 186,245 | 65,334 | 14,961 | 4,759 | 16,319 | 13,810 | 4,924 | 9,385 | |
| | Total Depreciation | 3,705,029 | 1,299,716 | 297,614 | 94,681 | 324,630 | 274,726 | 97,954 | 186,704 | |
| | | - | - | | | | | | | |
| 408 | Taxes Other Than Income Taxes | 56,395 | 19,784 | 4,531 | 1,441 | 4,942 | 4,181 | 1,488 | 2,842 | |
| 426.1 | Donations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 426.11 | Donations - Scholarships | - | - | | | | | | | |
| 423.12 | Donations - dues | 0 | - | | | | | | | |
| | Total Miscellaneous | 56,396 | 19,784 | 4,531 | 1,441 | 4,942 | 4,181 | 1,488 | 2,842 | |
| | | - | - | | | | | | | |
| | Total Interest on LTD | 850,646 | 298,420 | 68,343 | 21,742 | 74,536 | 63,071 | 22,440 | 42,871 | |
| | | - | - | | | | | | | |
| | Total Short Term Interest | 3,796 | 1,332 | 305 | 97 | 333 | 281 | 100 | 191 | |
| | | - | - | | | | | | | |
| | Total Costs | 43,829,605 | 3,670,241 | 383,881 | 122,125 | 916,759 | 1,151,862 | 2,756,488 | 398,157 | |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Exhibit R
Page 21 of 46
Witness: James Adkins
Schedule F

Determination of Certain Plant Investments as Demand Related or Consumer Related

| Account 364 - Poles | | | | | | |
|---------------------------------|------------|-----------------|---------------|-------|--|--|
| Pole | Investment | Number of Units | Unit Cost | Size | | |
| 30.00 | 4,684,595 | 13,980 | 335.09 | 25.00 | | |
| 35.00 | 1,216,604 | 8,267 | 147.16 | 35.00 | | |
| 40.00 | 8,757,707 | 18,467 | 474.24 | 40.00 | | |
| 45.00 | 3,082,724 | 5,788 | 532.61 | 45.00 | | |
| 50.00 | 1,047,257 | 1,568 | 667.89 | 50.00 | | |
| 55.00 | 390,394 | 410 | 952.18 | 55.00 | | |
| 60.00 | 106,419 | 87 | 1,223.20 | 60.00 | | |
| 65.00 | 63,077 | 58 | 1,087.54 | 65.00 | | |
| 70.00 | 17,987 | 21 | 856.50 | 70.00 | | |
| 75.00 | 13,697 | 2 | 6,848.68 | 75.00 | | |
| Total for Sample | 19,380,462 | 48,648 | | | | |
| X Variable - (Size) | 11.01 | | | | | |
| Zero Intercept | (29.91) | | | | | |
| Use Minimum Size Pole | | | 147.16 | | | |
| Number of poles | | | 48,648.00 | | | |
| Consumer Related Investment | | | 7,159,231.75 | | | |
| Total Investment for sample | | | 19,380,462.16 | | | |
| Percent Customer Related | | | 36.94% | | | |
| Percent Demand Related | | | 63.06% | | | |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Exhibit R
Page 22 of 40
Witness: James Adkins
Schedule F

Determination of Certain Plant Investments as Demand Related or Consumer Related

| Account 365 - Overhead Conductor | | | | | | |
|--|-------------------|------------------------|------------------|-------------|--|--|
| <u>Conductor</u> | <u>Investment</u> | <u>Number of Units</u> | <u>Unit Cost</u> | <u>Amps</u> | | |
| 6ACWC | 689 | 12,164 | \$ 0.0566 | 140 | | |
| 8ACWC | 8,355 | 154,482 | \$ 0.0541 | 100 | | |
| 4 HD CU | 22,935 | 206,906 | \$ 0.1108 | 170 | | |
| 6HD CU | 8,876 | 107,987 | \$ 0.0822 | 128 | | |
| 1/0 ACSR | 1,830,598 | 4,427,885 | \$ 0.4134 | 242 | | |
| 2/0 ACSR | 117,654 | 527,534 | \$ 0.2230 | 276 | | |
| 4/0 ACSR | 1,598,035 | 2,199,887 | \$ 0.7264 | 357 | | |
| 2 ACSR | 6,485,603 | 12,712,740 | \$ 0.5102 | 184 | | |
| 4 ACSR | 2,030,455 | 6,419,782 | \$ 0.3163 | 140 | | |
| #336.4 ACSR | 880,426 | 918,426 | \$ 0.9586 | 519 | | |
| 3/0 ACSR | 23,425 | 2,259,903 | \$ 0.0104 | 315 | | |
| 397.5 MCM AL | 110 | 267 | \$ 0.4114 | 576 | | |
| Aerial Cable | 83,323 | 72,029 | \$ 1.1568 | 268 | | |
| 4/0 Aerial Cable | 4,242 | 7,885 | \$ 0.5380 | 268 | | |
| Aerial Cable 2 | 8,106 | 1,430 | \$ 5.6688 | 128 | | |
| 2 SP Cable | 200 | 838 | \$ 0.2385 | 128 | | |
| 1/0 SP Cable | 7,470 | 950 | \$ 7.8632 | 172 | | |
| 266.8 MCM-CU | 9,351 | 44,109 | \$ 0.2120 | 308 | | |
| 4/0 SP Cable | 70,292 | 23,880 | \$ 2.9436 | 268 | | |
| Total for Sample | 13,190,145 | 30,099,084 | \$ 0.4382 | | | |
| X Variable - (Size) | 0.00081 | | | | | |
| Zero Intercept | 0.25236 | | | | | |
| Total Amount of Conductor in Feet | | 30,099,084 | | | | |
| Use Zero Intercept | | 0.25236 | | | | |
| Minimum Size Investment -Consumer Related | | 7,595,792.21 | 57.59% | | | |
| Demand Related | | 5,594,353 | 42.41% | | | |
| Investment in Conductor | | 13,190,145.06 | 100.00% | | | |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Exhibit R
Page 23 of 40
Witness: James Adkins
Schedule F

Determination of Certain Plant Investments as Demand Related or Consumer Related

| Account 367 - Underground Conductor | | | | | | |
|---|-------------------|--------------------------------|-------------------------|------------------------|-----------------------|----------------------|
| <u>Conductor</u> | <u>Investment</u> | <u>Number of Units</u> | <u>Unit Cost</u> | <u>Amps</u> | | |
| Cable , UG Duplex, 600V | 2,769 | 373 | 7.42 | 70 | | |
| 2 URD Triplex | 227,471 | 53,184 | 4.28 | 120 | | |
| 4 URD Triplex | 4,567 | 570 | 8.01 | 90 | | |
| 350 URD Triplex | 156,635 | 29,635 | 5.29 | 320 | | |
| 1/0 URD Conc | 33,664 | 13,213 | 2.55 | 155 | | |
| 2/0 URD Triplex | 882,420 | 248,394 | 3.55 | 180 | | |
| 4/0 URD Triplex | 942,695 | 292,874 | 3.22 | 240 | | |
| 350 URD Quad | 5,462 | 746 | 7.32 | 320 | | |
| 2 URD CONC | 756,273 | 172,891 | 4.37 | 119 | | |
| 2 URD SOL | 56,982 | 28,826 | 1.98 | 168 | | |
| Total for Sample | 3,068,939 | 840,706 | 3.65 | | | |
| X Variable - (Size) | -0.00386 | | | | | |
| Zero Intercept | 4.32554 | | | | | |
| Total Amount of Conductor in Feet | | 840,706 | | | | |
| Use Minimum Size | | 1,97675 | | | | |
| Minimum Size Investment -Consumer Related | | 1,661,863.38 | 54.15% | | | |
| Demand Related | | 1,407,075 | 45.85% | | | |
| Investment in Conductor | | 3,068,938.58 | 100.00% | | | |
| Breakdown of Lines into Demand Related and Consumer Related Components | | | | | | |
| | | Total Sample Investment | Percent Consumer | Amount Consumer | Percent Demand | Amount Demand |
| Underground Conductor | | 3,068,939 | 54.15% | 1,661,863.38 | 45.85% | 1,407,075 |
| Overhead Conductor | | 13,190,145 | 57.59% | 7,595,792.21 | 42.41% | 5,594,353 |
| Poles | | 19,380,462 | 36.94% | 7,159,231.75 | 63.06% | 12,221,230 |
| | | 22,449,400.74 | | 8,821,095.14 | | 13,628,305.60 |
| Percentage Allocations For Overhead Lines | | | | 39.29% | | 60.71% |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Exhibit R
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Witness: James Adkins
Schedule F

Determination of Certain Plant Investments as Demand Related or Consumer Related

| Account 368-Transformers | | | | | | | |
|--|--|------------------|--------------------|---------------|--------------------|------|--|
| Pole | | Investment | Number of Units | Unit Cost | Predicted Value | Size | |
| 1.5KVA CSP | | 22,260 | 213.00 | 104.51 | 1.50 | | |
| 3.KVA CSP | | 73,018 | 542.00 | 134.72 | 3.00 | | |
| 5KVA CSP | | 150,249 | 881.00 | 170.54 | 5.00 | | |
| 7.5KVA CSP | | 7,132 | 32.00 | 222.88 | 7.50 | | |
| 10KVA CSP | | 1,031,822 | 4,548.00 | 226.87 | 10.00 | | |
| 15KVA CSP | | 2,552,394 | 8,743.00 | 291.94 | 15.00 | | |
| 25KVA CSP | | 2,097,274 | 4,013.00 | 522.62 | 25.00 | | |
| 50 KVA CSP | | 279,152 | 337.00 | 828.35 | 50.00 | | |
| 10 KVA | | 23,236 | 60.00 | 387.26 | 10.00 | | |
| 15 KVA | | 425,502 | 660.00 | 644.70 | 15.00 | | |
| 25 KVA | | 184,988 | 280.00 | 660.67 | 25.00 | | |
| 37.5 KVA | | 21,794 | 46.00 | 473.79 | 37.50 | | |
| 50 KVA | | 328,841 | 415.00 | 792.39 | 50.00 | | |
| 75 KVA CSP | | 1,645 | 2.00 | 822.71 | | | |
| 500 KVA URD | | 40,445 | 8.00 | 5,055.66 | | | |
| 50R BARE COST | | 4,610 | 2.00 | 2,304.79 | | | |
| 300 KVA URD | | 15,475 | 4.00 | 3,868.82 | | | |
| 1667 KVA AUTO CONV | | 4,159 | 3.00 | 1,386.17 | | | |
| 2000 KVA 3PH PAD MT | | 16,504 | 4.00 | 4,125.96 | | | |
| 75KVA | | 12,457 | 13.00 | 958.27 | | | |
| 100KVA | | 177,408 | 132.00 | 1,344.00 | | | |
| 167 KVA | | 160,099 | 87.00 | 1,840.22 | | | |
| 250 KVA | | 57,539 | 22.00 | 2,615.40 | | | |
| 333 KVA | | 175,919 | 51.00 | 3,449.40 | | | |
| 500 KVA | | 21,706 | 3.00 | 7,235.32 | | | |
| 500 KVA 3PH PAD MT | | 79,745 | 11.00 | 7,249.53 | | | |
| 1500 KVA PAD MT | | 9,265 | 1.00 | 9,265.00 | | | |
| 500 KVA URD | | 39,937 | 8.00 | 4,992.06 | | | |
| 750-1000 KVA 3PH PAD MT | | 79,109 | 8.00 | 9,888.68 | | | |
| 1500 KVA PAD MT | | 9,265 | 1.00 | 9,265.00 | | | |
| Total Sample Investment | | 8,102,950 | 21,130 | 383.48 | | | |
| X Variable - (Size) | | 15.65 | | | | | |
| Zero Intercept | | 67.3766 | | | | | |
| Number of Transformers | | | | 20,770.00 | | | |
| Zero Intercept | | | | 67.38 | | | |
| Consumer Related Investment | | | | 1,399,412.26 | | | |
| Demand Related Investment | | | | 5,798,250.94 | | | |
| Percentage of Investment Consumer Related | | | | 24.14% | | | |
| Percentage of Investment Demand Related | | | | 75.86% | | | |

**CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169**

Exhibit R
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WITNESS: James Adkins
Schedule G

REVENUE REQUIREMENTS FOR EACH RATE CLASS

| | A | B | C | D | E |
|----|---|-------------------------------|------------|--------|--------------|
| 1 | | | | | Schedule I |
| 2 | | Catengory | | Enviro | Residential, |
| 3 | | | Amount | Watts | Schl & Chur |
| 4 | | Purchased Power Costs | | | |
| 5 | | <u>Demand</u> | 6,986,348 | | 5,059,147 |
| 6 | | Load Center Charges | 705,176 | | 470,409 |
| 7 | | Total Purchased Power Demand | 7,691,524 | | 5,529,556 |
| 8 | | | | | |
| 9 | | <u>Energy</u> | 23,587,569 | 656 | 15,493,534 |
| 10 | | | | | |
| 11 | | Distribution Costs | | | |
| 12 | | <u>Demand Related</u> | | | |
| 13 | | Stations | 43,460 | | 28,991 |
| 14 | | Lines | 3,107,539 | | 2,072,979 |
| 15 | | Transformers | 383,881 | | 256,080 |
| 16 | | Total Demand Realted | 3,534,880 | | 2,358,050 |
| 17 | | | | | |
| 18 | | <u>Consumer Related</u> | | | |
| 19 | | Lines | 3,670,241 | | 3,415,399 |
| 20 | | Transformers | 122,125 | | 105,965 |
| 21 | | Services | 916,759 | | 788,645 |
| 22 | | Meters | 1,151,862 | | 1,000,580 |
| 23 | | Consumer Svc | | | |
| 24 | | & Accouting | 2,756,488 | | 2,149,035 |
| 25 | | Total Consumer Related | 8,617,475 | | 7,459,624 |
| 26 | | | | | |
| 27 | | Outdoor Lighting | 398,157 | | |
| 28 | | | | | |
| 29 | | Total Costs | 43,829,604 | 656 | 30,840,765 |
| 30 | | | | | |
| 31 | | | | | |
| 32 | | Purchased Power Demand Costs | 7,691,524 | | 5,529,556 |
| 33 | | Purchased Power Energy Costs | 23,587,569 | 656 | 15,493,534 |
| 34 | | Distribution Demand Costs | 3,534,880 | | 2,358,050 |
| 35 | | Distribution Consumer Costs | 8,617,475 | | 7,459,624 |
| 36 | | Distribution Outdoor Lighting | 398,157 | | |
| 37 | | | | | |
| 38 | | | 43,829,604 | 656 | 30,840,765 |

**CUMBERLAND VALLEY ELECTRIC
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Exhibit R
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WITNESS: James Adkins
Schedule G

REVENUE REQUIREMENTS FOR EACH RATE CLASS

| | B | C | F | G | H | I |
|----|--------------------------------------|------------|------------|-------------|-------------|--------------|
| 1 | | | Schedule I | Schedule II | Schedule II | Schedule III |
| 2 | Category | | Marketing | Sml Com | Sml Com | 3 Phase Schl |
| 3 | | Amount | Rate | 1 Phase | 3 Phase | & Churches |
| 4 | Purchased Power Costs | | | | | |
| 5 | <u>Demand</u> | 6,986,348 | | 139,657 | 218,267 | 241,749 |
| 6 | Load Center Charges | 705,176 | | 18,494 | 18,922 | 29,036 |
| 7 | Total Purchased Power Demand | 7,691,524 | - | 158,151 | 237,188 | 270,784 |
| 8 | | | | | | |
| 9 | <u>Energy</u> | 23,587,569 | 37,988 | 746,171 | 380,744 | 817,165 |
| 10 | | | | | | |
| 11 | Distribution Costs | | | | | |
| 12 | <u>Demand Related</u> | | | | | |
| 13 | Stations | 43,460 | - | 1,140 | 1,166 | 1,789 |
| 14 | Lines | 3,107,539 | - | 81,500 | 83,383 | 127,954 |
| 15 | Transformers | 383,881 | - | 10,068 | 10,301 | 15,806 |
| 16 | Total Demand Related | 3,534,880 | - | 92,707 | 94,850 | 145,549 |
| 17 | | | | | | |
| 18 | <u>Consumer Related</u> | | | | | |
| 19 | Lines | 3,670,241 | - | 205,857 | 21,702 | 7,441 |
| 20 | Transformers | 122,125 | - | 8,218 | 1,551 | 1,686 |
| 21 | Services | 916,759 | - | 70,839 | 26,501 | 6,097 |
| 22 | Meters | 1,151,862 | 4,042 | 60,308 | 53,933 | 2,180 |
| 23 | Consumer Svc | | | | | |
| 24 | & Accouting | 2,756,488 | 5,064 | 215,882 | 45,517 | 13,265 |
| 25 | Total Consumer Related | 8,617,475 | 9,106 | 561,105 | 149,205 | 30,668 |
| 26 | | | | | | |
| 27 | Outdoor Lighting | 398,157 | | | | |
| 28 | | | | | | |
| 29 | Total Costs | 43,829,604 | 47,093 | 1,558,134 | 861,987 | 1,264,167 |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | Purchased Power Demand Costs | 7,691,524 | - | 158,151 | 237,188 | 270,784 |
| 33 | Purchased Power Energy Costs | 23,587,569 | 37,988 | 746,171 | 380,744 | 817,165 |
| 34 | Distribution Demand Costs | 3,534,880 | - | 92,707 | 94,850 | 145,549 |
| 35 | Distribution Consumer Costs | 8,617,475 | 9,106 | 561,105 | 149,205 | 30,668 |
| 36 | Distribution Outdoor Lighting | 398,157 | | | | |
| 37 | | | | | | |
| 38 | | 43,829,604 | 47,093 | 1,558,134 | 861,987 | 1,264,167 |

REVENUE REQUIREMENTS FOR EACH RATE CLASS

| | B | C | J | K | L | M |
|----|-------------------------------|------------|--------------|---------------|-------------|------------|
| 1 | | | Schedule IV | Schedule IV-A | Schedule VI | |
| 2 | Category | | Large Power | Large Power | Outdoor | |
| 3 | | Amount | 2500 kW Plus | 50-2500 kW | Lights | Total |
| 4 | Purchased Power Costs | | | | | |
| 5 | <u>Demand</u> | 6,986,348 | 132,976 | 1,107,059 | 87,495 | 6,986,348 |
| 6 | Load Center Charges | 705,176 | 19,794 | 134,106 | 14,414 | 705,176 |
| 7 | Total Purchased Power Demand | 7,691,524 | 152,770 | 1,241,165 | 101,909 | 7,691,524 |
| 8 | | | | | | |
| 9 | <u>Energy</u> | 23,587,569 | 847,179 | 4,681,273 | 582,859 | 23,587,569 |
| 10 | | | | | | |
| 11 | Distribution Costs | | | | | |
| 12 | <u>Demand Related</u> | | | | | |
| 13 | Stations | 43,460 | 1,220 | 8,265 | 888 | 43,460 |
| 14 | Lines | 3,107,539 | 87,228 | 590,974 | 63,521 | 3,107,539 |
| 15 | Transformers | 383,881 | 10,776 | 73,004 | 7,847 | 383,881 |
| 16 | Total Demand Related | 3,534,880 | 99,224 | 672,243 | 72,256 | 3,534,880 |
| 17 | | | | | | |
| 18 | <u>Consumer Related</u> | | | | | |
| 19 | Lines | 3,670,241 | 155 | 12,246 | 7,441 | 3,670,241 |
| 20 | Transformers | 122,125 | 406 | 4,162 | 137 | 122,125 |
| 21 | Services | 916,759 | 121 | 9,579 | 14,977 | 916,759 |
| 22 | Meters | 1,151,862 | 385 | 30,434 | - | 1,151,862 |
| 23 | Consumer Svc | | | | | |
| 24 | & Accouting | 2,756,488 | 1,040 | 56,506 | 270,178 | 2,756,488 |
| 25 | Total Consumer Related | 8,617,475 | 2,108 | 112,927 | 292,732 | 8,617,475 |
| 26 | | | | | | |
| 27 | Outdoor Lighting | 398,157 | | | 398,157 | 398,157 |
| 28 | | | | | | |
| 29 | Total Costs | 43,829,604 | 1,101,281 | 6,707,609 | 1,447,912 | 43,829,604 |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | Purchased Power Demand Costs | 7,691,524 | 152,770 | 1,241,165 | 101,909 | 7,691,524 |
| 33 | Purchased Power Energy Costs | 23,587,569 | 847,179 | 4,681,273 | 582,859 | 23,587,569 |
| 34 | Distribution Demand Costs | 3,534,880 | 99,224 | 672,243 | 72,256 | 3,534,880 |
| 35 | Distribution Consumer Costs | 8,617,475 | 2,108 | 112,927 | 292,732 | 8,617,475 |
| 36 | Distribution Outdoor Lighting | 398,157 | | | 398,157 | 398,157 |
| 37 | | | | | | - |
| 38 | | 43,829,604 | 1,101,281 | 6,707,609 | 1,447,912 | 43,829,604 |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Demand Related Costs and Energy Related Costs Allocators

| C. Monthly Peak Demands for Each Rate Class | | | | | | | | | | |
|--|----------------|--------------|---------------|---------------|---------------|---------------|----------------|-----------------|--|------------------|
| | Schedule 1 | Schedule 1 | Schedule II | Schedule II | Schedule III | Schedule IV | Schedule IV-A | Schedule VI | | |
| | Residential | Residential | Commercial | Small Power | Three Phase | Large Power | Large Power | Outdoor Lights | | Total |
| Month | Schls & Chur | ETS | No Demand | W/Demand | Schls & Chur | Industrial | Rate | Security Lights | | |
| December | 74,329 | - | 4,235 | 2,772 | 4,840 | 4,256 | 21,889 | 2,458 | | 114,779 |
| January | 104,562 | - | 4,261 | 3,334 | 5,230 | 4,071 | 21,202 | 2,461 | | 145,121 |
| February | 122,387 | - | 4,157 | 4,145 | 5,246 | 4,241 | 20,547 | 2,462 | | 163,185 |
| March | 91,285 | - | 2,678 | 3,097 | 4,749 | 4,759 | 22,615 | 2,456 | | 131,639 |
| April | 61,056 | - | 4,248 | 2,806 | 4,860 | 4,193 | 22,869 | 2,458 | | 102,490 |
| May | 69,422 | - | 1,949 | 3,396 | 5,382 | 3,494 | 23,661 | 2,469 | | 109,773 |
| June | 67,625 | - | 2,236 | 3,087 | 4,408 | 3,403 | 23,567 | 2,471 | | 106,797 |
| July | 75,830 | - | 3,762 | 3,628 | 4,156 | 2,515 | 23,997 | 2,478 | | 116,366 |
| August | 75,737 | - | 2,012 | 3,400 | 5,213 | 2,401 | 24,955 | 2,484 | | 116,202 |
| September | 84,224 | - | 1,982 | 3,525 | 5,608 | 2,407 | 24,371 | 2,490 | | 124,607 |
| October | 71,560 | - | 3,159 | 2,717 | 5,096 | 2,391 | 24,209 | 2,492 | | 111,624 |
| November | 70,286 | - | 3,390 | 3,042 | 4,980 | 2,614 | 22,166 | 2,492 | | 108,970 |
| Total | 968,303 | - | 38,069 | 38,949 | 59,768 | 40,745 | 276,048 | 29,671 | | 1,451,553 |
| Percent | 66.71% | 0.00% | 2.62% | 2.68% | 4.12% | 2.81% | 19.02% | 2.04% | | 100.00% |
| Used to allocate distribution demand related costs to appropriate rate classes | | | | | | | | | | |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Demand Related Costs and Energy Related Costs Allocators

| A. Energy Sales | | | | | | | | | | |
|--|--------------------|----------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|--|--------------------|
| Allocation is proportional on actual sales to end use customers | | | | | | | | | | |
| | Schedule 1 | Schedule 1 | Schedule II | Schedule II | Schedule III | Schedule IV | Schedule IV-A | Schedule VI | | |
| | Residential | Residential | Commercial | Small Power | Three Phase | Large Power | Large Power | Outdoor Lights | | Total |
| Month | Schls & Chur | ETS | No Demand | W/Demand | Schls & Chur | Industrial | Rate | Security Lights | | |
| January | 29,103,214 | 119,674 | 1,173,456 | 597,612 | 1,335,021 | 1,956,600 | 7,091,903 | 938,854 | | 42,316,334 |
| February | 36,498,522 | 160,352 | 1,362,903 | 645,799 | 1,584,899 | 1,602,000 | 7,788,431 | 942,844 | | 50,585,750 |
| March | 42,781,729 | 192,039 | 1,498,154 | 638,848 | 1,610,651 | 1,728,000 | 8,013,886 | 941,164 | | 57,404,471 |
| April | 27,076,069 | 117,757 | 1,171,325 | 608,159 | 1,270,416 | 1,591,200 | 6,203,863 | 940,954 | | 38,979,743 |
| May | 19,397,048 | 50,227 | 1,148,740 | 649,327 | 1,240,462 | 1,648,800 | 7,381,378 | 941,374 | | 32,457,356 |
| June | 17,973,045 | 12,568 | 1,053,649 | 640,603 | 1,207,283 | 1,335,600 | 7,373,376 | 942,354 | | 30,538,478 |
| July | 21,815,204 | 935 | 1,176,442 | 635,825 | 1,192,677 | 1,242,000 | 8,091,828 | 939,624 | | 35,094,535 |
| August | 25,916,196 | 1,013 | 1,366,439 | 613,644 | 1,033,766 | 993,600 | 8,044,206 | 941,724 | | 38,910,588 |
| September | 21,823,413 | 877 | 1,205,115 | 639,367 | 1,356,211 | 1,083,600 | 8,153,421 | 947,534 | | 35,209,538 |
| October | 18,538,351 | 1,351 | 1,145,361 | 620,866 | 1,527,049 | 1,062,000 | 7,882,800 | 946,526 | | 31,724,304 |
| November | 18,105,995 | 19,832 | 1,119,258 | 551,711 | 1,264,542 | 1,058,400 | 7,416,068 | 947,772 | | 30,483,578 |
| December | 21,831,534 | 61,006 | 1,068,021 | 551,383 | 1,244,426 | 1,148,400 | 7,458,032 | 947,002 | | 34,309,804 |
| Total | 300,860,320 | 737,631 | 14,488,863 | 7,393,144 | 15,867,403 | 16,450,200 | 90,899,192 | 11,317,726 | | 458,014,479 |
| Percent | 65.69% | 0.16% | 3.16% | 1.61% | 3.46% | 3.59% | 19.85% | 2.47% | | 100.00% |
| Used to allocate purchased power energy costs to retail rate classes. Wholesale energy costs for rate classes LP1 And LP2 are directly assigned. | | | | | | | | | | |

CUMBERLAND VALLEY ELECTRIC, INC.

Case No. 2016-00169

Demand Related Costs and Energy Related Costs Allocators

| B. Wholesale Billing CP Contributions | | | | | | | | | | |
|--|--------------|-------------|-------------|-------------|--------------|-------------|---------------|-----------------|-------|-----------|
| | Schedule 1 | Schedule 1 | Schedule II | Schedule II | Schedule III | Schedule IV | Schedule IV-A | Schedule VI | | |
| | Residential | Residential | Commercial | Small Power | Three Phase | Large Power | Large Power | Outdoor Lights | | Total |
| Month | Schls & Chur | ETS | No Demand | W/Demand | Schls & Chur | Industrial | Rate | Security Lights | | |
| December | 71,427 | - | 2,699 | 2,772 | 4,363 | 2,109 | 16,674 | 2,458 | | 102,502 |
| January | 104,561 | - | 4,261 | 3,334 | 3,052 | 2,305 | 17,965 | 2,461 | | 137,939 |
| February | 122,387 | - | 4,157 | 4,145 | 3,377 | 2,105 | 18,684 | 2,462 | | 157,317 |
| March | 91,285 | - | 2,678 | 3,092 | 3,044 | 2,851 | 19,023 | 2,456 | | 124,429 |
| April | 48,528 | - | 1,490 | 2,594 | 3,313 | 1,922 | 14,532 | - | | 72,379 |
| May | 42,781 | - | 861 | 3,334 | 2,505 | 913 | 13,286 | - | | 63,680 |
| June | 58,638 | - | 1,368 | 2,811 | 2,998 | 2,083 | 16,622 | - | | 84,520 |
| July | 62,936 | - | 522 | 3,370 | 3,767 | 1,860 | 14,041 | - | | 86,496 |
| August | 60,428 | - | 1,226 | 2,884 | 3,741 | 1,629 | 12,757 | - | | 82,665 |
| September | 58,628 | - | 1,140 | 2,853 | 4,070 | 2,046 | 12,604 | - | | 81,341 |
| October | 49,849 | - | 1,355 | 2,717 | 3,196 | 1,298 | 13,607 | 2,482 | | 74,504 |
| November | 84,960 | - | 1,884 | 3,042 | 3,497 | 1,389 | 17,607 | 2,492 | | 114,871 |
| Total | 856,408 | - | 23,641 | 36,948 | 40,923 | 22,510 | 187,402 | 14,811 | | 1,182,643 |
| Percent | 72.41% | 0.00% | 2.00% | 3.12% | 3.46% | 1.90% | 15.85% | 1.25% | | 100.00% |
| Used to allocate wholesale power demand costs to rate classes. Wholesale power demand is billed on basis of CP demand. | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 2,458 | 2,461 | 2,462 | 2,456 | 2,458 | 2,463 | 2,471 | 2,478 | 2,484 | 2,490 | 2,492 |

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2016-00169

Demand Related Costs and Energy Related Costs Allocators

| C. Monthly Peak Demands for Each Rate Class | | | | | | | | | | |
|--|-------------------------|--------------|------------------|-----------------|-------------------------|-------------------|----------------|------------------------|--|------------------|
| | Schedule 1 | Schedule 1 | Schedule II | Schedule II | Schedule III | Schedule IV | Schedule IV-A | Schedule VI | | |
| | Residential | Residential | Commercial | Small Power | Three Phase | Large Power | Large Power | Outdoor Lights | | <u>Total</u> |
| <u>Month</u> | <u>Schls & Chur</u> | <u>ETS</u> | <u>No Demand</u> | <u>W/Demand</u> | <u>Schls & Chur</u> | <u>Industrial</u> | <u>Rate</u> | <u>Security Lights</u> | | |
| December | 74,329 | - | 4,235 | 2,772 | 4,840 | 4,256 | 21,889 | 2,458 | | 114,779 |
| January | 104,562 | - | 4,261 | 3,334 | 5,230 | 4,071 | 21,202 | 2,461 | | 145,121 |
| February | 122,387 | - | 4,157 | 4,145 | 5,246 | 4,241 | 20,547 | 2,462 | | 163,185 |
| March | 91,285 | - | 2,678 | 3,097 | 4,749 | 4,759 | 22,615 | 2,456 | | 131,639 |
| April | 61,056 | - | 4,248 | 2,806 | 4,860 | 4,193 | 22,869 | 2,458 | | 102,490 |
| May | 69,422 | - | 1,949 | 3,396 | 5,382 | 3,494 | 23,661 | 2,469 | | 109,773 |
| June | 67,625 | - | 2,236 | 3,087 | 4,408 | 3,403 | 23,567 | 2,471 | | 106,797 |
| July | 75,830 | - | 3,762 | 3,628 | 4,156 | 2,515 | 23,997 | 2,478 | | 116,366 |
| August | 75,737 | - | 2,012 | 3,400 | 5,213 | 2,401 | 24,955 | 2,484 | | 116,202 |
| September | 84,224 | - | 1,982 | 3,525 | 5,608 | 2,407 | 24,371 | 2,490 | | 124,607 |
| October | 71,560 | - | 3,159 | 2,717 | 5,096 | 2,391 | 24,209 | 2,492 | | 111,624 |
| November | 70,286 | - | 3,390 | 3,042 | 4,980 | 2,614 | 22,166 | 2,492 | | 108,970 |
| Total | 968,303 | - | 38,069 | 38,949 | 59,768 | 40,745 | 276,048 | 29,671 | | 1,451,553 |
| Percent | 66.71% | 0.00% | 2.62% | 2.68% | 4.12% | 2.81% | 19.02% | 2.04% | | 100.00% |
| Used to allocate distribution demand related costs to appropriate rate classes | | | | | | | | | | |

CUMBERLAND VALLEY ELECTRIC, INC.

Case No. 2016-00169

Consumer Related Costs Allocators

A. Lines (poles and conduit)

| | Number of Consumers | Allocation Percent |
|---|------------------------|-----------------------|
| Schedule I - Residential | 22,033 | 93.06% |
| Schedule I - Prepaid | | 0.00% |
| Schedule I - Marketing ETS | 0 | 0.00% |
| Schedule II - Small Commercial (kWh) | 1,328 | 5.61% |
| Schedule II - Small Commercial (kW) | 140 | 0.59% |
| Schedule III - 3 Phase Schools & Churches | 48 | 0.20% |
| Schedule IV - Large Power Industrial | 1 | 0.00% |
| Schedule IV-A - Large Power Rate | 79 | 0.33% |
| Schedule VI - Outdoor & Security Lights | 48 | 0.20% |
| | <u>23,677</u> | <u>1.0000</u> |

B. Transformers

| Rate Class | Number of Consumers | Minimum | | Relative Cost | Weight | Allocation Percent |
|---|------------------------|---------------------------|-------|------------------|---------------|-----------------------|
| | | Number of Transformers | Cost | | | |
| Schedule I - Residential | 22,033 | 227 | 0.14 | 3,017.29 | 86.768% | |
| Schedule I - Prepaid | | | | | 0.000% | |
| Schedule I - Marketing ETS | - | - | - | - | 0.000% | |
| Schedule II - Small Commercial (kWh) | 1,328 | 292 | 0.18 | 234.02 | 6.730% | |
| Schedule II - Small Commercial (kW) | 140 | 523 | 0.32 | 44.16 | 1.270% | |
| Schedule III - 3 Phase Schools & Churches | 48 | 1,657 | 1.00 | 48.00 | 1.380% | |
| Schedule IV - Large Power Industrial | 1 | 19,154 | 11.56 | 11.56 | 0.332% | |
| Schedule IV-A - Large Power Rate | 79 | 2,485 | 1.50 | 118.50 | 3.408% | |
| Schedule VI - Outdoor & Security Lights | 48 | 135 | 0.08 | 3.90 | 0.112% | |
| | <u>23,677</u> | | | <u>3,477.43</u> | <u>100.0%</u> | |

CUMBERLAND VALLEY ELECTRIC, INC.

Case No. 2016-00169

Consumer Related Costs Allocators

| C. Services | | Minim | Relative | | Allocation |
|---|---------------|--------------|----------|-----------------|-------------|
| Rate Class | # of Consume | Service Cost | Cost | Weight | Percent |
| Schedule I - Residential | 22,033 | 195.27 | 0.28 | 6,208.81 | 86.03% |
| Schedule I - Prepaid | | | | | |
| Schedule I - Marketing ETS | - | - | - | - | 0.00% |
| Schedule II - Small Commercial (kWh) | 1,328 | 291.00 | 0.42 | 557.70 | 7.73% |
| Schedule II - Small Commercial (kW) | 140 | 291.00 | 1.49 | 208.64 | 2.89% |
| Schedule III - 3 Phase Schools & Churches | 48 | 692.93 | 1.00 | 48.00 | 0.67% |
| Schedule IV - Large Power Industrial | 1 | 661.47 | 0.95 | 0.95 | 0.01% |
| Schedule IV-A - Large Power Rate | 79 | 661.47 | 0.95 | 75.41 | 1.04% |
| Schedule VI - Outdoor & Security Lights | 11,080 | 7.37 | 0.01 | 117.91 | 1.63% |
| | <u>34,709</u> | | | <u>7,217.42</u> | <u>1.00</u> |

| D. Meters | | Minimum | Relative | | Allocation |
|---|---------------|------------|----------|------------------|-------------|
| Rate Class | # of Consume | Meter Cost | Cost | Weight | Percent |
| Schedule I - Residential | 22,033 | 36.00 | 1.00 | 22,033.00 | 86.87% |
| Schedule I - Prepaid | | | | | |
| Schedule I - Marketing ETS | 89 | 36.00 | 1.00 | 89.00 | 0.35% |
| Schedule II - Small Commercial (kWh) | 1,328 | 36.00 | 1.00 | 1,328.00 | 5.24% |
| Schedule II - Small Commercial (kW) | 140 | 305.38 | 8.48 | 1,187.62 | 4.68% |
| Schedule III - 3 Phase Schools & Churches | 48 | 36.00 | 1.00 | 48.00 | 0.19% |
| Schedule IV - Large Power Industrial | 1 | 305.38 | 8.48 | 8.48 | 0.03% |
| Schedule IV-A - Large Power Rate | 79 | 305.38 | 8.48 | 670.16 | 2.64% |
| Schedule VI - Outdoor & Security Lights | - | - | - | - | |
| | <u>23,718</u> | | | <u>25,364.26</u> | <u>1.00</u> |

CUMBERLAND VALLEY ELECTRIC, INC.

Case No. 2016-00169

E. Consumer & Accounting Services Consumer Related Costs Allocators

| Rate Class | Number of Consumers | Relative Weight Meter Read | Relative Weight Cons Rcds | Relative Weight Cust Asst | Combined Relative Weights | Weight | Allocation Percent |
|---|---------------------|----------------------------|---------------------------|---------------------------|---------------------------|-------------------|--------------------|
| Schedule I - Residential | 22,033 | 1.00 | 4.00 | 1.00 | 6.00 | 132,198 | 77.96% |
| Schedule 1 - Prepaid | | | | | | | |
| Schedule I - Marketing ETS | 89 | 1.00 | 1.00 | 1.50 | 3.50 | 312 | 0.18% |
| Schedule II - Small Commercial (kWh) | 1,328 | 1.00 | 6.00 | 3.00 | 10.00 | 13,280 | 7.83% |
| Schedule II - Small Commercial (kW) | 140 | 2.00 | 10.00 | 8.00 | 20.00 | 2,800 | 1.65% |
| Schedule III - 3 Phase Schools & Churches | 48 | 1.00 | 8.00 | 8.00 | 17.00 | 816 | 0.48% |
| Schedule IV - Large Power Industrial | 1 | 4.00 | 20.00 | 40.00 | 64.00 | 64 | 0.04% |
| Schedule IV-A - Large Power Rate | 79 | 4.00 | 20.00 | 20.00 | 44.00 | 3,476 | 2.05% |
| Schedule VI - Outdoor & Security Lights | 11,080 | - | 1.00 | 0.50 | 1.50 | 16,620 | 9.80% |
| | | | | | | <u>169,565.50</u> | <u>1.00</u> |

| | Meter Reading | | | Consumer Records | | |
|---|---------------|--------|-----------------|------------------|--------|-----------------|
| | Factor | Weight | Relative Weight | Factor | Weight | Relative Weight |
| Schedule I - Residential | 1.00 | 1.00 | 1.00 | 4.00 | 1.00 | 4.00 |
| Schedule 1 - Prepaid | | | | | | |
| Schedule I - Marketing ETS | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Schedule II - Small Commercial (kWh) | 1.00 | 1.00 | 1.00 | 3.00 | 2.00 | 6.00 |
| Schedule II - Small Commercial (kW) | 2.00 | 1.00 | 2.00 | 5.00 | 2.00 | 10.00 |
| Schedule III - 3 Phase Schools & Churches | 1.00 | 1.00 | 1.00 | 4.00 | 2.00 | 8.00 |
| Schedule IV - Large Power Industrial | 4.00 | 1.00 | 4.00 | 10.00 | 2.00 | 20.00 |
| Schedule IV-A - Large Power Rate | 4.00 | 1.00 | 4.00 | 10.00 | 2.00 | 20.00 |
| Schedule VI - Outdoor & Security Lights | - | 1.00 | - | 1.00 | 1.00 | 1.00 |

CUMBERLAND VALLEY ELECTRIC, INC.

Case No. 2016-00169

Consumer Related Costs Allocators

| | Consumer Assistance | | Relative |
|---|---------------------|--------|----------|
| | Factor | Weight | Weight |
| Schedule I - Residential | 1.00 | 1.00 | 1.00 |
| Schedule 1 - Prepaid | | | |
| Schedule I - Marketing ETS | 1.00 | 1.50 | 1.50 |
| Schedule II - Small Commercial (kWh) | 1.00 | 3.00 | 3.00 |
| Schedule II - Small Commercial (kW) | 2.00 | 4.00 | 8.00 |
| Schedule III - 3 Phase Schools & Churches | 2.00 | 4.00 | 8.00 |
| Schedule IV - Large Power Industrial | 2.00 | 20.00 | 40.00 |
| Schedule IV-A - Large Power Rate | 2.00 | 10.00 | 20.00 |
| Schedule VI - Outdoor & Security Lights | 0.50 | 1.00 | 0.50 |

CUMBERLAND VALLEY ELECTRIC

CASE NO. 2016-00169

REVENUE FROM RATES MATCHED WITH REVENUE REQUIREMENTS

Exhibit R

Page 36 of 40

Witness: James Adkins]

Schedule J

| | | Enviro | Schedule I | Schedule 1 | Schedule II | Schedule II |
|-----------------------------------|--------------|--------|-------------|--------------|--------------|-------------|
| | | Watts | Residential | Residential. | Single Phase | Three Phase |
| | Total | | Residential | Market - ETS | Commercial | Commercial |
| Normalized Revenue from Rates | \$41,190,121 | 780 | 28,223,615 | 37,899 | 1,500,642 | 837,357 |
| Wholesale Demand Costs | | | | | | |
| Generation | 6,986,348 | | 5,059,147 | - | 139,657 | 218,267 |
| Distribution Substation | 705,176 | | 470,409 | - | 18,494 | 18,922 |
| Total Wholesale Demand | 7,691,524 | - | 5,529,556 | - | 158,151 | 237,188 |
| Wholesale Energy Costs | 23,587,569 | 656 | 15,493,534 | 37,988 | 746,171 | 380,744 |
| Total Wholesale Costs | 31,279,093 | 656 | 21,023,090 | 37,988 | 904,322 | 617,933 |
| Gross Margin | 9,911,028 | 124 | 7,200,524 | (88) | 596,320 | 219,425 |
| Distribution Demand Costs | | | | | | |
| Station | 43,460 | | 28,991 | - | 1,140 | 1,166 |
| Lines | 3,107,539 | | 2,072,979 | - | 81,500 | 83,383 |
| Transformers | 383,881 | | 256,080 | - | 10,068 | 10,301 |
| Total Distribution Demand | 3,534,880 | | 2,358,050 | - | 92,707 | 94,850 |
| Distribution Consumer | | | | | | |
| Lines | 3,670,241 | | 3,415,399 | - | 205,857 | 21,702 |
| Transformers | 122,125 | | 105,965 | - | 8,218 | 1,551 |
| Services | 916,759 | | 788,645 | - | 70,839 | 26,501 |
| Meters | 1,151,862 | | 1,000,580 | 4,042 | 60,308 | 53,933 |
| Consumer Services | 2,756,488 | - | 2,149,035 | 5,064 | 215,882 | 45,517 |
| Lighting | 398,157 | | - | | | |
| Total Distribution Consume | 9,015,632 | - | 7,459,624 | 9,106 | 561,105 | 149,205 |
| Total Distribution Costs | 12,550,511 | - | 9,817,674 | 9,106 | 653,812 | 244,055 |
| Margin before Other Revenue | (2,639,484) | 124 | (2,617,150) | (9,194) | (57,493) | (24,630) |
| Allocation of Other Elec. Revenue | 1,642,794 | | 1,533,911 | - | 92,454 | 9,747 |
| Allocation of Misc. Revenue | 220,289 | - | 205,688 | - | 12,397 | 1,307 |
| Net Margin | (776,400) | 124 | (877,551) | (9,194) | 47,359 | (13,577) |

CUMBERLAND VALLEY ELECTRIC

CASE NO. 2016-00169

REVENUE FROM RATES MATCHED WITH REVENUE REQUIREMENTS

Witness: James Adkins]
Schedule J

| | Schedule III | Schedule IV | Schedule IV-A | Schedule VI | |
|-----------------------------------|----------------|--------------|---------------|-------------|-------------|
| | Three Phase | Schedule IV | Schedule IV-A | Schedule VI | |
| | Schl, Churches | Over 2500 kW | 50-2500 kW | Lighting | Total |
| Normalized Revenue from Rates | 1,270,330 | 1,143,450 | 6,811,729 | 1,364,318 | 41,190,121 |
| Wholesale Demand Costs | | | | | |
| Generation | 241,749 | 132,976 | 1,107,059 | 87,495 | 6,986,348 |
| Distribution Substation | 29,036 | 19,794 | 134,106 | 14,414 | 705,176 |
| Total Wholesale Demand | 270,784 | 152,770 | 1,241,165 | 101,909 | 7,691,524 |
| Wholesale Energy Costs | 817,165 | 847,179 | 4,681,273 | 582,859 | 23,587,568 |
| Total Wholesale Costs | 1,087,950 | 999,949 | 5,922,439 | 684,767 | 31,279,093 |
| Gross Margin | 182,380 | 143,502 | 889,291 | 679,551 | 9,911,028 |
| Distribution Demand Costs | | | | | |
| Station | 1,789 | 1,220 | 8,265 | 888 | 43,460 |
| Lines | 127,954 | 87,228 | 590,974 | 63,521 | 3,107,539 |
| Transformers | 15,806 | 10,776 | 73,004 | 7,847 | 383,881 |
| Total Distribution Demand | 145,549 | 99,224 | 672,243 | 72,256 | 3,534,880 |
| Distribution Consumer | | | | | - |
| Lines | 7,441 | 155 | 12,246 | 7,441 | 3,670,241 |
| Transformers | 1,686 | 406 | 4,162 | 137 | 122,125 |
| Services | 6,097 | 121 | 9,579 | 14,977 | 916,759 |
| Meters | 2,180 | 385 | 30,434 | - | 1,151,862 |
| Consumer Services | 13,265 | 1,040 | 56,506 | 270,178 | 2,756,488 |
| Lighting | | - | | 398,157 | 398,157 |
| Total Distribution Consume | 30,668 | 2,108 | 112,927 | 690,889 | 9,015,632 |
| Total Distribution Costs | 176,218 | 101,332 | 785,170 | 763,145 | 12,550,511 |
| Margin before Other Revenue | 6,163 | 42,170 | 104,121 | (83,594) | (2,639,483) |
| Allocation of Other Elec. Revenue | 3,342 | - | - | 3,342 | 1,642,794 |
| Allocation of Misc. Revenue | 448 | - | - | 448 | 220,289 |
| Net Margin | 9,953 | 42,170 | 104,121 | (79,805) | (776,400) |

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
INCREASE FOR EACH RATE CLASS

| | Enviro- Watts | Schedule I Residential | Schedule 1 ETS | Schedule II Commercial 1 Phase | Schedule II Commercial 3 Phase |
|-------------------------------------|------------------|---------------------------|-------------------|--------------------------------------|--------------------------------------|
| Revenue Requirements | | | | | |
| Total Costs | \$ 656 | \$ 30,840,765 | \$ 47,093 | \$ 1,558,134 | \$ 861,987 |
| Plus Margin Requirements | - | 918,587 | 370 | 53,032 | 22,995 |
| Revenue Requirements | \$ 656 | \$ 31,759,352 | \$ 47,463 | \$ 1,611,166 | \$ 884,982 |
| Minus Revenue from Rates | 780 | 28,223,615 | 37,899 | 1,500,642 | 837,357 |
| Increase Amount | (124) | 3,535,737 | 9,564 | 110,524 | 47,625 |
| Less: Other Revenue | - | 1,739,599 | - | 104,851 | 11,054 |
| Net Increase Amount | (124) | 1,796,138 | 9,564 | 5,673 | 36,571 |
| Less: Increases -Rate Classes | | \$1,658,083 | | 97,406 | 27,657 |
| Under (Over) Recovery | \$ (124) | \$ 138,055 | \$ 9,564 | \$ (91,733) | \$ 8,915 |
| Statement of Operations with | | | | | |
| Revenue from Rates | 780 | 28,223,615 | 37,899 | 1,500,642 | 837,357 |
| Rate Increase | \$ - | \$ 1,658,083 | \$ - | \$ 97,406 | \$ 27,657 |
| Purchased Power Costs | 656 | 21,023,090 | 37,988 | 904,322 | 617,933 |
| Gross Margins | 124 | 8,858,607 | (88) | 693,726 | 247,081 |
| Distribution Costs | - | 9,817,674 | 9,106 | 653,812 | 244,055 |
| Margins before Other Rev. | 124 | (959,067) | (9,194) | 39,914 | 3,027 |
| Plus Other Revenue | - | 1,739,599 | - | 104,851 | 11,054 |
| Net Margins with Increase | \$ 124 | \$ 780,532 | \$ (9,194) | \$ 144,765 | \$ 14,080 |
| Interest Expense | - | 651,480 | 263 | 37,611 | 16,308 |
| TIER | - | 2.20 | (34.02) | 4.85 | 1.86 |
| OTIER | | 1.88 | (34.02) | 4.52 | 1.78 |
| Rate Base | | 50,258,206 | 20,597 | 2,807,309 | 1,310,940 |
| Return on Rate Base | | 2.85% | -43.36% | 6.50% | 2.32% |

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
INCREASE FOR EACH RATE CLASS

| | Schedule III | Schedule IV | Schedule IV-A | Schedule VI | |
|-------------------------------------|-------------------|--------------|---------------|--------------|---------------|
| | 3 Phase Schl. Etc | | | Lighting | Total |
| Revenue Requirements | | | | | |
| Total Costs | \$ 1,264,167 | \$ 1,101,281 | \$ 6,707,609 | \$ 1,447,912 | \$ 43,829,604 |
| Plus Margin Requirements | 21,313 | 13,140 | 94,381 | 75,594 | \$ 1,199,411 |
| Revenue Requirements | \$ 1,285,480 | \$ 1,114,421 | \$ 6,801,989 | \$ 1,523,506 | \$ 45,029,015 |
| Minus Revenue from Rates | 1,270,330 | 1,143,450 | 6,811,729 | 1,364,318 | 41,190,121 |
| Increase Amount | 15,150 | (29,030) | (9,740) | 159,188 | 3,838,895 |
| Less: Other Revenue | 3,790 | - | - | 3,790 | 1,863,083 |
| Net Increase Amount | 11,361 | (29,030) | (9,740) | 155,399 | 1,975,811 |
| Less: Increases -Rate Class | 31,374 | 750 | 24,600 | 128,675 | \$ 1,974,903 |
| Under (Over) Recovery | \$ (20,014) | \$ (29,780) | \$ (34,340) | \$ 26,724 | \$ 908 |
| Statement of Operations with | | | | | |
| Revenue from Rates | 1,270,330 | 1,143,450 | 6,811,729 | 1,364,318 | 41,190,121 |
| Rate Increase | \$ 31,374 | \$ 750 | \$ 24,600 | \$ 128,675 | \$ 1,974,903 |
| Purchased Power Costs | 1,087,950 | 999,949 | 5,922,439 | 684,767 | 31,279,093 |
| Gross Margins | 213,755 | 144,252 | 913,891 | 808,225 | 11,885,931 |
| Distribution Costs | 176,218 | 101,332 | 785,170 | 763,145 | 12,550,511 |
| Margins before Other Rev. | 37,537 | 42,920 | 128,721 | 45,080 | (664,580) |
| Plus Other Revenue | 3,790 | - | - | 3,790 | 1,863,083 |
| Net Margins with Increase | \$ 41,327 | \$ 42,920 | \$ 128,721 | \$ 48,870 | \$ 1,198,503 |
| Interest Expense | 15,116 | 9,319 | 66,937 | 53,613 | 850,646 |
| TIER | 3.73 | 5.61 | 2.92 | 1.91 | 2.41 |
| OTIER | 3.70 | 5.61 | 2.92 | 1.90 | 2.15 |
| Rate Base | 1,330,346 | 826,909 | 5,921,905 | 4,263,217 | 66,739,431 |
| Return on Rate Base | 4.24% | 6.32% | 3.30% | 2.40% | 3.07% |

CUMBERLAND VALLEY ELECTRIC, INC,

Case No. 2016-00169

Unbundled Rate Base

| | | 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 | | |
| | Amount | Schl & Chur | Rate | 1 Phase | 3 Phase | & Churches | 2500 kW Plus | 50-2500 kW | Lights | Total | |
| Function | Classification | | | | | | | | | | |
| Stations | | | | | | | | | | | |
| | Demand | 514,415 | 343,156 | - | 13,491 | 13,803 | 21,181 | 14,440 | 97,828 | 10,515 | 514,415 |
| Lines | | 43,236,834 | | | | | | | | | |
| | Demand | 26,247,684 | 17,509,324 | - | 688,382 | 704,295 | 1,080,754 | 736,771 | 4,991,634 | 536,525 | 26,247,684 |
| | Consumer | 16,989,149 | 15,809,517 | - | 952,891 | 100,455 | 34,442 | 718 | 56,686 | 34,442 | 16,989,149 |
| Transformer | | 7,067,800 | | | | | | | | | |
| | Demand | 5,361,981 | 4,414,354 | - | 188,907 | 40,905 | 113,695 | 66,217 | 489,692 | 48,210 | 5,361,981 |
| | Consumer | 1,705,819 | 1,480,100 | - | 114,794 | 21,664 | 23,546 | 5,671 | 58,129 | 1,915 | 1,705,819 |
| Services | | | | | | | | | | | |
| | Consumer | 5,847,919 | 5,030,690 | - | 451,876 | 169,050 | 38,892 | 773 | 61,103 | 95,534 | 5,847,919 |
| Meters | | | | | | | | | | | |
| | Consumer | 4,948,348 | 4,298,448 | 17,363 | 259,081 | 231,695 | 9,364 | 1,655 | 130,742 | - | 4,948,348 |
| Consumer Acct & Serv. | | 1,760,605 | 1,372,617 | 3,234 | 137,887 | 29,073 | 8,473 | 665 | 36,091 | 172,566 | 1,760,605 |
| Outdoor Lighting | | 3,363,509 | | | | | | | | 3,363,509 | 3,363,509 |
| Total | | 66,739,431 | 50,258,206 | 20,597 | 2,807,309 | 1,310,940 | 1,330,346 | 826,909 | 5,921,905 | 4,263,217 | 66,739,431 |

Cumberland Valley Electric
Case No. 2016-00169
Balance Sheet, Adjusted
November 30, 2015

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 | 100,581,010 | | 100,581,010 |
| Under construction | 229,395 | | 229,395 |
| | <u>100,810,405</u> | | <u>100,810,405</u> |
| Less accumulated depreciation | 36,032,638 | 219,610 | 36,252,248 |
| | <u>64,777,767</u> | <u>(219,610)</u> | <u>64,558,157</u> |
| Investments | <u>24,798,652</u> | | <u>24,798,652</u> |
| Current Assets: | | | |
| Cash and temporary investments | 5,070,910 | | 5,070,910 |
| Accounts receivable, net | 3,493,030 | | 3,493,030 |
| Material and supplies | 407,597 | | 407,597 |
| Prepayments and current assets | 86,055 | | 86,055 |
| | <u>9,057,592</u> | | <u>9,057,592</u> |
| Deferred debits and net change in assets | 1,606,161 | (847,297) | 758,864 |
| Total | <u>100,240,172</u> | <u>(1,066,907)</u> | <u>99,173,265</u> |
| Liabilities and Other Credits | | | |
| Margins and Equities | | | |
| Memberships | 434,550 | | 434,550 |
| Patronage capital | 42,534,953 | (1,066,907) | 41,468,046 |
| | <u>42,969,503</u> | <u>(1,066,907)</u> | <u>41,902,596</u> |
| Long Term Debt | <u>47,923,913</u> | | <u>47,923,913</u> |
| Accumulated Operating Provisions | <u>3,538,956</u> | | <u>3,538,956</u> |
| Current Liabilities: | | | |
| Short term borrowings | - | | - |
| Accounts payable | 3,152,263 | | 3,152,263 |
| Consumer deposits | 1,223,581 | | 1,223,581 |
| Accrued expenses | 1,348,675 | | 1,348,675 |
| | <u>5,724,519</u> | | <u>5,724,519</u> |
| Deferred credits | <u>83,281</u> | | <u>83,281</u> |
| Total | <u>100,240,172</u> | <u>(1,066,907)</u> | <u>99,173,265</u> |

Cumberland Valley Electric
Case No. 2016-00169
Statement of Operations, Adjusted

Exhibit S
page 2 of 4
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> |
|---------------------------------------|----------------------------|----------------------------------|--------------------------------|-----------------------------|------------------------------|
| 8 Operating Revenues: | | | | | |
| 9 Base rates | 41,038,599 | 151,522 | 41,190,121 | 1,975,812 | 43,165,933 |
| 10 Fuel and surcharge | 2,982,174 | (2,982,174) | - | | - |
| 11 Other electric revenue | 1,646,269 | (3,475) | 1,642,794 | | 1,642,794 |
| | <u>45,667,042</u> | <u>(2,834,127)</u> | <u>42,832,915</u> | <u>1,975,812</u> | <u>44,808,727</u> |
| 15 Operating Expenses: | | | | | |
| 16 Cost of power: | | | | | |
| 17 Base rates | 31,296,277 | (17,184) | 31,279,093 | | 31,279,093 |
| 18 Fuel and surcharge | 2,818,449 | (2,818,449) | - | | - |
| 19 Distribution - operations | 1,411,233 | 5,571 | 1,416,804 | | 1,416,804 |
| 20 Distribution - maintenance | 2,881,530 | 19,491 | 2,901,021 | | 2,901,021 |
| 21 Consumer accounts | 2,011,653 | 18,312 | 2,029,965 | | 2,029,965 |
| 22 Customer service | 115,054 | 1,213 | 116,267 | | 116,267 |
| 23 Sales | - | - | - | | - |
| 24 Administrative and general | 1,511,605 | (41,017) | 1,470,588 | | 1,470,588 |
| 26 Total operating expenses | <u>42,045,801</u> | <u>(2,832,063)</u> | <u>39,213,738</u> | <u>-</u> | <u>39,213,738</u> |
| 28 Depreciation | 3,485,419 | 219,610 | 3,705,029 | | 3,705,029 |
| 29 Taxes - other | 56,395 | - | 56,395 | | 56,395 |
| 30 Interest on long-term debt | 506,126 | 344,521 | 850,647 | | 850,647 |
| 31 Interest expense - other | 3,795 | - | 3,795 | | 3,795 |
| 32 Other deductions | 12,632 | (12,632) | - | | - |
| 34 Total cost of electric svc | <u>46,110,168</u> | <u>(2,280,564)</u> | <u>43,829,604</u> | <u>-</u> | <u>43,829,604</u> |
| 36 Utility operating margins | <u>(443,126)</u> | <u>(553,563)</u> | <u>(996,689)</u> | <u>1,975,812</u> | <u>979,123</u> |
| 38 Nonoperating margins, interest | 124,232 | - | 124,232 | | 124,232 |
| 39 Nonoperating margins, other | - | - | - | | - |
| 40 G & T capital credits | 2,489,156 | (2,489,156) | - | | - |
| 41 Other capital credits | 96,057 | - | 96,057 | | 96,057 |
| 43 Net Margins | <u>2,266,319</u> | <u>(3,042,719)</u> | <u>(776,400)</u> | <u>1,975,812</u> | <u>1,199,412</u> |
| 45 TIER, total | 5.48 | | 0.09 | | 2.41 |
| 46 TIER, exclude G&T | 0.56 | | | | |

Cumberland Valley Electric
Case No. 2016-00169
Summary of Adjustments to Test Year

Exhibit S
page 3 of 4
Witness: Jim Adkins

| | 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 14 | Adj 15 | Adj 16 | |
|--------------------------------|----------|---------------|-----------|-----------|------------------|-------------|-----------|-------------------|-----------|---------------|-----------|------------------|----------------|-------------------|-------------|------------|-------------|
| | | | | | | | | | | | | | | Non- | Normalize | Additional | |
| | Salaries | Payroll Taxes | Deprec | Interest | R & S Retirement | Advertising | Donations | Professional Fees | Directors | Misc Expenses | Rate Case | G & T Capital Cr | Purchase Power | Recurring Charges | Revenue | Revenue | Total |
| Operating Revenues: | | | | | | | | | | | | | | | | | |
| Base rates | | | | | | | | | | | | | | | 151,522 | | 151,522 |
| Fuel and surcharge | | | | | | | | | | | | | | | (2,982,174) | | (2,982,174) |
| Other electric revenue | | | | | | | | | | | | | | 22,498 | | (25,973) | (3,475) |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,498 | (2,830,652) | (25,973) | (2,834,127) |
| Operating Expenses: | | | | | | | | | | | | | | | | | |
| Cost of power: | | | | | | | | | | | | | | | | | |
| Base rates | | | | | | | | | | | | | (17,184) | | | | (17,184) |
| Fuel and surcharge | | | | | | | | | | | | | (2,818,449) | | | | (2,818,449) |
| Distribution - operations | 4,320 | 462 | (1,138) | | 1,927 | | | | | | | | | | | | 5,571 |
| Distribution - maintenanc | 13,860 | 1,482 | (2,034) | | 6,183 | | | | | | | | | | | | 19,491 |
| Consumer accounts | 12,128 | 1,297 | (523) | | 5,410 | | | | | | | | | | | | 18,312 |
| Customer service | 1059 | 113 | (432) | | 473 | | | | | | | | | | | | 1,213 |
| Sales | 0 | 0 | 0 | | 0 | | | | | | | | | | | | 0 |
| Administrative and gener | 8,643 | 924 | (742) | | 3,856 | (1,144) | | (17,212) | (68,173) | (2,169) | 35,000 | | | | | | (41,017) |
| Total operating expense | 40,010 | 4,278 | (4,869) | 0 | 17,849 | (1,144) | 0 | (17,212) | (68,173) | (2,169) | 35,000 | 0 | (2,835,633) | 0 | 0 | 0 | (2,832,063) |
| Depreciation | | | 219,610 | | | | | | | | | | | | | | 219,610 |
| Taxes - other | | | | | | | | | | | | | | | | | 0 |
| Interest on long-term debt | | | | 344,521 | | | | | | | | | | | | | 344,521 |
| Interest expense - other | | | | | | | | | | | | | | | | | 0 |
| Other deductions | | | | | | | (12,632) | | | | | | | | | | (12,632) |
| Total cost of electric ser | 40,010 | 4,278 | 214,741 | 344,521 | 17,849 | (1,144) | (12,632) | (17,212) | (68,173) | (2,169) | 35,000 | 0 | (2,835,633) | 0 | 0 | 0 | (2,280,564) |
| Utility operating margin | (40,010) | (4,278) | (214,741) | (344,521) | (17,849) | 1,144 | 12,632 | 17,212 | 68,173 | 2,169 | (35,000) | 0 | 2,835,633 | 22,498 | (2,830,652) | (25,973) | (553,563) |
| Nonoperating margins, interest | | | | | | | | | | | | | | | | | 0 |
| Nonoperating margins, other | | | | | | | | | | | | | | | | | 0 |
| G & T capital credits | | | | | | | | | | | | (2,489,156) | | | | | (2,489,156) |
| Patronage capital credits | | | | | | | | | | | | | | | | | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,489,156) | 0 | 0 | 0 | 0 | (2,489,156) |
| Net Margins | (40,010) | (4,278) | (214,741) | (344,521) | (17,849) | 1,144 | 12,632 | 17,212 | 68,173 | 2,169 | (35,000) | (2,489,156) | 2,835,633 | 22,498 | (2,830,652) | (25,973) | (3,042,719) |

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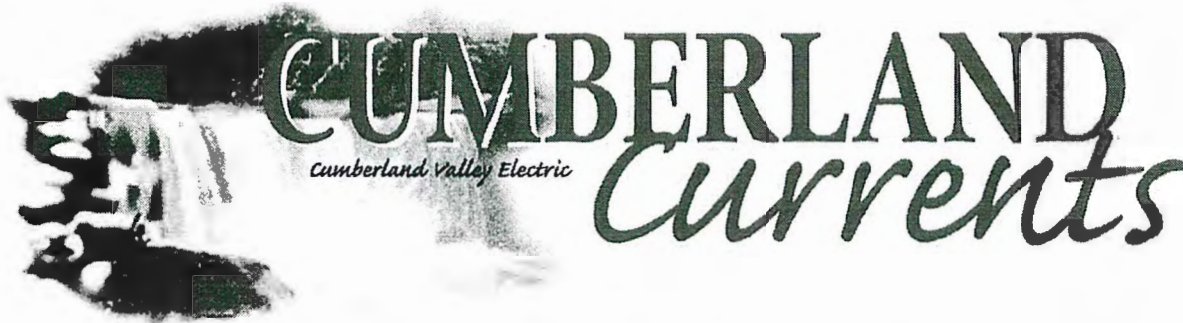
Cumberland Valley Electric
Case No. 2016-00169
Proposed Revenues
November 30, 2015

| | |
|---|---------------------------|
| Interest on long term debt | 850,647 |
| Normalized margins | <u>(776,400)</u> |
| Proposed increase in revenues over normalized revenues | <u><u>\$1,975,812</u></u> |

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Cumberland Valley Electric
Case No. 2016-00169
By - Laws Changes
November 30, 2015

A copy of the bylaws is attached. There have been no changes since the last general rate application was filed.



**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 or 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 voting 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 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:

| 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, 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 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 nominatives for directors. If 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. Liability and Indemnification. A director of Cumberland Valley Electric shall not be personally liable in 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 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, 1985, 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 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 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 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 costs and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be prorated 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 in 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. 2016-00169

page 1 of 3

Statement of Operations

Witness: Jim Adkins

November 30,

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|---------------------|---------------------|
| Operating revenue | \$ 45,667,043 | \$ 48,384,446 |
| Operating expenses: | | |
| Cost of power | 34,114,726 | 36,692,755 |
| Distribution-operations | 1,411,233 | 1,487,218 |
| Distribution-maintenance | 2,881,530 | 2,764,340 |
| Consumer accounts | 2,011,654 | 1,874,468 |
| Consumer service | 115,054 | 158,581 |
| Sales | - | - |
| Administrative and general | 1,511,604 | 1,503,787 |
| | <u>42,045,801</u> | <u>44,481,149</u> |
| Depreciation and amortization | 3,485,419 | 3,238,607 |
| Taxes-other | 56,395 | 56,178 |
| Interest on long term debt | 506,126 | 348,842 |
| Other interest expense | 3,796 | 2,344 |
| Other deductions | 12,631 | 17,920 |
| | <u>46,110,168</u> | <u>48,145,040</u> |
| Utility operating margins | (443,125) | (38,929) |
| Nonoperating margins, interest | 124,232 | 123,068 |
| Nonoperating margins, other | - | - |
| G & T capital credits | 2,489,156 | 2,957,019 |
| Other capital credits | 96,057 | 89,400 |
| | <u>2,266,320</u> | <u>3,130,558</u> |
| Net margins | <u>\$ 2,266,320</u> | <u>\$ 3,130,558</u> |

Cumberland Valley Electric
Case No. 2016-00169
Balance Sheet
November 30,

Exhibit V
page 2 of 3
Witness: Jim Adkins

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| <u>ASSETS</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------------|----------------------|
| Electric Plant: | | |
| In service | \$ 100,581,010 | \$ 98,038,078 |
| Under construction | 229,395 | 384,255 |
| | <u>100,810,405</u> | <u>98,422,333</u> |
| Less accumulated depreciation | 36,032,638 | 34,855,946 |
| | <u>64,777,767</u> | <u>63,566,387</u> |
| Investments | <u>24,798,652</u> | <u>22,261,091</u> |
| Current Assets: | | |
| Cash and temporary investments | 5,070,910 | 2,568,071 |
| Accounts receivable, net | 3,493,030 | 4,424,369 |
| Material and supplies | 407,597 | 427,422 |
| Prepayments | 917,473 | 917,748 |
| | <u>9,889,010</u> | <u>8,337,610</u> |
| Deferred assets | <u>774,743</u> | <u>835,644</u> |
| Total Assets | <u>\$ 100,240,172</u> | <u>\$ 95,000,732</u> |
| <u>MEMBERS' EQUITIES AND LIABILITIES</u> | | |
| Margins and Equities: | | |
| Memberships | \$ 434,550 | \$ 432,770 |
| Patronage capital | 43,221,462 | 40,897,759 |
| Other equities | (686,509) | (743,326) |
| | <u>42,969,503</u> | <u>40,587,203</u> |
| Long Term Debt | <u>47,923,913</u> | <u>44,248,092</u> |
| Accumulated Operating Provisions | <u>3,538,956</u> | <u>3,439,175</u> |
| Current Liabilities: | | |
| Accounts payable | 3,152,263 | 3,657,825 |
| Short term borrowings | - | - |
| Consumer deposits | 1,223,581 | 1,497,646 |
| Accrued expenses | 1,348,675 | 1,515,991 |
| | <u>5,724,519</u> | <u>6,671,462</u> |
| Consumer advances | <u>83,281</u> | <u>54,800</u> |
| Total Members' Equities and Liabilities | <u>\$ 100,240,172</u> | <u>\$ 95,000,732</u> |

Cumberland Valley Electric

Exhibit V

Case No. 2016-00169

page 3 of 3

Statement of Cash Flows

Witness: Jim Adkins

November 30,

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Net margins | \$ 2,266,320 | \$ 3,130,558 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Depreciation | | |
| Charged to expense | 3,485,419 | 3,238,607 |
| Charged to clearing accounts | 253,555 | 248,887 |
| Patronage capital credits | (2,585,213) | (3,046,419) |
| Accumulated postretirement benefits | 99,781 | 122,283 |
| Net change in current assets and liabilities: | | |
| Receivables | 931,339 | (820,146) |
| Material and supplies | 19,825 | 74,931 |
| Prepayments and deferred debits | 61,176 | (13,161) |
| Accounts payables | (505,562) | 139,079 |
| Consumer deposits | (274,065) | 158,596 |
| Accrued expenses | (167,316) | 116,807 |
| Consumer advances | 28,481 | (30,937) |
| | <u>3,613,740</u> | <u>3,319,085</u> |
| Cash Flows from Investing Activities: | | |
| Plant additions | (4,950,354) | (4,668,055) |
| Additional investments, net of receipts | 47,652 | 45,495 |
| | <u>(4,902,702)</u> | <u>(4,622,560)</u> |
| Cash Flows from Financing Activities: | | |
| Memberships | 1,780 | (385) |
| Refund of capital credits | - | - |
| Other equities | 114,200 | 312,404 |
| Additional long-term borrowings | 5,700,000 | 5,000,000 |
| Payments on long-term debt | (2,024,179) | (1,884,303) |
| | <u>3,791,801</u> | <u>3,427,716</u> |
| Net increase in cash | 2,502,839 | 2,124,241 |
| Cash balances - beginning | <u>2,568,071</u> | <u>443,830</u> |
| Cash balances - ending | <u>\$ 5,070,910</u> | <u>\$ 2,568,071</u> |

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

Exhibit *W*
 page *2810*
 of

| Acct # | Description | December Month 1 | January Month 2 | February Month 3 | March Month 4 | April Month 5 | May Month 6 | June Month 7 | July Month 8 | August Month 9 | September Month 10 | October Month 11 | November Month 12 |
|--------|---------------------------|---------------------|--------------------|---------------------|------------------|------------------|----------------|-----------------|-----------------|-------------------|-----------------------|---------------------|----------------------|
| 123.17 | Pat Cap-Federated Ins | 165 | 165 | 165 | 201 | 201 | 201 | 201 | 201 | 201 | 201 | 201 | 201 |
| | Prior year | 143 | 143 | 143 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 |
| | Change | 22 | 22 | 22 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| 123.18 | Pat Cap-CoBank | 7 | 6 | 6 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| | Prior year | 1 | 1 | 1 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| | Change | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| 123.19 | Pat Cap-CRC | 10 | | | | | | | | | | | 0 |
| | Prior year | | | | | | | | | | 10 | 10 | 10 |
| | Change | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (10) | (10) | (10) |
| 123.22 | CFC-Cap Term Certificates | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 |
| | Prior year | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 | 851 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 123.23 | Other investments | 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 |
| 123.24 | Envision | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| | Prior year | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 123.25 | Invest-CoBank | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Prior year | | | | | | | | | | | | |
| | Change | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 123.29 | Invest-CRC | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| | Prior year | | | | | | | | | | | | |
| | Change | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| 123.3 | CFC-Mbr Cap Securities | 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 |
| 131.12 | Cash-General | 543 | 677 | 553 | 547 | 839 | (117) | 471 | 318 | 383 | 1,295 | 2,005 | 3,310 |
| | Prior year | 308 | 153 | 600 | 681 | 716 | 603 | 124 | 2,589 | 1,899 | 1,592 | 725 | 1,617 |
| | Change | 235 | 524 | (47) | (134) | 123 | (720) | 347 | (2,271) | (1,516) | (297) | 1,280 | 1,693 |
| 131.13 | Cash-Cumberland | 297 | 218 | 352 | 241 | 168 | 266 | 99 | 29 | 42 | 142 | 231 | 309 |
| | Prior year | 153 | 204 | 101 | 300 | 142 | 244 | 331 | 166 | 262 | 170 | 263 | 140 |
| | Change | 144 | 14 | 251 | (59) | 26 | 22 | (232) | (137) | (220) | (28) | (32) | 169 |
| 131.15 | Cash-E Account | 1,077 | 265 | 770 | 1,061 | 689 | 1,573 | 697 | 454 | 579 | 1,607 | 530 | 1,437 |
| | Prior year | 1,054 | 717 | 626 | 818 | 893 | 703 | 538 | 816 | 909 | 992 | 1,901 | 811 |
| | Change | 23 | (452) | 144 | 243 | (204) | 870 | 159 | (362) | (330) | 615 | (1,371) | 626 |
| 131.25 | Cash-Capital credit | (12) | (12) | (12) | (12) | (12) | (12) | 47 | | | | | |
| | Prior year | (12) | (12) | (12) | (12) | (12) | (12) | (12) | (12) | (12) | (12) | (12) | (12) |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 59 | 12 | 12 | 12 | 12 | 12 |

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

Exhibit *W*
 page *3 of 10*
 of

| Acct # | Description | December Month 1 | January Month 2 | February Month 3 | March Month 4 | April Month 5 | May Month 6 | June Month 7 | July Month 8 | August Month 9 | September Month 10 | October Month 11 | November Month 12 |
|--------|----------------------------|---------------------|--------------------|---------------------|------------------|------------------|----------------|-----------------|-----------------|-------------------|-----------------------|---------------------|----------------------|
| 134.0 | 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 |
| 135.0 | Working funds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 5 | 5 | 5 |
| | Prior year | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 3 | 3 |
| 136.0 | Temporary cash investment | 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 |
| 142.0 | Accounts receivable | 4,311 | 5,360 | 5,943 | 4,302 | 3,337 | 3,020 | 3,484 | 4,130 | 3,870 | 3,444 | 3,211 | 3,544 |
| | Prior year | 4,776 | 6,230 | 5,620 | 4,673 | 3,480 | 3,548 | 3,813 | 3,994 | 4,061 | 3,492 | 3,328 | 4,394 |
| | Change | (465) | (870) | 323 | (371) | (143) | (528) | (329) | 136 | (191) | (48) | (117) | (850) |
| 143.0 | Other AR | 1,033 | 1,014 | 490 | 456 | 454 | 445 | 164 | 198 | 244 | 166 | 152 | 68 |
| | Prior year | 1,024 | 1,013 | 723 | 197 | 159 | 172 | 156 | 173 | 174 | 133 | 149 | 100 |
| | Change | 9 | 1 | (233) | 259 | 295 | 273 | 8 | 25 | 70 | 33 | 3 | (32) |
| 144.1 | Allowance | (83) | (76) | (97) | (116) | (113) | (132) | (150) | (86) | (108) | (129) | (95) | (118) |
| | Prior year | (164) | (151) | (170) | (185) | (178) | (198) | (214) | (111) | (129) | (145) | (161) | (70) |
| | Change | 81 | 75 | 73 | 69 | 65 | 66 | 64 | 25 | 21 | 16 | 66 | (48) |
| 154.0 | Material and supplies | 409 | 401 | 435 | 416 | 443 | 460 | 462 | 441 | 419 | 453 | 372 | 400 |
| | Prior year | 484 | 541 | 544 | 548 | 531 | 554 | 582 | 541 | 568 | 522 | 382 | 408 |
| | Change | (75) | (140) | (109) | (132) | (88) | (94) | (120) | (100) | (149) | (69) | (10) | (8) |
| 154.1 | Fuel inventory | 18 | 13 | 15 | 8 | 14 | 15 | 13 | 13 | 13 | 15 | 8 | 7 |
| | Prior year | 13 | 19 | 14 | 19 | 19 | 21 | 12 | 22 | 22 | 17 | 24 | 19 |
| | Change | 5 | (6) | 1 | (11) | (5) | (6) | 1 | (9) | (9) | (2) | (16) | (12) |
| 165.11 | Prepay work comp insurance | | 90 | 84 | 76 | 67 | 59 | 50 | 10 | 8 | 6 | 4 | 2 |
| | Prior year | | 104 | 95 | 83 | 74 | 65 | 56 | 45 | 17 | 12 | 8 | 4 |
| | Change | 0 | (14) | (11) | (7) | (7) | (6) | (6) | (35) | (9) | (6) | (4) | (2) |
| 165.12 | Prepay property ins | 26 | 18 | 9 | | 98 | 89 | 80 | 71 | 62 | 53 | 44 | 36 |
| | Prior year | 27 | 18 | 9 | | 97 | 88 | 79 | 71 | 62 | 53 | 44 | 35 |
| | Change | (1) | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 1 |
| 165.13 | Prepay auto ins | 10 | 6 | 3 | | 35 | 31 | 28 | 25 | 22 | 19 | 16 | 13 |
| | Prior year | 10 | 7 | 3 | | 35 | 32 | 29 | 26 | 22 | 19 | 16 | 13 |
| | Change | 0 | (1) | 0 | 0 | 0 | (1) | (1) | (1) | 0 | 0 | 0 | 0 |
| 165.14 | Prepay DOM ins | 3 | 2 | 1 | | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 |
| | Prior year | 3 | 2 | 1 | | 10 | 10 | 8 | 7 | 7 | 6 | 5 | 4 |
| | Change | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| 165.22 | Prepay R&S | | 12 | 24 | 36 | 48 | 60 | 72 | 84 | 97 | 72 | 48 | 24 |
| | Prior year | | 12 | 12 | 23 | 35 | 46 | 58 | 70 | 81 | 61 | 41 | 20 |
| | Change | 0 | 12 | 12 | 13 | 13 | 14 | 14 | 14 | 16 | 11 | 7 | 4 |

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

Exhibit *W*
 page of *4 of 10*

| Acct # | Description | December Month 1 | January Month 2 | February Month 3 | March Month 4 | April Month 5 | May Month 6 | June Month 7 | July Month 8 | August Month 9 | September Month 10 | October Month 11 | November Month 12 |
|--------|---------------------------|---------------------|--------------------|---------------------|------------------|------------------|----------------|-----------------|-----------------|-------------------|-----------------------|---------------------|----------------------|
| 165.4 | Prepay GPS maint contract | 7 | 6 | 5 | 4 | 3 | 3 | 2 | 1 | 10 | 10 | 9 | 8 |
| | Prior year | 30 | 27 | 25 | 21 | 18 | 16 | 13 | 10 | 18 | 15 | 11 | 9 |
| | Change | (23) | (21) | (20) | (17) | (15) | (13) | (11) | (9) | (8) | (5) | (2) | (1) |
| 171.0 | Interest recievable | 9 | 13 | 16 | 19 | 3 | 6 | 9 | 13 | 16 | 19 | 3 | 6 |
| | Prior year | 10 | 13 | 16 | 19 | 3 | 6 | 9 | 13 | 16 | 19 | 3 | 6 |
| | Change | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 172.0 | Retn receivable | | 75 | 150 | 225 | 300 | 375 | 450 | 525 | 600 | 675 | 750 | 825 |
| | Prior year | | 75 | 150 | 225 | 300 | 375 | 450 | 525 | 600 | 675 | 750 | 825 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 186.2 | Due other coops | | 80 | 73 | 65 | 58 | 51 | 44 | 36 | 29 | 22 | 14 | 7 |
| | Prior year | | 79 | 72 | 65 | 58 | 50 | 43 | 36 | 29 | 22 | 14 | 7 |
| | Change | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| 186.3 | R&S prepayment | 823 | 818 | 813 | 808 | 803 | 798 | 793 | 788 | 783 | 778 | 773 | 767 |
| | Prior year | 884 | 879 | 874 | 869 | 864 | 859 | 854 | 849 | 844 | 839 | 834 | 828 |
| | Change | (61) | (61) | (61) | (61) | (61) | (61) | (61) | (61) | (61) | (61) | (61) | (61) |
| 360.1 | Land/rights | 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 |
| 362. | Station | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 |
| | Prior year | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 362.01 | TS2 Station | 589 | 606 | 606 | 605 | 605 | 605 | 605 | 606 | 606 | 606 | 606 | 600 |
| | Prior year | 581 | 581 | 581 | 592 | 593 | 593 | 592 | 592 | 587 | 587 | 589 | 589 |
| | Change | 8 | 25 | 25 | 13 | 12 | 12 | 13 | 14 | 19 | 19 | 17 | 11 |
| 364 | Poles, towers & fixtures | 28,703 | 28,787 | 28,809 | 29,017 | 29,109 | 29,213 | 29,274 | 29,351 | 29,433 | 29,473 | 29,595 | 29,675 |
| | Prior year | 27,529 | 27,606 | 27,659 | 27,781 | 27,883 | 27,987 | 28,063 | 28,131 | 28,186 | 28,346 | 28,493 | 28,575 |
| | Change | 1,174 | 1,181 | 1,150 | 1,236 | 1,226 | 1,226 | 1,211 | 1,220 | 1,247 | 1,127 | 1,102 | 1,100 |
| 365 | Overhead conductor | 27,213 | 27,252 | 27,266 | 27,322 | 27,392 | 27,455 | 27,493 | 27,536 | 27,597 | 27,634 | 27,700 | 27,905 |
| | Prior year | 26,557 | 26,596 | 26,618 | 26,673 | 26,719 | 26,768 | 26,813 | 26,900 | 26,939 | 27,007 | 27,095 | 27,129 |
| | Change | 656 | 656 | 648 | 649 | 673 | 687 | 680 | 636 | 658 | 627 | 605 | 776 |
| 367 | Underground conductor | 3,736 | 3,751 | 3,755 | 3,769 | 3,771 | 3,774 | 3,784 | 3,822 | 3,830 | 3,850 | 3,863 | 3,889 |
| | Prior year | 3,637 | 3,647 | 3,650 | 3,671 | 3,687 | 3,702 | 3,652 | 3,672 | 3,692 | 3,706 | 3,712 | 3,721 |
| | Change | 99 | 104 | 105 | 98 | 84 | 72 | 132 | 150 | 138 | 144 | 151 | 168 |
| 368 | Transformers | 10,203 | 10,190 | 10,207 | 10,242 | 10,242 | 10,269 | 10,283 | 10,283 | 10,373 | 10,493 | 10,561 | 10,657 |
| | Prior year | 10,072 | 10,126 | 10,115 | 10,125 | 10,133 | 10,133 | 10,169 | 10,169 | 10,171 | 10,195 | 10,171 | 10,203 |
| | Change | 131 | 64 | 92 | 117 | 109 | 136 | 114 | 114 | 202 | 298 | 390 | 454 |
| 369 | Services | 8,254 | 8,253 | 8,248 | 8,262 | 8,270 | 8,258 | 8,268 | 8,296 | 8,282 | 8,291 | 8,298 | 8,315 |
| | Prior year | 8,010 | 8,030 | 8,046 | 8,062 | 8,089 | 8,119 | 8,148 | 8,167 | 8,180 | 8,209 | 8,225 | 8,243 |
| | Change | 244 | 223 | 202 | 200 | 181 | 139 | 120 | 129 | 102 | 82 | 73 | 72 |

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

Exhibit *W*
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 of *2810*

| Acct # | Description | December Month 1 | January Month 2 | February Month 3 | March Month 4 | April Month 5 | May Month 6 | June Month 7 | July Month 8 | August Month 9 | September Month 10 | October Month 11 | November Month 12 |
|--------|----------------------------|---------------------|--------------------|---------------------|------------------|------------------|----------------|-----------------|-----------------|-------------------|-----------------------|---------------------|----------------------|
| 390.1 | Building-Gray headquarters | 1,161 | 1,161 | 1,161 | 1,161 | 1,176 | 1,179 | 1,179 | 1,179 | 1,179 | 1,179 | 1,179 | 1,179 |
| | Prior year | 775 | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 | 1,155 | 1,161 | 1,161 | 1,161 | 1,161 | 1,161 |
| | Change | 386 | 6 | 6 | 6 | 21 | 24 | 24 | 18 | 18 | 18 | 18 | 18 |
| 390.15 | Building-Gray engineering | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 |
| | Prior year | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 390.17 | Building-Gray transformer | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 |
| | Prior year | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 390.18 | Building-Gray trans #2 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 |
| | Prior year | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 390.19 | Building-Gray generator | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| | Prior year | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 390.2 | Building-Cumberland office | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 |
| | Prior year | 433 | 433 | 433 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 |
| | Change | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 390.21 | Building-Cumberland garag | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 |
| | Prior year | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 391. | Office furniture | 779 | 788 | 798 | 798 | 812 | 813 | 814 | 817 | 818 | 825 | 782 | 765 |
| | Prior year | 808 | 847 | 847 | 872 | 874 | 875 | 882 | 882 | 882 | 888 | 888 | 916 |
| | Change | (29) | (59) | (49) | (74) | (62) | (62) | (68) | (65) | (64) | (63) | (106) | (151) |
| 392 | Transportation | 3,097 | 3,097 | 3,117 | 3,117 | 3,209 | 3,237 | 3,242 | 3,223 | 3,225 | 3,226 | 3,127 | 3,127 |
| | Prior year | 3,164 | 3,193 | 3,164 | 3,122 | 3,122 | 3,122 | 3,122 | 3,097 | 3,097 | 3,097 | 3,097 | 3,097 |
| | Change | (67) | (96) | (47) | (5) | 87 | 115 | 120 | 126 | 128 | 129 | 30 | 30 |
| 394 | Tools, shop & garage | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| | Prior year | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 |
| | Change | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 395 | Laboratory | 93 | 93 | 93 | 93 | 93 | 93 | 87 | 87 | 87 | 87 | 87 | 87 |
| | Prior year | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | (6) | (6) | (6) | (6) | (6) | (6) |
| 396 | Power operated | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 |
| | Prior year | 306 | 306 | 306 | 306 | 306 | 305 | 305 | 305 | 305 | 305 | 305 | 305 |
| | Change | (1) | (1) | (1) | (1) | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 397 | Communication | 677 | 677 | 677 | 677 | 677 | 680 | 680 | 703 | 703 | 702 | 702 | 714 |
| | Prior year | 489 | 491 | 491 | 489 | 489 | 489 | 489 | 489 | 489 | 489 | 489 | 489 |
| | Change | 188 | 186 | 186 | 188 | 188 | 191 | 191 | 214 | 214 | 213 | 213 | 225 |

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

Exhibit *W*
 page of *7 of 10*

| Acct # | Description | December Month 1 | January Month 2 | February Month 3 | March Month 4 | April Month 5 | May Month 6 | June Month 7 | July Month 8 | August Month 9 | September Month 10 | October Month 11 | November Month 12 |
|--------|-------------------------|---------------------|--------------------|---------------------|------------------|------------------|----------------|-----------------|-----------------|-------------------|-----------------------|---------------------|----------------------|
| 398 | Miscellaneous | 420 | 420 | 420 | 420 | 420 | 433 | 437 | 438 | 438 | 440 | 442 | 442 |
| | Prior year | 412 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 416 | 420 | 420 |
| | Change | 8 | 4 | 4 | 4 | 4 | 17 | 21 | 22 | 22 | 24 | 22 | 22 |
| ***** | Total Assets and Debits | 96,908 | 97,458 | 98,178 | 96,709 | 96,078 | 95,907 | 95,722 | 96,087 | 96,212 | 97,882 | 97,454 | 100,238 |
| | Prior year | 93,203 | 95,029 | 94,369 | 93,512 | 92,626 | 92,597 | 92,367 | 95,325 | 94,986 | 94,060 | 94,085 | 94,992 |
| | Change | 3,705 | 2,429 | 3,809 | 3,197 | 3,452 | 3,310 | 3,355 | 762 | 1,226 | 3,822 | 3,369 | 5,246 |
| 200. | Memberships issued | 433 | 434 | 433 | 433 | 431 | 432 | 433 | 434 | 433 | 434 | 435 | 435 |
| | Prior year | 432 | 432 | 433 | 431 | 431 | 430 | 431 | 431 | 432 | 432 | 432 | 433 |
| | Change | 1 | 2 | 0 | 2 | 0 | 2 | 2 | 3 | 1 | 2 | 3 | 2 |
| 201.10 | Patrons capital credits | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 | 38,310 |
| | Prior year | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 | 35,278 |
| | Change | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 |
| 201.20 | Pat cap- assignable | | 2,736 | 2,736 | 2,736 | 2,736 | 2,736 | 2,736 | 2,736 | 2,736 | 2,736 | 2,736 | 2,736 |
| | Prior year | | 3,031 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 | 3,032 |
| | Change | 0 | (295) | (296) | (296) | (296) | (296) | (296) | (296) | (296) | (296) | (296) | (296) |
| 219.10 | Current year margins | 2,736 | 211 | 705 | 769 | 1,006 | 807 | 229 | 292 | 345 | 186 | 74 | (7) |
| | Prior year | 3,032 | 403 | 990 | 1,319 | 1,129 | 969 | 587 | 463 | 428 | 371 | 335 | 462 |
| | Change | (296) | (192) | (285) | (550) | (123) | (162) | (358) | (171) | (83) | (185) | (261) | (469) |
| 208.00 | Donated capital | 110 | 110 | 110 | 110 | 112 | 112 | 112 | 112 | 112 | 114 | 114 | 114 |
| | Prior year | 103 | 103 | 106 | 106 | 106 | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| | Change | 7 | 7 | 4 | 4 | 6 | 2 | 2 | 2 | 2 | 4 | 4 | 4 |
| 215.30 | Accum comp income | (848) | (844) | (840) | (835) | (831) | (827) | (822) | (818) | (813) | (809) | (805) | (800) |
| | Prior year | (877) | (872) | (868) | (864) | (859) | (855) | (850) | (870) | (866) | (862) | (857) | (853) |
| | Change | 29 | 28 | 28 | 29 | 28 | 28 | 28 | 52 | 53 | 53 | 52 | 53 |
| 217.0 | CC unclaimed | 2,121 | 2,121 | 2,121 | 2,121 | 2,121 | 2,121 | 2,179 | 2,179 | 2,179 | 2,178 | 2,178 | 2,178 |
| | Prior year | 2,122 | 2,122 | 2,122 | 2,121 | 2,121 | 2,121 | 2,121 | 2,121 | 2,121 | 2,121 | 2,121 | 2,121 |
| | Change | (1) | (1) | (1) | 0 | 0 | 0 | 58 | 58 | 58 | 57 | 57 | 57 |
| 217.1 | CC retired-no check | 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 |
| 224.14 | NCSC notes | 1,894 | 1,894 | 1,819 | 1,818 | 1,818 | 1,743 | 1,743 | 1,743 | 1,666 | 1,666 | 1,666 | 1,587 |
| | Prior year | 2,217 | 2,217 | 2,135 | 2,135 | 2,135 | 2,052 | 2,052 | 2,052 | 1,968 | 1,968 | 1,968 | 1,894 |
| | Change | (323) | (323) | (316) | (317) | (317) | (309) | (309) | (309) | (302) | (302) | (302) | (307) |
| 224.15 | CoBank notes | 2,412 | 2,393 | 2,374 | 2,355 | 2,336 | 2,316 | 2,297 | 2,278 | 2,258 | 2,239 | 2,219 | 2,200 |
| | Prior year | 2,639 | 2,620 | 2,601 | 2,583 | 2,564 | 2,545 | 2,526 | 2,507 | 2,488 | 2,470 | 2,451 | 2,431 |
| | Change | (227) | (227) | (227) | (228) | (228) | (229) | (229) | (229) | (230) | (231) | (232) | (231) |
| 224.3 | RUS notes | 3,323 | 3,312 | 3,300 | 3,290 | 3,279 | 3,268 | 3,256 | 3,245 | 3,235 | 3,223 | 3,212 | 3,201 |
| | Prior year | 3,451 | 3,441 | 3,430 | 3,419 | 3,408 | 3,398 | 3,387 | 3,377 | 3,366 | 3,355 | 3,345 | 3,334 |
| | Change | (128) | (129) | (130) | (129) | (129) | (130) | (131) | (132) | (131) | (132) | (133) | (133) |

Cumberland Valley Electric
 Comparison of Test Year Account Balances with
 those of the Preceding Year - Balance Sheet

Exhibit *W*
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| <u>Acct #</u> | <u>Description</u> | <u>December</u> <u>Month 1</u> | <u>January</u> <u>Month 2</u> | <u>February</u> <u>Month 3</u> | <u>March</u> <u>Month 4</u> | <u>April</u> <u>Month 5</u> | <u>May</u> <u>Month 6</u> | <u>June</u> <u>Month 7</u> | <u>July</u> <u>Month 8</u> | <u>August</u> <u>Month 9</u> | <u>September</u> <u>Month 10</u> | <u>October</u> <u>Month 11</u> | <u>November</u> <u>Month 12</u> |
|---------------|------------------------------|-----------------------------------|----------------------------------|-----------------------------------|--------------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------------|-----------------------------------|------------------------------------|
| | Total Equities & Liabilities | 96,901 | 97,460 | 98,183 | 96,712 | 96,083 | 95,909 | 95,727 | 96,086 | 96,213 | 97,883 | 97,455 | 100,241 |
| | Prior year | 93,205 | 95,031 | 94,374 | 93,520 | 92,631 | 92,601 | 92,372 | 95,328 | 94,990 | 94,062 | 94,087 | 95,000 |
| | Change | 3,696 | 2,429 | 3,809 | 3,192 | 3,452 | 3,308 | 3,355 | 758 | 1,223 | 3,821 | 3,368 | 5,241 |

Cumberland Valley Electric
Case No. 2016-00169
Monthly Income Statement Comparison

Exhibit X
1 of 3
Witness: Jim Adkins

| Account | Description | DEC 2014 | JAN 2015 | FEB 2015 | MAR 2015 | APR 2015 | MAY 2015 | JUN 2015 | JUL 2015 | AUG 2015 | SEP 2015 | OCT 2015 | NOV 2015 | Total |
|---------|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| 440.1 | RESIDENTIAL SALES-RURAL FARM | 2,978 | 3,803 | 4,216 | 2,806 | 2,024 | 1,844 | 2,221 | 2,815 | 2,405 | 2,033 | 2,023 | 2,378 | 31,547 |
| | Prior year amount | 3,464 | 4,535 | 3,599 | 3,021 | 1,986 | 2,079 | 2,255 | 2,562 | 2,531 | 2,087 | 2,009 | 3,163 | 33,291 |
| | Difference | (486) | (732) | 617 | (215) | 38 | (235) | (34) | 254 | (126) | (54) | 14 | (786) | (1,744) |
| 440.11 | RESIDENTIAL SALES-ENVIROWATTS | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| | Prior year amount | - | - | - | - | - | 1 | (1) | - | - | - | - | - | 1 |
| | Difference | - | - | - | - | - | (1) | 1 | - | - | - | - | - | - |
| 442.1 | COMM-INDUST SALE-SMALL | 243 | 287 | 290 | 247 | 237 | 221 | 236 | 270 | 259 | 246 | 232 | 229 | 2,996 |
| | Prior year amount | 251 | 289 | 266 | 241 | 211 | 236 | 247 | 259 | 265 | 245 | 238 | 249 | 2,997 |
| | Difference | (8) | (2) | 24 | 6 | 27 | (15) | (11) | 10 | (6) | 1 | (6) | (21) | (1) |
| 442.2 | COMM-INDUST SALES-LARGE | 820 | 869 | 840 | 714 | 754 | 707 | 765 | 816 | 865 | 801 | 765 | 761 | 9,477 |
| | Prior year amount | 808 | 881 | 902 | 913 | 814 | 872 | 908 | 875 | 914 | 854 | 873 | 801 | 10,414 |
| | Difference | 12 | (12) | (62) | (198) | (60) | (165) | (143) | (59) | (49) | (53) | (107) | (40) | (937) |
| 450.0 | FORFEITED DISCOUNTS | 56 | 55 | 75 | 69 | 46 | 29 | 30 | 34 | 41 | 37 | 36 | 34 | 542 |
| | Prior year amount | 44 | 64 | 86 | 55 | 52 | 29 | 33 | 38 | 37 | 40 | 33 | 31 | 543 |
| | Difference | 12 | (10) | (11) | 14 | (5) | - | (3) | (4) | 4 | (4) | 3 | 3 | (2) |
| 451.0 | MISC SERVICE REVENUES | 11 | 2 | 10 | 11 | 16 | 12 | 11 | 6 | 8 | 13 | 8 | 8 | 118 |
| | Prior year amount | 10 | 2 | 4 | 13 | 19 | 13 | 12 | 19 | 12 | 14 | 14 | 8 | 140 |
| | Difference | 1 | - | 6 | (2) | (3) | (1) | (1) | (13) | (4) | - | (6) | - | (23) |
| 454.0 | RENT FROM ELECTRIC PROPERTY | 101 | 75 | 75 | 95 | 75 | 75 | 95 | 75 | 75 | 95 | 75 | 75 | 986 |
| | Prior year amount | 122 | 75 | 75 | 92 | 75 | 75 | 92 | 75 | 75 | 92 | 75 | 75 | 998 |
| | Difference | (21) | - | - | 3 | - | - | 3 | - | - | 3 | - | - | (12) |
| 456.0 | OTHER ELEC REVENUES | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| | Prior year amount | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| | Difference | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 555.0 | PURCHASED POWER | 3,433 | 3,905 | 4,084 | 2,998 | 1,998 | 2,113 | 2,777 | 2,933 | 2,650 | 2,366 | 2,229 | 2,629 | 34,115 |
| | Prior year amount | 3,672 | 4,599 | 3,474 | 3,149 | 2,474 | 2,494 | 2,916 | 2,943 | 2,950 | 2,443 | 2,255 | 3,324 | 36,693 |
| | Difference | (238) | (694) | 611 | (152) | (475) | (381) | (139) | (11) | (300) | (77) | (26) | (695) | (2,578) |
| 582.0 | STATION EQUIPMENT | - | - | - | - | - | - | - | - | - | - | - | - | 6 |
| | Prior year amount | - | - | - | - | - | - | - | - | - | - | - | - | 5 |
| | Difference | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| 583.0 | OVERHEAD LINE EXPENSE | 93 | 55 | 61 | 50 | 55 | 47 | 54 | 57 | 37 | 31 | 44 | 38 | 623 |
| | Prior year amount | 110 | 60 | 49 | 48 | 51 | 51 | 47 | 52 | 49 | 47 | 50 | 47 | 662 |
| | Difference | (17) | (5) | 12 | 2 | 4 | (4) | 7 | 5 | (12) | (17) | (6) | (8) | (39) |
| 584.0 | UNDERGROUND LINE EXP | 4 | 5 | 3 | 3 | 2 | 6 | 3 | 4 | 5 | 3 | 4 | 4 | 47 |
| | Prior year amount | 3 | 3 | 3 | 2 | 4 | 5 | 4 | 3 | 2 | 5 | 2 | 2 | 39 |
| | Difference | 1 | 2 | - | - | (1) | 1 | (1) | - | 2 | (2) | 2 | 1 | 8 |
| 586.0 | METER EXPENSES | 34 | 27 | 14 | 44 | 3 | 21 | 87 | 1 | 26 | 65 | 79 | 48 | 448 |
| | Prior year amount | 60 | (61) | 29 | 44 | 14 | 115 | 42 | 41 | 33 | 70 | 66 | 46 | 501 |
| | Difference | (26) | 87 | (15) | - | (12) | (94) | 44 | (39) | (7) | (5) | 13 | 2 | (52) |
| 587.0 | CONSUMER INSTALL EXPENSES | 11 | 11 | 10 | 9 | 9 | 10 | 10 | 10 | 9 | 10 | 9 | 10 | 118 |
| | Prior year amount | 11 | 10 | 8 | 11 | 10 | 11 | 9 | 10 | 10 | 9 | 9 | 11 | 120 |
| | Difference | - | 1 | 2 | (3) | (1) | (1) | 1 | 1 | (1) | 1 | - | (1) | (2) |
| 588.0 | MISC DISTRIBUTION EXPENSE | 14 | 15 | 12 | 11 | 14 | 12 | 12 | 15 | 12 | 15 | 14 | 17 | 162 |
| | Prior year amount | 16 | 22 | 16 | 16 | 10 | 12 | 10 | 11 | 11 | 13 | 12 | 11 | 159 |
| | Difference | (2) | (7) | (4) | (4) | 4 | - | 2 | 4 | 2 | 2 | 2 | 6 | 3 |
| 589.0 | RENTS | 3 | - | - | - | - | - | - | - | - | 2 | - | 3 | 8 |
| | Prior year amount | - | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| | Difference | 3 | - | - | - | - | - | - | - | - | 2 | (2) | 3 | 6 |
| 593.0 | MAINT OF OVERHEAD LINES | 96 | 121 | 148 | 109 | 112 | 94 | 145 | 173 | 130 | 103 | 95 | 100 | 1,428 |
| | Prior year amount | 127 | 130 | 114 | 109 | 97 | 107 | 161 | 121 | 124 | 118 | 126 | 116 | 1,450 |
| | Difference | (31) | (9) | 34 | - | 16 | (13) | (16) | 52 | 6 | (15) | (31) | (15) | (22) |
| 593.01 | RIGHT OF WAY CUTTING | 90 | 85 | 68 | 64 | 67 | 87 | 87 | 90 | 85 | 96 | 88 | 89 | 996 |
| | Prior year amount | 88 | 74 | 77 | 67 | 71 | 68 | 75 | 83 | 93 | 73 | 83 | 72 | 925 |
| | Difference | 2 | 11 | (10) | (3) | (5) | 19 | 12 | 7 | (7) | 23 | 4 | 18 | 72 |
| 593.02 | RIGHT OF WAY MATERIALS | 1 | - | - | - | 1 | - | 2 | 1 | 1 | 3 | - | 1 | 11 |
| | Prior year amount | - | 1 | 1 | - | 1 | - | 1 | 1 | 1 | - | 1 | - | 6 |
| | Difference | 1 | - | - | - | - | 1 | - | 1 | 1 | 2 | (1) | 1 | 5 |
| 593.03 | RIGHT-OF-WAY BUSHHOGGING | - | - | - | 2 | 17 | 14 | 18 | 17 | 17 | 14 | 12 | - | 111 |
| | Prior year amount | - | - | 6 | 2 | 1 | - | - | - | - | - | 6 | - | 16 |
| | Difference | - | - | (6) | - | 16 | 14 | 17 | 17 | 17 | 13 | 7 | - | 95 |

Cumberland Valley Electric
Case No. 2016-00169
Monthly Income Statement Comparison

| Account | Description | DEC 2014 | JAN 2015 | FEB 2015 | MAR 2015 | APR 2015 | MAY 2015 | JUN 2015 | JUL 2015 | AUG 2015 | SEP 2015 | OCT 2015 | NOV 2015 | Total |
|---------|------------------------------------|--------------|------------|------------|-----------|------------|--------------|--------------|-----------|-----------|--------------|--------------|-------------|--------------|
| 930.4 | MISC GEN EXP-ANNUAL MEETING | - | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 26 |
| | Prior year amount | 6 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | - | - | - | 38 |
| | Difference | (6) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (2) | 1 | 1 | 1 | (12) |
| 932.0 | MAINT OF GEN PLANT | 6 | 7 | 10 | 9 | 8 | 14 | 17 | 7 | 6 | 7 | 10 | 17 | 117 |
| | Prior year amount | 7 | 8 | 6 | 7 | 8 | 10 | 12 | 8 | 9 | 8 | 6 | 8 | 99 |
| | Difference | (1) | (1) | 4 | 2 | - | 4 | 5 | (2) | (3) | (1) | 4 | 8 | 18 |
| 403.6 | DEPT EXP-DISTRIBUTION PLANT | 258 | 273 | 274 | 274 | 275 | 276 | 277 | 277 | 278 | 279 | 279 | 280 | 3,299 |
| | Prior year amount | 251 | 252 | 253 | 253 | 254 | 255 | 256 | 256 | 257 | 257 | 258 | 259 | 3,060 |
| | Difference | 7 | 22 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 22 | 22 | 21 | 239 |
| 403.7 | DEPT EXP-GENERAL PLANT | 15 | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 15 | 186 |
| | Prior year amount | 14 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 178 |
| | Difference | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | 8 |
| 408.0 | TAXES-OTHER THAN INCOME TAXES | - | - | - | - | - | - | 56 | - | - | - | - | - | 56 |
| | Prior year amount | - | - | - | - | - | - | 56 | - | - | - | - | - | 56 |
| | Difference | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 427.1 | INT ON REA CONST LOAN | 10 | 10 | 10 | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 123 |
| | Prior year amount | 11 | 11 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 10 | 129 |
| | Difference | - | - | - | - | (1) | (1) | (1) | - | - | (1) | - | - | (5) |
| 427.15 | INT ON FFB CONST LOAN | 4 | 5 | 5 | 5 | 24 | 24 | 35 | 28 | 28 | 27 | 27 | 27 | 238 |
| | Prior year amount | 3 | 4 | 4 | 9 | 6 | 6 | 3 | 5 | 5 | 5 | 5 | 5 | 60 |
| | Difference | 1 | 1 | 1 | (4) | 18 | 18 | 32 | 23 | 23 | 22 | 22 | 22 | 178 |
| 427.25 | INT ON OTHER LONG TERM DEBT NCSC | 6 | 6 | 6 | 6 | 6 | 5 | 6 | 6 | 5 | 6 | 6 | 5 | 68 |
| | Prior year amount | 7 | 7 | 6 | 7 | 7 | 6 | 7 | 7 | 6 | 6 | 6 | 6 | 77 |
| | Difference | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (9) |
| 427.26 | INT ON OTHER LONG TERM DEBT-COBANK | 7 | 7 | 7 | 6 | 7 | 6 | 7 | 6 | 6 | 6 | 6 | 6 | 77 |
| | Prior year amount | 7 | 7 | 7 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 83 |
| | Difference | (1) | (1) | (1) | - | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (6) |
| 431.0 | INTEREST EXP-OTHER | - | - | - | - | - | - | - | - | - | - | - | - | 2 |
| | Prior year amount | - | - | - | - | - | - | - | - | - | - | - | - | 2 |
| | Difference | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 431.1 | INT EXP-CFC LINE OF CREDIT | - | - | - | - | - | - | - | - | - | 2 | - | - | 2 |
| | Prior year amount | - | - | - | - | - | - | - | - | - | - | - | - | 1 |
| | Difference | - | - | - | - | - | - | - | - | - | 2 | - | - | 2 |
| 426.1 | DONATIONS | - | - | 1 | 1 | - | - | 1 | 1 | 2 | - | - | - | 6 |
| | Prior year amount | - | - | - | - | - | - | 1 | 3 | 1 | - | 1 | - | 6 |
| | Difference | - | - | 1 | 1 | - | - | - | (2) | 1 | - | - | - | - |
| 426.11 | DONATIONS-SCHOLARSHIPS | - | - | - | - | - | - | - | - | 5 | - | - | - | 5 |
| | Prior year amount | - | 1 | - | - | - | - | - | 8 | 1 | - | - | - | 10 |
| | Difference | - | (1) | - | - | - | - | - | (8) | 4 | - | - | - | (6) |
| 426.12 | DONATIONS-MEMBERSHIPS, DUES | - | 1 | - | - | - | - | - | - | - | - | - | - | 2 |
| | Prior year amount | 1 | 1 | - | - | - | - | - | - | - | - | - | - | 2 |
| | Difference | (1) | - | - | - | - | - | - | - | - | - | - | - | - |
| 419.3 | INT DIV INCOME-P AND P INVEST | 8 | (5) | 18 | 1 | 2 | 19 | 1 | 1 | 19 | 1 | 2 | 20 | 86 |
| | Prior year amount | 7 | (5) | 17 | 1 | 2 | 18 | 1 | 1 | 19 | 2 | 2 | 19 | 85 |
| | Difference | - | - | 1 | - | (1) | - | - | - | - | - | - | 1 | 1 |
| 419.4 | INTEREST AND DIVIDEND INC CFC | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 38 |
| | Prior year amount | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 38 |
| | Difference | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 423.0 | GEN-TRANS COOP CAPITAL CREDITS | 2,489 | - | - | - | - | - | - | - | - | - | - | - | 2,489 |
| | Prior year amount | 2,957 | - | - | - | - | - | - | - | - | - | - | - | 2,957 |
| | Difference | (468) | - | - | - | - | - | - | - | - | - | - | - | (468) |
| 424.0 | OTH CAP CR-PATRON CAP ALLOC | 23 | - | - | 71 | - | - | - | - | - | 2 | - | - | 96 |
| | Prior year amount | 18 | - | - | 66 | - | - | - | - | - | 6 | - | - | 89 |
| | Difference | 5 | - | - | 6 | - | - | - | - | - | (4) | - | - | 7 |
| | Net Margins | 2,273 | 211 | 493 | 65 | 236 | (199) | (577) | 62 | 53 | (158) | (112) | (81) | 2,266 |
| | Prior year amount | 2,947 | 404 | 587 | 328 | (190) | (160) | (381) | (124) | (35) | (57) | (36) | 127 | 3,409 |
| | Difference | (673) | (192) | (94) | (263) | 426 | (39) | (196) | 186 | 87 | (101) | (76) | (208) | (1,143) |

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General Ledger
Summary Trial Balance

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Period Ending: NOV 2015

| 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 | 115,753.64 | 57,204.61 | 0.00 | 76,933.08 | 172,938.25 | 0.00 |
| 0 | 107.8 | WK IN PROG-GRAY OFFICE ADDITION | 56,457.00 | 0.00 | 0.00 | 0.00 | 56,457.00 | 0.00 |
| 0 | 108.6 | ACCUM PROV-DEPR OF DIST PT | -30,162,940.28 | -1,483,233.35 | 0.00 | 191,676.92 | 0.00 | 31,646,173.63 |
| 0 | 108.7 | ACCUM PROV-DEPR OF TRANS | -2,611,629.14 | -130,888.26 | 0.00 | 24,630.76 | 0.00 | 2,742,517.40 |
| 0 | 108.71 | ACCUM PROV-DEPR OF COMMUN EQUI | -218,370.69 | -31,583.57 | 0.00 | 2,968.79 | 0.00 | 249,954.26 |
| 0 | 108.72 | ACCUM PROV-DEPR OR GRAY OFF | -989,903.86 | -42,739.95 | 0.00 | 3,897.56 | 0.00 | 1,032,643.81 |
| 0 | 108.73 | ACCUM PROV-DEPR FOR OTHER | -356,423.21 | -28,346.35 | 8,090.67 | 0.00 | 0.00 | 384,769.56 |
| 0 | 108.8 | RETIREMENT WORK IN PROGRESS | 7,283.32 | 16,137.86 | 14,904.29 | 0.00 | 23,421.18 | 0.00 |
| 0 | 123.11 | PATRON CAPITAL-EAST KY RECC | 23,066,206.33 | 0.00 | 0.00 | 0.00 | 23,066,206.33 | 0.00 |
| 0 | 123.12 | PATRON CAPITAL-KY RECC-KAEC | 65,561.89 | 257.24 | 0.00 | 0.00 | 65,819.13 | 0.00 |
| 0 | 123.14 | PATRON CAPITAL-STATEWIDE RECC-UUS | 271,491.50 | 701.46 | 0.00 | 0.00 | 272,192.96 | 0.00 |
| 0 | 123.15 | PATRON CAPITAL-ASSOC COOP-CFC | 193,937.13 | 4.16 | 0.00 | 0.00 | 193,941.29 | 0.00 |
| 0 | 123.16 | PATRON CAPITAL-NISC | 94,570.54 | -6,923.85 | 0.00 | 0.00 | 87,646.69 | 0.00 |
| 0 | 123.17 | PATRON CAPITAL-FEDERATED INS | 164,939.09 | 36,336.00 | 0.00 | 0.00 | 201,275.09 | 0.00 |
| 0 | 123.18 | PATRON CAPITAL-COBANK | 6,809.96 | 5,312.10 | 0.00 | 0.00 | 12,122.06 | 0.00 |
| 0 | 123.19 | PATRON CAPITAL-CRC | 10,000.00 | -9,594.00 | 0.00 | 0.00 | 406.00 | 0.00 |
| 0 | 123.22 | INVEST IN CAP TERM CERT CFC | 850,942.20 | 0.00 | 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 | 10,000.00 | 0.00 | 0.00 | 0.00 | 10,000.00 | 0.00 |
| 0 | 123.25 | INVEST-COBANK | 0.00 | 1,000.00 | 0.00 | 0.00 | 1,000.00 | 0.00 |
| 0 | 123.26 | INVEST-ASSOC COMP E KY MEMBER | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 |
| 0 | 123.29 | INVEST-CRC | 0.00 | 10,000.00 | 0.00 | 0.00 | 10,000.00 | 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 | 543,386.33 | 2,766,961.34 | 1,305,789.68 | 0.00 | 3,310,347.67 | 0.00 |
| 0 | 131.13 | CASH-COMMERCIAL BANK CUMBERLAN | 297,431.88 | 11,806.59 | 78,314.49 | 0.00 | 309,238.47 | 0.00 |
| 0 | 131.15 | CASH-E ACCOUNT-COMMERCIAL BANK | 1,077,073.10 | 360,300.26 | 907,610.52 | 0.00 | 1,437,373.36 | 0.00 |
| 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 | 2,500.00 | 0.00 | 0.00 | 4,650.00 | 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 | 4,310,835.39 | -767,135.63 | 332,688.58 | 0.00 | 3,543,699.76 | 0.00 |
| 0 | 142.99 | UNCLASSIFIED AR ADJUSTMENT | 0.00 | -81.02 | 0.00 | 81.02 | 0.00 | 81.02 |
| 0 | 143.0 | OTHER ACCOUNTS RECEIVABLE | 1,032,644.30 | -964,885.05 | 0.00 | 84,833.17 | 67,759.25 | 0.00 |
| 0 | 144.2 | ACCUM PROV UNCOLL CONS ACCTS | 3,696,014.33 | 129,761.65 | 0.00 | 7,768.86 | 3,825,775.98 | 0.00 |
| 0 | 144.21 | ACCURAL OF BAD DEBTS | -3,779,123.84 | -165,000.00 | 0.00 | 15,000.00 | 0.00 | 3,944,123.84 |
| 0 | 154.0 | MATERIALS-SUPPLIES-ELEC | 409,034.31 | -8,731.25 | 19,047.36 | 0.00 | 400,303.06 | 0.00 |
| 0 | 154.1 | MATERIALS-SUPPLIES-FUEL | 18,377.88 | -11,083.48 | 0.00 | 773.55 | 7,294.40 | 0.00 |

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General Ledger
Summary Trial Balance

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Period Ending: NOV 2015

| Div | Account | Description | Balance Forward | YTD Trans | Current Month Balance | | Year-To-Date Balance | |
|-----|---------|-------------------------------------|-----------------|---------------|-----------------------|--------------|----------------------|---------------|
| | | | | | Debit | Credit | Debit | Credit |
| 0 | 165.11 | PREP INS FEDERATED-WKMANS COMP | 0.00 | 1,956.16 | 0.00 | 1,956.16 | 1,956.16 | 0.00 |
| 0 | 165.12 | PREP INS FEDERATED-VARIOUS | 26,538.00 | 8,992.00 | 0.00 | 8,884.00 | 35,530.00 | 0.00 |
| 0 | 165.13 | PREP INS FEDERATED-AUTO | 9,601.00 | 2,972.00 | 0.00 | 3,144.00 | 12,573.00 | 0.00 |
| 0 | 165.14 | PREPAID INS FEDERATED-DIRECTORS LIA | 2,865.00 | 1,181.00 | 0.00 | 1,012.00 | 4,046.00 | 0.00 |
| 0 | 165.22 | OTHER PREPAYS-R&S | 0.00 | 24,133.50 | 0.00 | 24,133.50 | 24,133.50 | 0.00 |
| 0 | 165.4 | PREPAID GPS FOR TRUCKS | 6,948.00 | 868.50 | 0.00 | 868.50 | 7,816.50 | 0.00 |
| 0 | 171.0 | INT AND DIVIDEND RECEIC CFC | 9,626.43 | -3,208.81 | 3,208.81 | 0.00 | 6,417.62 | 0.00 |
| 0 | 172.0 | RENTS RECEIVABLE | 0.00 | 825,000.00 | 75,000.00 | 0.00 | 825,000.00 | 0.00 |
| 0 | 186.2 | MISC DEF DEBITS-DUE OTHER COOP | 0.00 | 7,274.47 | 0.00 | 7,274.47 | 7,274.47 | 0.00 |
| 0 | 186.3 | MISC DEF DEBITS-RS PREPAYMENT | 823,371.00 | -55,902.00 | 0.00 | 5,082.00 | 767,469.00 | 0.00 |
| 0 | 200.1 | MEMBERSHIPS ISSUES | -432,860.00 | -1,690.00 | 35.00 | 0.00 | 0.00 | 434,550.00 |
| 0 | 201.1 | PATRONS CAPITAL CREDITS | -38,310,020.43 | 0.00 | 0.00 | 0.00 | 0.00 | 38,310,020.43 |
| 0 | 201.2 | PATRONAGE CAPITAL ASSIGNABLE | 0.00 | -2,735,612.77 | 0.00 | 0.00 | 0.00 | 2,735,612.77 |
| 0 | 208.0 | DONATED CAPITAL | -109,487.70 | -4,197.83 | 0.00 | 0.00 | 0.00 | 113,685.53 |
| 0 | 215.0 | ACCUM OTHER COMPREHENSIVE INCOM | 848,429.00 | -48,235.00 | 0.00 | 4,385.00 | 800,194.00 | 0.00 |
| 0 | 217.0 | Capital Credit Unclaimed | -2,121,093.29 | -57,368.56 | 92.69 | 0.00 | 0.00 | 2,178,461.85 |
| 0 | 217.1 | Capital Credit Retire No check | -4,274.30 | 0.00 | 0.00 | 0.00 | 0.00 | 4,274.30 |
| 0 | 224.14 | OTHER LONG TERM DEBT-NCSC | -1,893,727.83 | 306,485.85 | 79,166.28 | 0.00 | 0.00 | 1,587,241.98 |
| 0 | 224.15 | OTHER LONG TERM DEBT-COBANK | -2,412,401.83 | 212,871.51 | 19,572.00 | 0.00 | 0.00 | 2,199,530.32 |
| 0 | 224.3 | LONG-TERM DEBT-CONST NOTE EXEC | -3,322,952.90 | 121,926.54 | 11,329.83 | 0.00 | 0.00 | 3,201,026.36 |
| 0 | 224.35 | L-T DEBT-FFB CONST NOTE EXEC | -45,316,202.60 | 1,022,130.92 | 0.00 | 0.00 | 0.00 | 44,294,071.68 |
| 0 | 224.45 | FFB NOTES EXECUTED-CONST DEBIT | 7,708,000.00 | -5,800,000.00 | 0.00 | 2,800,000.00 | 1,908,000.00 | 0.00 |
| 0 | 224.6 | ADV PMTS UNAPPLIED - L-T DEBT | 1,379,669.27 | 70,287.67 | 17,852.26 | 0.00 | 1,449,956.94 | 0.00 |
| 0 | 228.3 | ACCUM PROV FOR PENS & BEN | -3,447,131.00 | -91,824.53 | 0.00 | 8,476.86 | 0.00 | 3,538,955.53 |
| 0 | 232.1 | ACCOUNTS PAYABLE-GENERAL | -3,751,382.40 | 602,271.26 | 0.00 | 339,493.28 | 0.00 | 3,149,111.14 |
| 0 | 232.37 | ACCTS PAYABLE-FLOWER FUND | -2,986.59 | -165.23 | 20.23 | 0.00 | 0.00 | 3,151.82 |
| 0 | 232.44 | ACCTS PAYABLE-AMERICAN LIFE INS | 0.00 | 0.11 | 0.01 | 0.00 | 0.11 | 0.00 |
| 0 | 235.0 | CONSUMER DEPOSITS | -1,291,421.02 | 71,839.40 | 2,845.00 | 0.00 | 0.00 | 1,219,581.62 |
| 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 | -238,485.15 | 339,652.76 | 116,974.49 | 0.00 | 101,167.61 | 0.00 |
| 0 | 236.5 | ACC ST SALES TAX-CONSUMERS | -19,450.74 | 843.81 | 0.00 | 1,013.92 | 0.00 | 18,606.93 |
| 0 | 236.51 | ACC STATE SALES TAX-OTHER | -560.00 | -776.12 | 0.00 | 851.16 | 0.00 | 1,336.12 |
| 0 | 236.65 | ACCR SCHOOL TAX | -120,960.01 | 23,238.47 | 0.00 | 10,118.40 | 0.00 | 97,721.54 |
| 0 | 237.15 | INT ACC - FFB CONST OBLIGATION | 0.00 | -54,549.72 | 0.00 | 27,274.86 | 0.00 | 54,549.72 |
| 0 | 237.6 | ACC INT ON CONSUMER DEPOSITS | -4,093.62 | -770.34 | 0.00 | 113.20 | 0.00 | 4,863.96 |
| 0 | 241.15 | TAX COLL PAYABLE-WHITLEY OCCUP | -1,147.11 | 406.04 | 0.00 | 372.28 | 0.00 | 741.07 |
| 0 | 241.2 | TAX COLL PAYABLE-KNOX OCCUP | -5,376.80 | 1,834.84 | 0.00 | 1,752.01 | 0.00 | 3,541.96 |
| 0 | 242.31 | OTH CURR-ACC LIAB=SICK LEAVE | -1,018,349.32 | -52,757.52 | 0.00 | 5,416.69 | 0.00 | 1,071,106.84 |
| 0 | 242.32 | OTH CURR-ACC LIAB - VACATION | -199,969.92 | -0.01 | 0.00 | 0.00 | 0.00 | 199,969.93 |

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General Ledger
Summary Trial Balance

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Period Ending: NOV 2015

| Div | Account | Description | Balance Forward | YTD Trans | Current Month Balance | | Year-To-Date Balance | |
|-----|---------|------------------------------------|-----------------|-------------|-----------------------|-----------|----------------------|-----------|
| | | | | | Debit | Credit | Debit | Credit |
| 0 | 242.51 | OTH CURR-ACC LIAB=OUTSIDE SE | 0.00 | 941.00 | 0.00 | 941.00 | 941.00 | 0.00 |
| 0 | 242.52 | OTH CURR-ACC LIAB-ANNUAL MEE | 0.00 | 1,654.43 | 0.00 | 1,654.43 | 1,654.43 | 0.00 |
| 0 | 252.3 | ADV CONST REFUNDABLE | -15,628.96 | -4,483.08 | 0.00 | 0.00 | 0.00 | 20,112.04 |
| 0 | 253.3 | OTH DEFERR CR-ADV FOR CONST | -34,421.17 | -16,220.69 | 78,163.06 | 0.00 | 0.00 | 50,641.86 |
| 0 | 253.5 | ADV FOR CONST-LONNIE COLLETT DEC'1 | -5,189.75 | 0.00 | 0.00 | 0.00 | 0.00 | 5,189.75 |
| 0 | 253.51 | ADV FOR CONST-CONNIE BENNETT OCT'1 | 0.00 | -7,337.00 | 0.00 | 0.00 | 0.00 | 7,337.00 |
| 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 | 589,072.15 | 10,508.08 | 0.00 | 6,000.00 | 599,580.23 | 0.00 |
| 0 | 364.0 | POLES-TOWERS-FIXTURES | 28,703,498.93 | 971,071.60 | 79,799.79 | 0.00 | 29,674,570.53 | 0.00 |
| 0 | 365.0 | OVERHEAD COND AND DEVICES | 27,212,585.30 | 692,419.90 | 205,202.66 | 0.00 | 27,905,005.20 | 0.00 |
| 0 | 367.0 | UNDERGROUND COND AND DEVICES | 3,736,400.08 | 153,118.44 | 26,241.29 | 0.00 | 3,889,518.52 | 0.00 |
| 0 | 368.0 | LINE TRANSFORMERS | 10,203,359.39 | 453,171.17 | 95,278.95 | 0.00 | 10,656,530.56 | 0.00 |
| 0 | 369.0 | SERVICES | 8,254,235.82 | 60,352.56 | 16,487.42 | 0.00 | 8,314,588.38 | 0.00 |
| 0 | 370.0 | METERS | 1,594,711.90 | -548,936.43 | 0.00 | 0.00 | 1,045,775.47 | 0.00 |
| 0 | 370.01 | 2-3 WIRE METERS-SOLID STATE | 0.00 | 536,325.87 | 32,952.66 | 0.00 | 536,325.87 | 0.00 |
| 0 | 370.02 | DEMAND METERS-SOLID STATE | 0.00 | 122,031.14 | 0.00 | 0.00 | 122,031.14 | 0.00 |
| 0 | 370.1 | TURTLES | 17,366.90 | -1,705.05 | 0.00 | 0.00 | 15,661.85 | 0.00 |
| 0 | 370.11 | TURTLE II | 3,609,188.33 | -26,304.78 | 0.00 | 0.00 | 3,582,883.55 | 0.00 |
| 0 | 370.12 | METER W/DISCONNECT SWITCH | 369,775.85 | 0.00 | 0.00 | 0.00 | 369,775.85 | 0.00 |
| 0 | 370.13 | METER W/TS2 | 307,199.60 | -153.60 | 0.00 | 0.00 | 307,046.00 | 0.00 |
| 0 | 370.14 | METER COMBO (W/TS2 & DISCONNECT S | 185,270.00 | 141,068.88 | 28,946.00 | 0.00 | 326,338.88 | 0.00 |
| 0 | 370.15 | REMOTE SERVICE SWITCHES | 360,415.55 | -10,252.94 | 0.00 | 10,252.94 | 350,162.61 | 0.00 |
| 0 | 371.0 | INSTALL ON CONSUMERS PREMISES | 4,788,987.63 | 123,574.11 | 27,785.13 | 0.00 | 4,912,561.74 | 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 | 1,160,846.70 | 17,825.46 | 0.00 | 0.00 | 1,178,672.16 | 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 | 435,093.45 | 0.00 | 0.00 | 0.00 | 435,093.45 | 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 | 779,443.20 | -14,587.24 | 0.00 | 16,909.49 | 764,855.96 | 0.00 |
| 0 | 392.0 | TRANSPORTATION EQUIPMENT | 3,097,461.88 | 29,450.36 | 0.00 | 0.00 | 3,126,912.24 | 0.00 |
| 0 | 394.0 | TOOLS-SHOP-GARAGE EQUIP | 97,930.67 | 1,012.30 | 0.00 | 0.00 | 98,942.97 | 0.00 |
| 0 | 395.0 | LABORATORY EQUIPMENT | 93,176.29 | -6,608.99 | 0.00 | 0.00 | 86,567.30 | 0.00 |
| 0 | 396.0 | POWER OPERATED EQUIPMENT | 304,996.70 | 0.00 | 0.00 | 0.00 | 304,996.70 | 0.00 |

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General Ledger
Summary Trial Balance

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Period Ending: NOV 2015

| Div | Account | Description | Balance Forward | YTD Trans | ----- Current Month Balance ----- | | ----- Year-To-Date Balance ----- | |
|-----|---------|-----------------------------------|-----------------|----------------|-----------------------------------|--------------|----------------------------------|---------------|
| | | | | | Debit | Credit | Debit | Credit |
| 0 | 397.0 | COMMUNICATIONS EQUIPMENT | 677,026.15 | 36,631.64 | 11,000.00 | 0.00 | 713,657.79 | 0.00 |
| 0 | 398.0 | MISCELLANEOUS EQUIPMENT | 420,146.12 | 22,288.11 | 0.00 | 0.00 | 442,434.23 | 0.00 |
| 0 | 403.6 | DEPT EXP-DISTRIBUTION PLANT | 0.00 | 3,041,413.47 | 280,284.15 | 0.00 | 3,041,413.47 | 0.00 |
| 0 | 403.7 | DEPT EXP-GENERAL PLANT | 0.00 | 170,894.69 | 15,485.17 | 0.00 | 170,894.69 | 0.00 |
| 0 | 408.0 | TAXES-OTHER THAN INCOME TAXES | 0.00 | 56,395.32 | 0.00 | 0.00 | 56,395.32 | 0.00 |
| 0 | 419.2 | DIVIDEND INCOME - CRC | 0.00 | -89.04 | 0.00 | 0.00 | 0.00 | 89.04 |
| 0 | 419.3 | INT DIV INCOME-P AND P INVEST | 0.00 | -78,162.97 | 0.00 | 19,518.18 | 0.00 | 78,162.97 |
| 0 | 419.4 | INTEREST AND DIVIDEND INC CFC | 0.00 | -35,191.62 | 0.00 | 3,208.81 | 0.00 | 35,191.62 |
| 0 | 424.0 | OTH CAP CR-PATRON CAP ALLOC | 0.00 | -72,977.73 | 0.00 | 0.00 | 0.00 | 72,977.73 |
| 0 | 426.1 | DONATIONS | 0.00 | 6,036.20 | 245.00 | 0.00 | 6,036.20 | 0.00 |
| 0 | 426.11 | DONATIONS-SCHOLARSHIPS | 0.00 | 4,500.00 | 0.00 | 0.00 | 4,500.00 | 0.00 |
| 0 | 426.12 | DONATIONS-MEMBERSHIPS, DUES | 0.00 | 1,950.47 | 150.00 | 0.00 | 1,950.47 | 0.00 |
| 0 | 427.1 | INT ON REA CONST LOAN | 0.00 | 112,993.50 | 10,045.31 | 0.00 | 112,993.50 | 0.00 |
| 0 | 427.15 | INT ON FFB CONST LOAN | 0.00 | 233,459.76 | 27,274.86 | 0.00 | 233,459.76 | 0.00 |
| 0 | 427.25 | INT ON OTHER LONG TERM DEBT NCSC | 0.00 | 61,899.63 | 4,992.57 | 0.00 | 61,899.63 | 0.00 |
| 0 | 427.26 | INT ON OTHER LONG TERM DEBT-COBAN | 0.00 | 70,446.87 | 6,291.61 | 0.00 | 70,446.87 | 0.00 |
| 0 | 431.0 | INTEREST EXP-OTHER | 0.00 | 1,430.72 | 128.60 | 0.00 | 1,430.72 | 0.00 |
| 0 | 431.1 | INT EXP-CFC LINE OF CREDIT | 0.00 | 2,229.23 | 0.00 | 0.00 | 2,229.23 | 0.00 |
| 0 | 440.1 | RESIDENTIAL SALES-RURAL FARM | 0.00 | -28,569,017.29 | 0.00 | 2,377,512.43 | 0.00 | 28,569,017.29 |
| 0 | 440.11 | RESIDENTIAL SALES-ENVIROWATTS | 0.00 | -530.75 | 0.00 | 46.75 | 0.00 | 530.75 |
| 0 | 442.1 | COMM-INDUST SALE-SMALL | 0.00 | -2,752,983.27 | 0.00 | 228,749.38 | 0.00 | 2,752,983.27 |
| 0 | 442.2 | COMM-INDUST SALES-LARGE | 0.00 | -8,657,739.02 | 0.00 | 760,813.93 | 0.00 | 8,657,739.02 |
| 0 | 450.0 | FORFEITED DISCOUNTS | 0.00 | -485,792.09 | 0.00 | 34,140.66 | 0.00 | 485,792.09 |
| 0 | 451.0 | MISC SERVICE REVENUES | 0.00 | -106,795.00 | 0.00 | 8,115.00 | 0.00 | 106,795.00 |
| 0 | 454.0 | RENT FROM ELECTRIC PROPERTY | 0.00 | -885,221.40 | 0.00 | 75,000.00 | 0.00 | 885,221.40 |
| 0 | 456.0 | OTHER ELEC REVENUES | 0.00 | -809.68 | 0.00 | 46.36 | 0.00 | 809.68 |
| 0 | 555.0 | PURCHASED POWER | 0.00 | 30,681,639.00 | 2,628,603.00 | 0.00 | 30,681,639.00 | 0.00 |
| 0 | 582.0 | STATION EQUIPMENT | 0.00 | 5,172.86 | 470.26 | 0.00 | 5,172.86 | 0.00 |
| 0 | 583.0 | OVERHEAD LINE EXPENSE | 0.00 | 529,425.63 | 38,222.75 | 0.00 | 529,425.63 | 0.00 |
| 0 | 584.0 | UNDERGROUND LINE EXP | 0.00 | 42,429.31 | 3,652.53 | 0.00 | 42,429.31 | 0.00 |
| 0 | 586.0 | METER EXPENSES | 0.00 | 414,400.13 | 48,193.93 | 0.00 | 414,400.13 | 0.00 |
| 0 | 587.0 | CONSUMER INSTALL EXPENSES | 0.00 | 106,992.21 | 9,919.29 | 0.00 | 106,992.21 | 0.00 |
| 0 | 588.0 | MISC DISTRIBUTION EXPENSE | 0.00 | 148,564.39 | 16,717.29 | 0.00 | 148,564.39 | 0.00 |
| 0 | 589.0 | RENTS | 0.00 | 4,500.00 | 3,000.00 | 0.00 | 4,500.00 | 0.00 |
| 0 | 593.0 | MAINT OF OVERHEAD LINES | 0.00 | 1,331,964.48 | 100,102.06 | 0.00 | 1,331,964.48 | 0.00 |
| 0 | 593.01 | RIGHT OF WAY CUTTING | 0.00 | 906,367.23 | 89,496.82 | 0.00 | 906,367.23 | 0.00 |
| 0 | 593.02 | RIGHT OF WAY MATERIALS | 0.00 | 10,392.67 | 900.68 | 0.00 | 10,392.67 | 0.00 |
| 0 | 593.03 | RIGHT-OF-WAY BUSHHOGGING | 0.00 | 110,565.64 | 0.00 | 0.00 | 110,565.64 | 0.00 |
| 0 | 593.05 | PCB MAINTENANCE EXPENSE | 0.00 | 1,417.89 | 0.00 | 0.00 | 1,417.89 | 0.00 |

CUMBERLAND VALLEY RECC

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General Ledger
Summary Trial Balance

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Period Ending: NOV 2015

| Div | Account | Description | Balance Forward | YTD Trans | ----- Current Month Balance ----- | | ----- Year-To-Date Balance ----- | |
|-----|---------|--------------------------------|-----------------|--------------|-----------------------------------|-----------|----------------------------------|-----------|
| | | | | | Debit | Credit | Debit | Credit |
| 0 | 595.0 | MAINT OF LINE TRANSFORMERS | 0.00 | 13,071.98 | 0.00 | 0.00 | 13,071.98 | 0.00 |
| 0 | 597.0 | MAINTENANCE OF METERS | 0.00 | 136,792.86 | 4,429.69 | 0.00 | 136,792.86 | 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 | 164,493.82 | 16,967.50 | 0.00 | 164,493.82 | 0.00 |
| 0 | 902.0 | METER READING EXPENSES | 0.00 | 166,057.08 | 10,048.43 | 0.00 | 166,057.08 | 0.00 |
| 0 | 903.0 | CONSUMER RECORDS-COLLECT EXP | 0.00 | 1,491,191.19 | 139,154.41 | 0.00 | 1,491,191.19 | 0.00 |
| 0 | 903.1 | CONS REC-COLL EXP-OVER-UNDER | 0.00 | 107.81 | 8.00 | 0.00 | 107.81 | 0.00 |
| 0 | 904.0 | UNCOLLECTIBLE ACCOUNTS | 0.00 | 164,960.68 | 15,000.00 | 0.00 | 164,960.68 | 0.00 |
| 0 | 908.0 | CUSTOM ASSIST EXP | 0.00 | 61,209.55 | 8,886.12 | 0.00 | 61,209.55 | 0.00 |
| 0 | 909.0 | INFO AND INST ADV EXP | 0.00 | 36,396.98 | 2,975.13 | 0.00 | 36,396.98 | 0.00 |
| 0 | 920.0 | ADMIN AND GENERAL SALARIES | 0.00 | 789,213.09 | 72,385.08 | 0.00 | 789,213.09 | 0.00 |
| 0 | 921.0 | OFFICE SUPPLIES AND EXPENSES | 0.00 | 92,081.71 | 9,452.17 | 0.00 | 92,081.71 | 0.00 |
| 0 | 923.0 | OUTSIDE SERVICES EMPLOYED | 0.00 | 67,554.19 | 0.00 | 19,045.89 | 67,554.19 | 0.00 |
| 0 | 929.0 | DUPLICATE CHARGES | 0.00 | -37,784.19 | 0.00 | 3,127.18 | 0.00 | 37,784.19 |
| 0 | 930.1 | MISC GENERAL EXP-DIRECTORS EXP | 0.00 | 163,575.70 | 15,404.47 | 0.00 | 163,575.70 | 0.00 |
| 0 | 930.11 | GENERAL ADVERTISING EXP | 0.00 | 69,267.43 | 5,950.35 | 0.00 | 69,267.43 | 0.00 |
| 0 | 930.2 | MISC GENERAL EXPENSE-OTHER | 0.00 | 80,018.97 | 7,274.47 | 0.00 | 80,018.97 | 0.00 |
| 0 | 930.4 | MISC GEN EXP-ANNUAL MEETING | 0.00 | 25,517.75 | 1,654.43 | 0.00 | 25,517.75 | 0.00 |
| 0 | 932.0 | MAINT OF GEN PLANT | 0.00 | 111,069.62 | 16,823.25 | 0.00 | 111,069.62 | 0.00 |

| | |
|-------------------------------|----------------|
| Balance Forward: | 2,769,071.21 |
| YTD Transactions: | -2,769,071.21 |
| Current Month Debit Balance: | 7,204,988.53 |
| Current Month Credit Balance: | 7,225,268.43 |
| Current Month Balance: | -20,279.90 |
| Current Year Debit Balance: | 186,264,054.68 |
| Current Year Credit Balance: | 186,264,054.68 |
| Current Year Balance: | 0.00 |
| Current Year Profit/Loss: | 6,907.66 |

Cumberland Valley Electric
Case No. 2016 - 00169
Comparative Capital Structure (Excluding JDIC)
For the Periods as Shown
"000" Omitted

| Line No. | Type of Capital | 2005 8th Year | | 2006 7th Year | | 2007 6th Year | | 2008 5th Year | | 2009 6th Year | | 2010 5th Year | |
|----------|-------------------------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|
| | | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| 1 | Long Term Debt | 30,073 | 57% | 31,144 | 57% | 31,008 | 55% | 36,035 | 58% | 34,434 | 39% | 35,723 | 41% |
| 2 | Short Term Debt | 0 | 0% | 0 | 0% | 575 | 1% | 432 | 1% | 1,058 | 1% | 0 | 0% |
| 3 | Memberships | 408 | 1% | 413 | 1% | 416 | 1% | 420 | 1% | 426 | 0% | 430 | 0% |
| 4 | Patronage Capital | 22,737 | 43% | 23,016 | 42% | 24,506 | 43% | 25,757 | 41% | 27,347 | 31% | 30,893 | 36% |
| 5 | Other (Itemize by type) | | | | | | | | | | | | |
| 6 | Total Capitalization | 53,218 | 100% | 54,573 | 100% | 56,505 | 100% | 62,644 | 100% | 63,265 | 71% | 67,046 | 77% |

| Line No. | Type of Capital | 2011 2nd Year | | 2012 1st Year | | 2013 2nd Year | | 2014 1st Year | | 2015 Test year | | Latest Quarter November 30, 2015 | | Average Test Year | |
|----------|-------------------------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|-------------------|-------|-------------------------------------|-------|----------------------|-------|
| | | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| 1 | Long Term Debt | 37,526 | 52% | 37,921 | 50% | 42,813 | 52% | 43,857 | 51% | 47,924 | 53% | 46,153 | 52% | 43,843 | 50% |
| 2 | Short Term Debt | 0 | 0% | 790 | 1% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| 3 | Memberships | 430 | 1% | 431 | 1% | 432 | 1% | 433 | 0% | 435 | 0% | 435 | 0% | 433 | 0% |
| 4 | Patronage Capital | 34,222 | 47% | 36,569 | 48% | 39,662 | 48% | 42,532 | 49% | 42,534 | 47% | 42,622 | 48% | 42,662 | 49% |
| 5 | Other (Itemize by type) | | | | | | | | | | | | | | |
| 6 | Total Capitalization | 72,178 | 100% | 75,711 | 100% | 82,907 | 100% | 86,822 | 100% | 90,893 | 100% | 89,209 | 100% | 86,939 | 100% |

Cumberland Valley Electric
 Case No. 2016 - 00169
 Calculation of Average Test Period Capital Structure
 12 months ended November 30, 2015

| Line No. | Item (a) | Total Capital (b) | Long-Term Debt (c) | Short-Term Debt (d) | Memberships (e) | Common Stock (f) | Patronage Capital (g) | Total Common Equity (h) |
|----------|-------------------------------------|-------------------|--------------------|---------------------|-----------------|------------------|-----------------------|-------------------------|
| 1 | Balance Beginning of Test year | 84,835 | 44,248 | | 433 | | 40,154 | |
| 2 | 1st month | 84,613 | 41,748 | | 433 | | 42,432 | |
| 3 | 2nd month | 86,909 | 43,828 | | 434 | | 42,647 | |
| 4 | 3rd month | 87,284 | 43,705 | | 434 | | 43,145 | |
| 5 | 4th month | 86,961 | 43,314 | | 433 | | 43,214 | |
| 6 | 5th month | 87,173 | 43,284 | | 431 | | 43,458 | |
| 7 | 6st month | 86,855 | 43,160 | | 432 | | 43,263 | |
| 8 | 7th month | 85,979 | 42,799 | | 432 | | 42,748 | |
| 9 | 8th month | 86,017 | 42,769 | | 434 | | 42,814 | |
| 10 | 9th month | 85,949 | 42,644 | | 434 | | 42,871 | |
| 11 | 10th month | 88,435 | 45,282 | | 434 | | 42,719 | |
| 12 | 11th month | 88,299 | 45,252 | | 435 | | 42,612 | |
| 13 | 12th month | 90,894 | 47,924 | | 435 | | 42,535 | |
| 14 | Total (Line 1 through Line 13) | 1,130,203 | 569,957 | 0 | 5,634 | 0 | 554,612 | 0 |
| 15 | Average balance (Line 14/13) | 86,939 | 43,843 | 0 | 433 | 0 | 42,662 | 0 |
| 16 | Average capitalization ratios | 100% | 50% | 0% | 0% | 0% | 49% | 0% |
| 17 | End of period capitalization ratios | 100% | 53% | 0% | 0% | 0% | 47% | 0% |

Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases and promotions during the year. To give recognition to employees terminated, retired, and employed during the test year. Increases are granted each September 1st to union and non-union employees. Overtime pay is calculated 1-½ times regular pay.

Cumberland Valley has always hired summer and part-time employees, and anticipates this will 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> |
|------|--------------|------------------|
| 2015 | 3.50% | 3.50% |
| 2014 | 3.50% | 3.50% |
| 2013 | 3.00% | 3.00% |
| 2012 | 3.00% | 3.00% |
| 2011 | 3.50% | 3.50% |

The amount of increase was allocated based on the actual test year.

| | |
|----------------------------|------------------------|
| Projected wages | \$3,820,754 |
| Actual wages for test year | <u>3,760,811</u> |
| Adjustment | <u><u>\$59,943</u></u> |

Employees #56 and 59 resigned during the test year. They were not replaced.

The allocation is on the following page.

Cumberland Valley Electric
Case No. 2016-00169

Allocation of increase in payroll:

| | | | <u>Labor</u> | | |
|----|--------|-------------------------------|---------------------|----------------|-------------------|
| | | | <u>Distribution</u> | <u>Percent</u> | <u>Allocation</u> |
| 10 | 107.20 | Construction work in progress | 983,011 | 26.1% | 15,668 |
| 11 | 108.80 | Retirement work in progress | 69,361 | 1.8% | 1,106 |
| 12 | 163.00 | Stores | 75,157 | 2.0% | 1,198 |
| 13 | 184.10 | Transportation | 16,606 | 0.4% | 265 |
| 14 | 242.31 | Employee sick leave | 106,425 | 2.8% | 1,696 |
| 15 | 583.00 | Overhead line | 53,644 | | |
| 16 | 586.00 | Meter | 216,931 | | |
| 17 | 587.00 | Customer installations | 483 | | |
| 18 | 588.00 | Miscellaneous distribution | 0 | 7.2% | 4,320 |
| 19 | 593.00 | Overhead line | 722,147 | | |
| 20 | 595.00 | Transformers | 879 | | |
| 21 | 597.00 | Maintenance of meters | 51,377 | | |
| 22 | 598.00 | Miscellaneous maintenance | 95,173 | 23.1% | 13,860 |
| 23 | 902.00 | Meter reading | 65,800 | | |
| 24 | 903.00 | Consumer records | 695,074 | 20.2% | 12,128 |
| 25 | 908.00 | Consumer information | 66,458 | 1.8% | 1,059 |
| 26 | 912.00 | Demonstration and selling | 0 | 0.0% | 0 |
| 27 | 920.00 | Administrative | 522,287 | 13.9% | |
| 28 | 932.00 | Maintenance general plant | 19,998 | 0.5% | |
| 30 | | Total | <u>3,760,811</u> | <u>100.0%</u> | <u>51,300</u> |

Cumberland Valley Electric
Case No. 2016-00169
Employee Earnings Hours

Witness: James Adkins

| Employee Number | Hours Worked Test Year | | | Actual Test Year Wages | | | | Wage Rate 9/1/15 | Normalized Wages @ 2,080 Hours | | |
|--------------------|------------------------|----------|-----------|------------------------|----------|-----------|-----------|------------------------|-----------------------------------|----------|-----------|
| | Regular | Overtime | Total | Regular | Overtime | Christmas | Total | | Regular | Overtime | Total |
| | Salary | | | | | | | | | | |
| 1 | 2,088.00 | | 2,088.00 | 85,144 | | 200 | 85,344 | \$42.00 | 87,360 | | 87,360 |
| 2 | 2,088.00 | | 2,088.00 | 79,896 | | 200 | 80,096 | \$39.41 | 81,973 | | 81,973 |
| 3 | 2,088.00 | | 2,088.00 | 181,265 | | 200 | 181,465 | \$88.77 | 184,642 | | 184,642 |
| 4 | 2,122.00 | | 2,122.00 | 101,181 | | 200 | 101,381 | \$49.91 | 103,813 | | 103,813 |
| 5 | 2,088.00 | | 2,088.00 | 105,325 | | 200 | 105,525 | \$51.95 | 108,056 | | 108,056 |
| 6 | 2,081.00 | | 2,081.00 | 94,579 | | 200 | 94,779 | \$46.65 | 97,032 | | 97,032 |
| 7 | 2,088.00 | | 2,088.00 | 97,663 | | 200 | 97,863 | \$48.18 | 100,214 | | 100,214 |
| 8 | 2,088.00 | | 2,088.00 | 97,800 | | 200 | 98,000 | \$48.24 | 100,339 | | 100,339 |
| 9 | 2,088.00 | | 2,088.00 | 64,325 | | 200 | 64,525 | \$31.73 | 65,998 | | 65,998 |
| 10 | 2,088.00 | | 2,088.00 | 58,928 | | 200 | 59,128 | \$29.07 | 60,466 | | 60,466 |
| 11 | 2,088.00 | | 2,088.00 | 66,458 | | 200 | 66,658 | \$32.78 | 68,182 | | 68,182 |
| | 22,995.00 | 0.00 | 22,995.00 | 1,032,564 | 0 | 2,200 | 1,034,764 | | 1,058,075 | 0 | 1,058,075 |
| Hourly | | | | | | | | | | | |
| 12 | 2,088.00 | 298.75 | 2,386.75 | 47,010 | 10,098 | 200 | 57,308 | \$23.10 | 48,048 | 10,352 | 58,400 |
| 13 | 2,088.00 | 8.00 | 2,096.00 | 45,454 | 260 | 200 | 45,914 | \$22.34 | 46,467 | 268 | 46,735 |
| 14 | 2,090.00 | 8.00 | 2,098.00 | 45,498 | 268 | 200 | 45,966 | \$22.34 | 46,467 | 268 | 46,735 |
| 15 | 2,088.00 | 16.50 | 2,104.50 | 45,454 | 536 | 200 | 46,190 | \$22.34 | 46,467 | 553 | 47,020 |
| 16 | 2,088.00 | 198.00 | 2,286.00 | 61,249 | 8,702 | 200 | 70,151 | \$30.10 | 62,608 | 8,940 | 71,548 |
| 17 | 2,088.00 | 1,373.00 | 3,461.00 | 61,693 | 60,824 | 200 | 122,717 | \$30.32 | 63,066 | 62,444 | 125,510 |
| 18 | 2,088.00 | 774.50 | 2,862.50 | 61,693 | 34,330 | 200 | 96,223 | \$30.32 | 63,066 | 35,224 | 98,290 |
| 19 | 2,088.00 | 624.50 | 2,712.50 | 61,693 | 27,674 | 200 | 89,567 | \$30.32 | 63,066 | 28,402 | 91,468 |
| 20 | 2,088.00 | 874.50 | 2,962.50 | 61,693 | 38,736 | 200 | 100,629 | \$30.32 | 63,066 | 39,772 | 102,838 |
| 21 | 2,088.00 | 1,188.00 | 3,276.00 | 61,693 | 52,595 | 200 | 114,488 | \$30.32 | 63,066 | 54,030 | 117,096 |
| 22 | 2,086.00 | 6.75 | 2,092.75 | 45,411 | 222 | 200 | 45,833 | \$22.34 | 46,467 | 226 | 46,693 |
| 23 | 2,088.00 | 682.50 | 2,770.50 | 61,693 | 30,214 | 200 | 92,107 | \$30.32 | 63,066 | 31,040 | 94,106 |
| 24 | 2,090.00 | 105.50 | 2,195.50 | 61,308 | 4,634 | 200 | 66,142 | \$30.10 | 62,608 | 4,763 | 67,371 |
| 25 | 2,080.00 | 212.50 | 2,292.50 | 61,007 | 9,346 | 200 | 70,553 | \$30.10 | 62,608 | 9,594 | 72,202 |
| 26 | 2,088.00 | 8.50 | 2,096.50 | 42,208 | 256 | 200 | 42,664 | \$20.74 | 43,139 | 264 | 43,404 |
| 27 | 2,088.00 | 23.50 | 2,111.50 | 45,454 | 771 | 200 | 46,425 | \$22.34 | 46,467 | 787 | 47,255 |

Cumberland Valley Electric
Case No. 2016-00169
Employee Earnings Hours

Witness: James Adkins

| Employee Number | Hours Worked Test Year | | | Actual Test Year Wages | | | | Wage Rate 9/1/15 | Normalized Wages @ 2,080 Hours | | |
|-----------------------------|------------------------|-----------|-----------|------------------------|----------|-----------|-----------|---------------------|-----------------------------------|----------|-----------|
| | Regular | Overtime | Total | Regular | Overtime | Christmas | Total | | Regular | Overtime | Total |
| 28 | 2,083.00 | 904.50 | 2,987.50 | 61,546 | 40,118 | 200 | 101,864 | \$30.32 | 63,066 | 41,137 | 104,202 |
| 29 | 2,088.00 | 22.50 | 2,110.50 | 45,454 | 731 | 200 | 46,385 | \$22.34 | 46,467 | 754 | 47,221 |
| 30 | 2,088.00 | 871.30 | 2,959.30 | 61,693 | 38,594 | 200 | 100,487 | \$30.32 | 63,066 | 39,627 | 102,692 |
| 31 | 2,012.00 | 356.50 | 2,368.50 | 60,478 | 15,980 | 200 | 76,658 | \$30.83 | 64,126 | 16,486 | 80,613 |
| 32 | 2,020.00 | 559.50 | 2,579.50 | 60,717 | 25,101 | 200 | 86,018 | \$30.83 | 64,126 | 25,874 | 90,000 |
| 33 | 2,088.00 | 544.00 | 2,632.00 | 61,693 | 24,113 | 200 | 86,006 | \$30.32 | 63,066 | 24,741 | 87,807 |
| 34 | 1,977.50 | 135.50 | 2,113.00 | 46,989 | 4,801 | 200 | 51,990 | \$24.38 | 50,710 | 4,955 | 55,666 |
| 35 | 2,026.00 | 463.50 | 2,489.50 | 60,097 | 20,516 | 200 | 80,813 | \$30.83 | 64,126 | 21,435 | 85,561 |
| 36 | 2,088.25 | 34.75 | 2,123.00 | 45,460 | 1,144 | 200 | 46,804 | \$22.34 | 46,467 | 1,164 | 47,632 |
| 37 | 2,032.00 | 551.50 | 2,583.50 | 60,053 | 24,352 | 200 | 84,605 | \$30.32 | 63,066 | 25,082 | 88,148 |
| 38 | 2,088.00 | 19.25 | 2,107.25 | 45,454 | 633 | 200 | 46,287 | \$22.34 | 46,467 | 645 | 47,112 |
| 39 | 2,088.00 | 83.50 | 2,171.50 | 45,454 | 2,731 | 200 | 48,385 | \$22.34 | 46,467 | 2,798 | 49,265 |
| 40 | 2,088.00 | 20.00 | 2,108.00 | 45,454 | 657 | 200 | 46,311 | \$22.34 | 46,467 | 670 | 47,137 |
| 41 | 2,050.00 | 367.00 | 2,417.00 | 60,580 | 16,210 | 200 | 76,990 | \$30.32 | 63,066 | 16,691 | 79,757 |
| 42 | 2,044.00 | 244.00 | 2,288.00 | 60,404 | 10,767 | 200 | 71,371 | \$30.32 | 63,066 | 11,097 | 74,163 |
| 43 | 2,070.00 | 16.00 | 2,086.00 | 61,166 | 703 | 200 | 62,069 | \$30.32 | 63,066 | 728 | 63,793 |
| 44 | 2,088.00 | 253.50 | 2,341.50 | 62,742 | 11,404 | 200 | 74,346 | \$30.83 | 64,126 | 11,723 | 75,850 |
| 45 | 2,088.00 | 114.50 | 2,202.50 | 53,707 | 4,411 | 200 | 58,318 | \$30.32 | 63,066 | 5,207 | 68,273 |
| 46 | 2,016.00 | 361.00 | 2,377.00 | 59,584 | 15,902 | 200 | 75,686 | \$30.32 | 63,066 | 16,418 | 79,484 |
| 47 | 2,088.00 | 12.80 | 2,100.80 | 45,454 | 421 | 200 | 46,075 | \$22.34 | 46,467 | 429 | 46,896 |
| 48 | 2,040.00 | 141.00 | 2,181.00 | 55,436 | 5,758 | 200 | 61,394 | \$30.32 | 63,066 | 6,413 | 69,478 |
| 49 | 2,088.00 | 111.25 | 2,199.25 | 45,454 | 3,634 | 200 | 49,288 | \$22.34 | 46,467 | 3,728 | 50,195 |
| | 78,740.75 | 12,590.35 | 91,331.10 | 2,075,280 | 548,147 | 7,600 | 2,631,027 | | 2,152,883 | 564,733 | 2,717,616 |
| Summer and Part Time | | | | | | | | | | | |
| 50 | 1,125.00 | 3.00 | 1,128.00 | 21,638 | 88 | 100 | 21,826 | \$19.73 | 22,196 | 89 | 22,285 |
| 51 | 1,151.50 | 2.00 | 1,153.50 | 22,160 | 59 | 100 | 22,319 | \$19.73 | 22,719 | 59 | 22,778 |
| Subtotal st | 2,276.50 | 5.00 | 2,281.50 | 43,798 | 147 | 200 | 44,145 | | 44,915 | 148 | 45,063 |

Cumberland Valley Electric
Case No. 2016-00169
Employee Earnings Hours

Witness: James Adkins

| Employee Number | Hours Worked Test Year | | | Actual Test Year Wages | | | | Wage Rate 9/1/15 | Normalized Wages @ 2,080 Hours | | |
|--------------------|------------------------|-----------|------------|------------------------|----------|-----------|-----------|------------------------|-----------------------------------|-----------|-------|
| | Regular | Overtime | Total | Regular | Overtime | Christmas | Total | | Regular | Overtime | Total |
| Subtotal st | 2,276.50 | 5.00 | 2,281.50 | 43,798 | 147 | 200 | 44,145 | 44,915 | 148 | 45,063 | |
| Retirees | | | | | | | | | | | |
| 53 | 1,072.50 | 6.50 | 1,079.00 | 31,950 | 291 | 200 | 32,441 | | | | |
| 54 | 665.00 | | 665.00 | 18,234 | | 200 | 18,434 | | | | |
| Subtotal re | 1,737.50 | 6.50 | 1,744.00 | 50,184.00 | 291.00 | 400.00 | 50,875.00 | 0 | 0 | 0 | |
| Total | 105,749.75 | 12,601.85 | 118,351.60 | 3,201,826 | 548,585 | 10,400 | 3,760,811 | 3,255,874 | 564,881 | 3,820,754 | |

Cumberland Valley Electric
Case No. 2016-00169
Employee Earnings Hours

Exhibit 1
Page 4 of 10
Witness: James Adkins

| <u>Employee</u> <u>Number</u> | <u>Wage</u> <u>Rate</u> <u>9/1/13</u> | <u>Wage</u> <u>Rate</u> <u>9/1/14</u> | <u>Percent</u> <u>Increase</u> | <u>Wage</u> <u>Rate</u> <u>9/1/15</u> | <u>Percent</u> <u>Increase</u> | <u>Reason for increase</u> |
|----------------------------------|---|---|-----------------------------------|---|-----------------------------------|----------------------------|
| 1 | \$39.21 | \$40.58 | 3.5% | \$42.00 | 3.5% | |
| 2 | \$36.79 | \$38.08 | 3.5% | \$39.41 | 3.5% | |
| 3 | \$83.68 | \$86.61 | 3.5% | \$88.77 | 2.5% | |
| 4 | \$46.59 | \$48.22 | 3.5% | \$49.91 | 3.5% | |
| 5 | \$48.50 | \$50.20 | 3.5% | \$51.95 | 3.5% | |
| 6 | \$43.55 | \$45.08 | 3.5% | \$46.65 | 3.5% | |
| 7 | \$44.97 | \$46.55 | 3.5% | \$48.18 | 3.5% | |
| 8 | \$45.03 | \$46.61 | 3.5% | \$48.24 | 3.5% | |
| 9 | \$28.42 | \$30.66 | 7.9% | \$31.73 | 3.5% | |
| 10 | \$25.93 | \$28.08 | 8.3% | \$29.07 | 3.5% | |
| 11 | \$30.60 | \$31.67 | 3.5% | \$32.78 | 3.5% | |

Hourly

| | | | | | | |
|----|---------|---------|------|---------|------|-----------|
| 12 | \$21.57 | \$22.32 | 3.5% | \$23.10 | 3.5% | |
| 13 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 14 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 15 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 16 | \$28.10 | \$29.08 | 3.5% | \$30.10 | 3.5% | |
| 17 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 18 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 19 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 20 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 21 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 22 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 23 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 24 | \$28.10 | \$29.08 | 3.5% | \$30.10 | 3.5% | |
| 25 | \$28.10 | \$29.08 | 3.5% | \$30.10 | 3.5% | |
| 26 | \$19.36 | \$20.04 | 3.5% | \$20.74 | 3.5% | |
| 27 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 28 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 29 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 30 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 31 | \$28.78 | \$29.79 | 3.5% | \$30.83 | 3.5% | |
| 32 | \$28.78 | \$29.79 | 3.5% | \$30.83 | 3.5% | |
| 33 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 34 | \$22.76 | \$23.56 | 3.5% | \$24.38 | 3.5% | |
| 35 | \$28.30 | \$29.29 | 3.5% | \$30.83 | 5.3% | Promotion |
| 36 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 37 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |

Cumberland Valley Electric
Case No. 2016-00169
Employee Earnings Hours

Exhibit 1
Page 7 of 10
Witness: James Adkins

| <u>Employee Number</u> | <u>Wage Rate 9/1/13</u> | <u>Wage Rate 9/1/14</u> | <u>Percent Increase</u> | <u>Wage Rate 9/1/15</u> | <u>Percent Increase</u> | <u>Reason for increase</u> |
|----------------------------|---------------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|----------------------------|
| 38 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 39 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 40 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 41 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 42 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 43 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 44 | \$28.78 | \$29.79 | 3.5% | \$30.83 | 3.5% | |
| 45 | \$24.64 | \$25.50 | 3.5% | \$30.32 | 18.9% | Step increase |
| 46 | \$28.30 | \$29.29 | 3.5% | \$30.32 | 3.5% | |
| 47 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |
| 48 | \$24.64 | \$29.29 | 18.9% | \$30.32 | 3.5% | |
| 49 | \$20.85 | \$21.58 | 3.5% | \$22.34 | 3.5% | |

Cumberland Valley Electric
Case No. 2016-00169

Exhibit 1
page 8 of 10
Witness: Robert Tolliver

Analysis of Salaries and Wages
For the calendar years 2012 through 2014
and the Test year

| Line No | Item (a) | Twelve Months Ended | | | | | | Test year 2015 | |
|---------|--|---------------------|-------|------------|-------|------------|-------|----------------|-------|
| | | 2012 | | 2013 | | 2014 | | Amount (l) | % (m) |
| | | Amount (f) | % (g) | Amount (h) | % (i) | Amount (j) | % (k) | | |
| 1 | Wages charged to expense: | | | | | | | | |
| 2 | Distribution expense | 1,156 | 0% | 1,047 | -9% | 1,115 | 6% | 1,141 | 2% |
| 3 | Customer accounts expense | 738 | 0% | 762 | 3% | 771 | 1% | 761 | -1% |
| 4 | Customer service and and infor | 76 | 0% | 62 | -18% | 63 | 2% | 66 | 5% |
| 5 | Sales expense | | | | | | | | 0% |
| 6 | Administrative and general expenses: | | | | | | | | |
| | (a) Administrative and general | 395 | 0% | 455 | 15% | 487 | 7% | 522 | 7% |
| | (b) Office supplies and expense | 4 | 0% | 4 | 0% | 4 | 0% | 4 | 0% |
| | (c) Outside services employed | | | | | | | | |
| | (d) Property insurance | | | | | | | | |
| | (e) Injuries and damages | | | | | | | | 0% |
| | (f) Employees hospitalization and benefits | | | | | | | | 0% |
| | (g) Retirement and security | | | | | | | | |
| | (h) Miscellaneous general | | | | | | | | 0% |
| | (i) Maintenance of general plant | 15 | 0% | 18 | 20% | 17 | -6% | 16 | -6% |
| 7 | Total administrative and general expenses L6(a) to L6(i) | 414 | 0% | 477 | -3% | 508 | 6% | 542 | -3% |
| 8 | Charged to clearing and others | 328 | 0% | 263 | -20% | 276 | 5% | 236 | -14% |
| 9 | Total salaries and wages charged to expense and other L2 to L6 + L7 + L8 | 2,712 | 0% | 2,611 | -4% | 2,733 | 5% | 2,746 | 0% |
| 10 | Wages capitalized | 1,002 | 0% | 1,005 | 0% | 999 | -1% | 1,014 | 2% |
| 11 | Total salaries and wages | 3,714 | 0% | 3,616 | -3% | 3,732 | 3% | 3,760 | 1% |
| 12 | Ratio of salaries and wages charged to expense to total wages L9 / L | 73% | | 72% | | 73% | | 73% | |
| 13 | Ratio of salaries and wages capitalized to total wages L10 / L11 | 27% | | 28% | | 27% | | 27% | |
| 14 | Overtime wages | 553 | 0% | 495 | -10% | 561 | 13% | 548 | -2% |

Cumberland Valley Electric
Case No. 2016-00169
Compensation of Executive Officers
November 30, 2015

| | <---- | Test Year | ----> | Employees |
|--------------------------------|---------------|-----------------|-------------|---------------|
| | | Percent of | | who |
| | <u>Salary</u> | <u>Increase</u> | <u>Date</u> | <u>Report</u> |
| President & CEO | 184,642.00 | 2.5% | 09/01/15 | all |
| Office Manager | 108,560.00 | 3.5% | 09/01/15 | 17 |
| Manager of Engineering | 100,214.00 | 3.5% | 09/01/15 | 4 |
| Dir, Marketing & Econ Develop. | 68,182.00 | 3.5% | 09/01/15 | 0 |
| Superintendent of Construction | 103,814.00 | 3.5% | 09/01/15 | 19 |

First Preceding Year

| | | Percent of | |
|--------------------------------|---------------|-----------------|-------------|
| | <u>Salary</u> | <u>Increase</u> | <u>Date</u> |
| President & CEO | 180,149.00 | 3.5% | 09/01/14 |
| Office Manager | 104,416.00 | 3.5% | 09/01/14 |
| Manager of Engineering | 96,814.00 | 3.5% | 09/01/14 |
| Dir, Marketing & Econ Develop. | 65,874.00 | 3.5% | 09/01/14 |
| Superintendent of Construction | 100,303.00 | 3.5% | 09/01/14 |

Second Preceding Year

| | | Percent of | |
|--------------------------------|---------------|-----------------|-------------|
| | <u>Salary</u> | <u>Increase</u> | <u>Date</u> |
| President & CEO | 174,054.00 | 3.0% | 09/01/13 |
| Office Manager | 100,880.00 | 3.0% | 09/01/13 |
| Manager of Engineering | 93,538.00 | 3.0% | 09/01/13 |
| Dir, Marketing & Econ Develop. | 63,648.00 | 3.0% | 09/01/13 |
| Superintendent of Construction | 96,912.00 | 3.0% | 09/01/13 |

Cumberland Valley Electric
Case No. 2016-00169
Duties and Responsibilities of Officers

President & CEO- It is the responsibility of the President & CEO to report directly to the Board of Directors in implementing the Board policies and directives.

Manager of Engineering- Collaborates with construction and maintenance supervisors and contractors on a daily basis for operational needs. Prepares and presents the President & CEO an annual capital budget. Plans and organizes to serve members with efficient work. Promotes fast, dependable electric service to the members and maintain power quality. Maintains knowledge of local and national laws and regulations governing the operations of Cumberland Valley. Reports directly to the President & CEO.

Office Manager- Coordinates all audit efforts by various agencies. Maintains the financial status of Cumberland Valley by developing budgets and financial statements. Collaborates with supervisors to fill any vacant positions. Assists and advises other departments as requested in the preparation of departmental budgets. Maintains all information related to accounting as needed. Develops short term cash investments and long term cash requirements. Assists in the development of information necessary for filing loan applications. Reviews the financial information to ensure compliance with regulatory agencies. Ensures that taxes are properly prepared and filed on a timely basis. Analyzes electric sales revenues, collections, delinquents, write-offs, and penalty charges for efficiencies. Maintains knowledge of laws and regulations governing the administration of Cumberland Valley. Directs in the preparation of daily cash transactions. Reports directly to the President & CEO.

Director, Marketing & Economic Development- Plans and organizes to serve member/owners with efficient work. Works with demand side management, conservation, and energy efficiency programs for consumers. Investigates member concerns that have not been satisfied by other employees. Encourages economic development in the region. Maintains knowledge of laws and regulations governing the operations of Cumberland Valley. Participates in community events and programs. Reports directly to the President & CEO.

Superintendent of Construction- Plans, schedules and directs all construction activities and operations in the most efficient manner possible and in conformity with established standards and practices. Maintains the Cooperative's lines and equipment to assure the consumers of an adequate and reliable supply of electricity. Prepares and presents to the President & CEO an annual capital budget. Collaborates with Engineering Manager on a daily basis for operational needs. Reports directly to the President & CEO.

Cumberland Valley Electric
Case No. 2016-00169
Payroll Taxes

The employer's portion of FICA and medicare rates remain the same for 2015 as they were for 2014. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increased from \$117,000 in 2014 to \$118,500 in 2015.

Federal unemployment rates are 0.60% for the first \$7,000 of wages and state unemployment rate is 1.05% for the first \$10,200 of wages, plus a surcharge of 0.21% in 2015. The state unemployment limit increased from \$9,600 in 2014 to \$10,200 in 2015.

Proposed FICA amounts

| | | |
|---------------|----------------|---------|
| FICA | 232,351 | |
| Medicare | 55,401 | |
| | <u>287,752</u> | |
| Proposed FUTA | 2,142 | |
| Proposed SUTA | 6,555 | 296,449 |

Test year amount

| | | |
|-------------------|---------|---------|
| FICA and Medicare | 281,383 | |
| Test year FUTA | 2,226 | |
| Test year SUTA | 6,611 | 290,220 |

| | | |
|----------|--|--------------|
| Increase | | <u>6,229</u> |
|----------|--|--------------|

Adjustment:

| | | <u>Percent</u> | <u>Amount</u> |
|-----------|----------------------------|----------------|----------------|
| 107 | Capitalized | 27.74% | 1,728 |
| 163 - 416 | Clearing and others | 3.56% | 222 |
| 580 | Operations | 7.42% | 462 |
| 590 | Mainteneance | 23.80% | 1,482 |
| 901 | Consumer accounts | 20.82% | 1,297 |
| 908 | Customer service | 1.82% | 113 |
| 912 | Sales | 0.00% | 0 |
| 920 | Administrative and general | 14.84% | 924 |
| | | <u>100.00%</u> | <u>\$6,228</u> |

State unemployment (SUTA) wage rates are as follows:

| | | |
|------|-------|----------------------|
| 2015 | 1.05% | plus 0.21% surcharge |
| 2014 | 1.05% | plus 0.22% surcharge |
| 2013 | 1.05% | |
| 2012 | 1.10% | |
| 2011 | 1.10% | |
| 2010 | 1.10% | |

| Employee Number | Social Security Wages | | Medicare Wages | | Federal Unemployment | | State Unemployment | |
|--------------------|-----------------------|-------|----------------|-------|----------------------|-------|--------------------|--------|
| | Up To | @ | | | Up to | | Up to | |
| | \$118,500 | 6.20% | All Wages | 1.45% | \$7,000 | 0.60% | \$10,200 | 1.260% |

Salary

| | | | | | | | | |
|----------|---------|--------|-----------|--------|--------|-----|---------|-------|
| 7 | 87,360 | 5,416 | 87,360 | 1,267 | 7,000 | 42 | 10,200 | 129 |
| 12 | 81,973 | 5,082 | 81,973 | 1,189 | 7,000 | 42 | 10,200 | 129 |
| 32 | 118,500 | 7,347 | 184,642 | 2,677 | 7,000 | 42 | 10,200 | 129 |
| 37 | 103,813 | 6,436 | 103,813 | 1,505 | 7,000 | 42 | 10,200 | 129 |
| 38 | 108,056 | 6,699 | 108,056 | 1,567 | 7,000 | 42 | 10,200 | 129 |
| 42 | 97,032 | 6,016 | 97,032 | 1,407 | 7,000 | 42 | 10,200 | 129 |
| 67 | 100,214 | 6,213 | 100,214 | 1,453 | 7,000 | 42 | 10,200 | 129 |
| 69 | 100,339 | 6,221 | 100,339 | 1,455 | 7,000 | 42 | 10,200 | 129 |
| 70 | 65,998 | 4,092 | 65,998 | 957 | 7,000 | 42 | 10,200 | 129 |
| 87 | 60,466 | 3,749 | 60,466 | 877 | 7,000 | 42 | 10,200 | 129 |
| 100 | 68,182 | 4,227 | 68,182 | 989 | 7,000 | 42 | 10,200 | 129 |
| Subtotal | 991,934 | 61,500 | 1,058,075 | 15,342 | 77,000 | 462 | 112,200 | 1,414 |

Hourly

| | | | | | | | | |
|----|---------|-------|---------|-------|-------|----|--------|-----|
| 3 | 58,400 | 3,621 | 58,400 | 847 | 7,000 | 42 | 10,200 | 129 |
| 6 | 46,735 | 2,898 | 46,735 | 678 | 7,000 | 42 | 10,200 | 129 |
| 11 | 46,735 | 2,898 | 46,735 | 678 | 7,000 | 42 | 10,200 | 129 |
| 14 | 47,020 | 2,915 | 47,020 | 682 | 7,000 | 42 | 10,200 | 129 |
| 22 | 71,548 | 4,436 | 71,548 | 1,037 | 7,000 | 42 | 10,200 | 129 |
| 24 | 118,500 | 7,347 | 125,510 | 1,820 | 7,000 | 42 | 10,200 | 129 |
| 25 | 98,290 | 6,094 | 98,290 | 1,425 | 7,000 | 42 | 10,200 | 129 |
| 29 | 91,468 | 5,671 | 91,468 | 1,326 | 7,000 | 42 | 10,200 | 129 |
| 34 | 102,838 | 6,376 | 102,838 | 1,491 | 7,000 | 42 | 10,200 | 129 |
| 36 | 117,096 | 7,260 | 117,096 | 1,698 | 7,000 | 42 | 10,200 | 129 |
| 39 | 46,693 | 2,895 | 46,693 | 677 | 7,000 | 42 | 10,200 | 129 |
| 43 | 94,106 | 5,835 | 94,106 | 1,365 | 7,000 | 42 | 10,200 | 129 |
| 44 | 67,371 | 4,177 | 67,371 | 977 | 7,000 | 42 | 10,200 | 129 |

| Employee Number | Social Security Wages | | Medicare Wages | | Federal Unemployment | | State Unemployment | |
|--------------------|-----------------------|---------|----------------|--------|----------------------|-------|--------------------|--------|
| | Up To | @ | All Wages | | Up to | | Up to | |
| | \$118,500 | 6.20% | | 1.45% | \$7,000 | 0.60% | \$10,200 | 1.260% |
| 45 | 72,202 | 4,477 | 72,202 | 1,047 | 7,000 | 42 | 10,200 | 129 |
| 46 | 43,404 | 2,691 | 43,404 | 629 | 7,000 | 42 | 10,200 | 129 |
| 47 | 47,255 | 2,930 | 47,255 | 685 | 7,000 | 42 | 10,200 | 129 |
| 51 | 104,202 | 6,461 | 104,202 | 1,511 | 7,000 | 42 | 10,200 | 129 |
| 54 | 47,221 | 2,928 | 47,221 | 685 | 7,000 | 42 | 10,200 | 129 |
| 55 | 102,692 | 6,367 | 102,692 | 1,489 | 7,000 | 42 | 10,200 | 129 |
| 57 | 80,613 | 4,998 | 80,613 | 1,169 | 7,000 | 42 | 10,200 | 129 |
| 62 | 90,000 | 5,580 | 90,000 | 1,305 | 7,000 | 42 | 10,200 | 129 |
| 63 | 87,807 | 5,444 | 87,807 | 1,273 | 7,000 | 42 | 10,200 | 129 |
| 64 | 55,666 | 3,451 | 55,666 | 807 | 7,000 | 42 | 10,200 | 129 |
| 65 | 85,561 | 5,305 | 85,561 | 1,241 | 7,000 | 42 | 10,200 | 129 |
| 66 | 47,632 | 2,953 | 47,632 | 691 | 7,000 | 42 | 10,200 | 129 |
| 68 | 88,148 | 5,465 | 88,148 | 1,278 | 7,000 | 42 | 10,200 | 129 |
| 73 | 47,112 | 2,921 | 47,112 | 683 | 7,000 | 42 | 10,200 | 129 |
| 75 | 49,265 | 3,054 | 49,265 | 714 | 7,000 | 42 | 10,200 | 129 |
| 77 | 47,137 | 2,923 | 47,137 | 683 | 7,000 | 42 | 10,200 | 129 |
| 78 | 79,757 | 4,945 | 79,757 | 1,156 | 7,000 | 42 | 10,200 | 129 |
| 80 | 74,163 | 4,598 | 74,163 | 1,075 | 7,000 | 42 | 10,200 | 129 |
| 81 | 63,793 | 3,955 | 63,793 | 925 | 7,000 | 42 | 10,200 | 129 |
| 82 | 75,850 | 4,703 | 75,850 | 1,100 | 7,000 | 42 | 10,200 | 129 |
| 83 | 68,273 | 4,233 | 68,273 | 990 | 7,000 | 42 | 10,200 | 129 |
| 85 | 79,484 | 4,928 | 79,484 | 1,153 | 7,000 | 42 | 10,200 | 129 |
| 86 | 46,896 | 2,908 | 46,896 | 680 | 7,000 | 42 | 10,200 | 129 |
| 99 | 69,478 | 4,308 | 69,478 | 1,007 | 7,000 | 42 | 10,200 | 129 |
| 101 | 50,195 | 3,112 | 50,195 | 728 | 7,000 | 42 | 10,200 | 129 |
| Subtotal | 2,710,606 | 168,058 | 2,717,616 | 39,405 | 266,000 | 1,596 | 387,600 | 4,884 |

| Employee Number | Social Security Wages | | Medicare Wages | | Federal Unemployment | | State Unemployment | |
|--------------------|-----------------------|-------|----------------|-------|----------------------|-------|--------------------|--------|
| | Up To | @ | All Wages | | Up to | | Up to | |
| | \$118,500 | 6.20% | | 1.45% | \$7,000 | 0.60% | \$10,200 | 1.260% |

Summer and Part Time

| | | | | | | | | |
|----------|--------|-------|--------|-----|--------|----|--------|-----|
| 89 | 22,285 | 1,382 | 22,285 | 323 | 7,000 | 42 | 10,200 | 129 |
| 92 | 22,778 | 1,412 | 22,778 | 330 | 7,000 | 42 | 10,200 | 129 |
| Subtotal | 45,063 | 2,794 | 45,063 | 653 | 14,000 | 84 | 20,400 | 257 |

Retirees

| | | | | | | | | |
|--------------|-----------|---------|-----------|--------|---------|-------|---------|-------|
| 56 | | | | | | | | |
| 59 | | | | | | | | |
| Subtotal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 3,747,603 | 232,351 | 3,820,754 | 55,401 | 357,000 | 2,142 | 520,200 | 6,555 |

Cumberland Valley Electric

Case No. 2016-00169

November 30, 2015

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 has had a depreciation study performed as of December 31, 2004 and was submitted and approved by this Commission in Case No. 2005-00187. Cumberland Valley has updated the study and submitted the study in this Application to the Commission. The rates will be implemented at the time the Commission approves the depreciation study.

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 hand column of the normalized calculation.

Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015
Depreciation Adjustment

Normalized depreciation accrual:

| | | |
|--------------------------|------------------|-----------|
| Distribution plant | 3,526,714 | |
| General plant | 439,431 | |
| Less charged to clearing | <u>(261,117)</u> | 3,705,028 |

Test year depreciation accrual:

| | | |
|--------------------------|------------------|-----------------------|
| Distribution plant | 3,299,174 | |
| General plant | 439,800 | |
| Less charged to clearing | <u>(253,555)</u> | 3,485,419 |
| Adjustment | | <u><u>219,610</u></u> |

Transportation clearing:

| | | |
|------------|------------------|-----------------------|
| Normalized | (261,117) | |
| Test year | <u>(253,555)</u> | |
| Adjustment | | <u><u>(7,562)</u></u> |

The allocation of the increase in depreciation on transportation equipment is based on actual test year transportation clearing.

| <u>Account</u> | <u>%</u> | <u>Amount</u> |
|----------------------------------|-------------|-------------------------|
| Construction and retirement WIP | 34% | (\$2,603) |
| Others | 1% | (89) |
| Distribution - operations | 15% | (1,138) |
| Distribution - maintenance | 27% | (2,034) |
| Consumer accounts | 7% | (523) |
| Consumer service and information | 6% | (432) |
| Sales | 0% | 0 |
| Administrative and general | 10% | (742) |
| Total | <u>100%</u> | <u><u>(\$7,562)</u></u> |

Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

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| Account Number | Description | Test Year Balance | Rate | Normalized Expense | Test Year Accrual | Exclude Items Fully Depreciated |
|----------------------------|------------------------------------|------------------------------|--------|----------------------------|----------------------------|---------------------------------------|
| Distribution plant: | | | | | | |
| 361 | Land | \$ 5,485 | | \$ - | \$ - | |
| 362 | Station equipment | 768,921 | 6.70% | 51,518 | 23,674 | |
| 364 | Poles, towers & fixtures | 29,674,571 | 3.90% | 1,156,582 | 1,164,989 | |
| 365 | Overhead conductors & devices | 27,905,005 | 3.27% | 911,811 | 770,471 | |
| 367 | Underground conductor & devices | 3,889,519 | 4.02% | 156,328 | 152,216 | |
| 368 | Line transformers | 10,656,531 | 2.39% | 254,691 | 327,978 | |
| 369 | Services | 8,314,588 | 4.14% | 344,158 | 298,028 | |
| 370 | Meters | 1,045,775 | 3.40% | 35,556 | 53,830 | |
| 370 | Meters, AMI | 5,610,227 | 6.70% | 375,885 | 314,291 | |
| 371 | Installations on customer premises | 4,912,562 | 4.89% | 240,185 | 193,697 | |
| | | <u>92,783,184</u> | | <u>3,526,714</u> | <u>3,299,174</u> | |
| General plant: | | | | | | |
| 389 | Land | 98,652 | | | | |
| 390 | Structures and improvements | 2,160,806 | 2.38% | 51,427 | 46,595 | |
| 391 | Office furn and eqt | 764,856 | 5.00% | 38,243 | 52,786 | - |
| 392 | Transportation | 3,126,912 | 11.25% | 261,117 | 253,555 | 805,876 |
| 394 | Tools, shop and garage | 98,943 | 6.67% | 6,599 | 6,566 | - |
| 395 | Laboratory | 86,567 | 4.00% | 3,463 | 3,595 | - |
| 396 | Power operated | 304,997 | 6.00% | 18,300 | 18,323 | - |
| 397 | Communications | 713,658 | 5.00% | 35,683 | 34,400 | - |
| 398 | Miscellaneous | 442,434 | 5.56% | 24,599 | 23,980 | - |
| | | <u>7,797,825</u> | | <u>439,431</u> | <u>439,800</u> | - |
| | Total electric plant | <u><u>\$ 100,581,009</u></u> | | <u><u>\$ 3,966,145</u></u> | <u><u>\$ 3,738,974</u></u> | |

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.

Cumberland Valley Electric

Case No. 2016-00169

November 30, 2015

Exhibit 3

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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 | 758,413 | 26,508 | 16,000 | 768,921 |
| 364 | Poles, towers and fixtures | 28,574,875 | 1,509,377 | 409,681 | 29,674,571 |
| 365 | Overhead conductor and devices | 27,128,644 | 947,093 | 170,732 | 27,905,005 |
| 367 | Underground conductor and devices | 3,721,260 | 182,668 | 14,409 | 3,889,519 |
| 368 | Line transformers | 10,503,359 | 177,004 | 23,832 | 10,656,531 |
| 369 | Services | 8,242,531 | 273,887 | 201,830 | 8,314,588 |
| 370 | Meters | 1,643,420 | 100,023 | 697,668 | 1,045,775 |
| 370.01 | Meters, 3-W solid state | 353,008 | 199,730 | 16,412 | 536,326 |
| 370.02 | Meters, Demand solid state | 124,239 | 0 | 2,208 | 122,031 |
| 370.1 | Meters, Turtle | 17,367 | 0 | 1,705 | 15,662 |
| 370.11 | Meters, Turtle II | 3,609,188 | 0 | 26,304 | 3,582,884 |
| 370.12 | Meters, w/ disconnect switch | 369,776 | 0 | 0 | 369,776 |
| 370.13 | Meters, w/ TS2 | 307,200 | 0 | 154 | 307,046 |
| 370.14 | Meters, Combo [TS2 w/ disconnect] | 185,270 | 144,942 | 3,873 | 326,339 |
| 370.15 | Remote service switches | 360,416 | 0 | 10,253 | 350,163 |
| 371 | Security lights | 4,772,305 | 277,900 | 137,643 | 4,912,562 |
| | Subtotal distribution plant | 90,676,756 | 3,839,132 | 1,732,704 | 92,783,184 |
| 389 | Land | 98,652 | 0 | | 98,652 |
| 390 | Structures and improvements | 2,142,981 | 17,825 | | 2,160,806 |
| 391 | Office furn and eqt | 916,246 | 51,073 | 202,463 | 764,856 |
| 392 | Transportation | 3,097,462 | 148,219 | 118,769 | 3,126,912 |
| 394 | Tools, shop and garage | 97,931 | 1,012 | | 98,943 |
| 395 | Laboratory | 93,176 | 0 | 6,609 | 86,567 |
| 396 | Power operated | 305,767 | 0 | 770 | 304,997 |
| 397 | Communication | 488,960 | 224,698 | | 713,658 |
| 398 | Miscellaneous | 420,146 | 22,288 | | 442,434 |
| | Subtotal general plant | 7,661,321 | 465,115 | 328,611 | 7,797,825 |
| | Total electric plant in service | 98,338,077 | 4,304,247 | 2,061,315 | 100,581,009 |

Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

Exhibit 3
page 5 of 6

Changes in reserve for depreciation:

| | <u>Begin</u> <u>Balance</u> | <u>Accrual</u> | <u>Original</u> <u>Cost</u> | <u>Removal</u> <u>Cost</u> | <u>Gain/Loss</u> <u>Salvage</u> | <u>Net</u> <u>Charge</u> | <u>End</u> <u>Balance</u> |
|--------------------------------|--------------------------------|----------------|--------------------------------|-------------------------------|------------------------------------|-----------------------------|------------------------------|
| Distribution plant | 30,582,170 | 3,299,174 | 1,732,704 | 598,862 | 96,396 | 2,235,170 | 31,646,174 |
| Land | | | | | | | |
| Structures and improvements | 986,049 | 46,595 | 0 | | | | 1,032,644 |
| Office furn and eqt | 489,162 | 52,786 | 202,463 | | 202,263 | | 339,685 |
| Transportation | 2,589,339 | 253,555 | 118,769 | | 100,377 | | 2,742,517 |
| Tools, shop and garage | 0 | 6,566 | 0 | | | | 6,566 |
| Laboratory | 0 | 3,595 | 6,609 | | 6,609 | | (3,014) |
| Power operated | 0 | 18,323 | 770 | | 770 | | 17,553 |
| Communication | 215,554 | 34,400 | 0 | | | | 249,954 |
| Other tangible | 0 | 23,980 | 0 | | | | 23,980 |
| Subtotal general plant | 4,280,104 | 439,800 | 328,611 | 0 | 310,019 | 0 | 4,409,885 |
| Retirement WIP | 6,328 | | | 17,093 | | 17,093 | 23,421 |
| Total accumulated depreciation | 34,855,946 | 3,738,974 | 2,061,315 | 581,769 | 406,415 | 2,218,077 | 36,032,638 |

Cumberland Valley Electric
Case No. 2016-00169
Depreciation Guideline Curve
November 30, 2015

| Year <u>Ended</u> | Distribution Plant in <u>Service</u> | Accumulated Depreciation for <u>Distribution</u> | Reserve <u>Ratio</u> | Ratio of Current Distribution Plant to Distribution <u>Plant 10 Years Prior</u> |
|----------------------|--|---|-------------------------|--|
| 2015 | 93,043,240 | 31,868,766 | 34.25% | 1.54 |
| 2014 | 90,106,894 | 30,162,940 | 33.47% | 1.57 |
| 2013 | 87,827,579 | 29,583,974 | 33.68% | 1.61 |
| 2012 | 84,228,330 | 28,627,790 | 33.99% | 1.62 |
| 2011 | 80,339,656 | 27,248,770 | 33.92% | 1.64 |
| 2005 | 60,240,293 | 21,017,586 | 34.89% | |
| 2004 | 57,285,119 | 19,877,645 | 34.70% | |
| 2003 | 54,543,466 | 18,899,498 | 34.65% | |
| 2002 | 51,972,427 | 17,794,780 | 34.24% | |
| 2001 | 49,134,592 | 16,781,463 | 34.15% | |

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
ADJUSTMENT FOR INTEREST EXPENSE

| | <u>Type of Debt Issued</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>11/30/2015 Outstanding Amount</u> | <u>Interest Rate</u> | <u>Annual Interest Rate</u> | <u>Annual Interest Expense</u> | |
|----|----------------------------|----------------------|-------------------------|--|----------------------|---------------------------------|--|-----------|
| 1 | RUS loans | | | | | | | |
| 2 | 1B290 | Dec-97 | Jun-32 | 1,164,774.85 | 5.375% | 5.375% | 62,606.65 | |
| 3 | 1B295 | Nov-98 | Jun-32 | 1,139,646.35 | 5.000% | 5.000% | 56,982.32 | |
| 4 | 1B300 | Aug-00 | Mar-35 | 896,605.16 | 0.125% | 0.125% | 1,120.76 | |
| 5 | Advance Payment | | | (1,449,956.94) | | | | |
| 6 | | | | <u>1,751,069.42</u> | | | | |
| 7 | | | | | | | | |
| 8 | Loan | FFB loans | | | | | | |
| 9 | AM8 | H0010 | Mar-01 | Dec-15 | 2,679,787.77 | 0.010% | 0.203% | 5,439.97 |
| 10 | AM8 | H0015 | Jul-03 | Dec-15 | 3,218,421.32 | 0.010% | 0.203% | 6,533.40 |
| 11 | AN8 | H0020 | Jul-04 | Dec-15 | 1,595,416.36 | 0.010% | 0.203% | 3,238.70 |
| 12 | AN8 | H0025 | Feb-05 | Dec-15 | 1,450,378.48 | 0.010% | 0.203% | 2,944.27 |
| 13 | AN8 | H0030 | Oct-05 | Dec-15 | 2,170,113.31 | 0.010% | 0.203% | 4,405.33 |
| 14 | AN8 | H0035 | Sep-06 | Dec-15 | 1,476,552.53 | 0.010% | 0.203% | 2,997.40 |
| 15 | AN8 | H0040 | May-07 | Dec-15 | 822,341.89 | 0.010% | 0.203% | 1,669.35 |
| 16 | AP8 | H0045 | Aug-08 | Dec-15 | 3,334,192.17 | 0.010% | 0.203% | 6,768.41 |
| 17 | AP8 | H0050 | Nov-08 | Dec-15 | 2,083,870.09 | 0.010% | 0.203% | 4,230.26 |
| 18 | AP8 | H0055 | Jan-10 | Dec-15 | 2,500,616.67 | 0.010% | 2.161% | 54,038.33 |
| 19 | AP8 | H0060 | Jul-11 | Dec-15 | 3,491,395.78 | 0.010% | 2.161% | 75,449.06 |
| 20 | AP8 | H0065 | Jul-12 | Dec-42 | 2,119,900.15 | 2.252% | 2.252% | 47,740.15 |
| 21 | AR8 | F0070 | Jan-13 | Dec-46 | 2,922,110.04 | 2.327% | 2.327% | 67,997.50 |
| 22 | AR8 | F0075 | Jun-13 | Dec-46 | 1,850,669.69 | 2.327% | 2.327% | 43,065.08 |
| 23 | AR8 | F0080 | Dec-13 | Dec-46 | 1,948,073.35 | 2.327% | 2.327% | 45,331.67 |
| 24 | AR8 | F0085 | Jul-14 | Dec-46 | 2,922,232.08 | 2.327% | 2.327% | 68,000.34 |
| 25 | AR8 | F0090 | Sep-15 | Dec-46 | 3,000,000.00 | 2.682% | 2.682% | 80,460.00 |
| 26 | AR8 | F0095 | Nov-15 | Dec-46 | 2,800,000.00 | 2.693% | 2.693% | 75,404.00 |
| 27 | | | | <u>42,386,071.68</u> | | | | |

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
ADJUSTMENT FOR INTEREST EXPENSE

| | <u>Type of Debt Issued</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>11/30/2015 Outstanding Amount</u> | <u>Interest Rate</u> | <u>Annual Interest Rate</u> | <u>Annual Interest Expense</u> |
|----|----------------------------|----------------------|-------------------------|--|----------------------|---------------------------------|--|
| | NCSC loans | | | | | | |
| 1 | 2003 | Oct-10 | Aug-13 | 0.00 | 2.300% | 2.300% | |
| 2 | 2004 | Nov-10 | Aug-14 | 0.00 | 2.700% | 2.700% | |
| 3 | 2005 | Nov-10 | Aug-15 | 0.00 | 3.050% | 3.050% | |
| 4 | 2006 | Nov-10 | Aug-16 | 241,499.21 | 3.350% | 3.350% | 8,090.22 |
| 5 | 2007 | Nov-10 | Aug-17 | 202,674.75 | 3.600% | 3.600% | 7,296.29 |
| 6 | 2008 | Nov-10 | Aug-18 | 253,479.96 | 3.800% | 3.800% | 9,632.24 |
| 7 | 2009 | Nov-10 | Aug-19 | 248,981.06 | 4.000% | 4.000% | 9,959.24 |
| 8 | 2010 | Nov-10 | Aug-20 | 264,048.38 | 4.150% | 4.150% | 10,958.01 |
| 9 | 2011 | Nov-10 | Aug-21 | 211,859.16 | 4.200% | 4.200% | 8,898.08 |
| 10 | 2012 | Nov-10 | Aug-22 | 164,699.46 | 4.300% | 4.300% | 7,082.08 |
| 11 | | | | <u>1,587,241.98</u> | | | |
| 12 | | | | | | | |
| 13 | CoBank loans | | | | | | |
| 14 | 628T01 | Feb-13 | May-31 | 1,456,998.76 | 3.680% | 3.680% | 53,617.55 |
| 15 | 628T02 | Feb-13 | Feb-22 | 521,155.67 | 2.590% | 2.590% | 13,497.93 |
| 16 | 628T03 | Feb-13 | Nov-20 | 195,366.87 | 2.410% | 2.410% | 4,708.34 |
| 17 | 628T04 | Feb-13 | May-16 | 26,009.02 | 1.860% | 1.860% | 483.77 |
| 18 | 628T05 | Feb-13 | Nov-13 | 0.00 | 1.960% | 1.960% | 0.00 |
| 19 | | | | <u>2,199,530.32</u> | | | |
| 20 | | | | | | Total | 850,647 |
| 21 | | | | | | Less Actual | |
| 22 | Total Long Term Debt | | | <u>47,923,913.40</u> | | for Test Year | <u>506,126</u> |
| 23 | | | | | | | |
| 24 | | | | | | Adjustment | <u>\$ 344,521</u> |

25 **Total Current Outstanding LTD is 60% Variable and 40% Fixed to Maturity

Cumberland Valley Electric
Case No. 2016-00169
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:

| | <u>2015</u> | <u>2016</u> |
|-------------------------------|----------------|----------------------|
| Employer rate | 28.37% | 29.11% |
| Administration fee | 0.98% | 1.11% |
| Normalized | | |
| R & S contributions | 319,750 | |
| Employer 401(k) contributions | <u>268,192</u> | 587,942 |
| Actual Test Year | | |
| R & S contributions | 296,681 | |
| Employer 401(k) contributions | <u>265,276</u> | 561,957 |
| Proposed adjustment | | <u><u>25,986</u></u> |

The adjustment is allocated as follows:

| | <u>Percent</u> | <u>Amount</u> |
|--------------------------------|-----------------------|------------------------|
| 107 Capitalized | 27.74% | 7,210 |
| 163 - 416 Clearing and others | 3.56% | 926 |
| 580 Operations | 7.42% | 1,927 |
| 590 Maintenance | 23.80% | 6,183 |
| 901 Consumer accounts | 20.82% | 5,410 |
| 908 Customer service | 1.82% | 473 |
| 912 Sales | 0.00% | 0 |
| 920 Administrative and general | 14.84% | 3,856 |
| | <u><u>100.00%</u></u> | <u><u>\$25,985</u></u> |

| Employee Number | Normalized Wages @ 2,080 Hours | | | R & S Retirement | | 401(k) | |
|--------------------|-----------------------------------|----------|-----------|------------------|--------|--------|--------|
| | Regular | Overtime | Total | Rate | Amount | Rate | Amount |
| Salary | | | | | | | |
| 7 | 87,360 | | 87,360 | 30.22% | 26,400 | 5% | 4,368 |
| 12 | 81,973 | | 81,973 | 30.22% | 24,772 | 5% | 4,099 |
| 32 | 184,642 | | 184,642 | 30.22% | 55,799 | 5% | 9,232 |
| 37 | 103,813 | | 103,813 | 30.22% | 31,372 | 5% | 5,191 |
| 38 | 108,056 | | 108,056 | 30.22% | 32,655 | 5% | 5,403 |
| 42 | 97,032 | | 97,032 | 30.22% | 29,323 | 5% | 4,852 |
| 67 | 100,214 | | 100,214 | 30.22% | 30,285 | 5% | 5,011 |
| 69 | 100,339 | | 100,339 | 30.22% | 30,323 | 5% | 5,017 |
| 70 | 65,998 | | 65,998 | 30.22% | 19,945 | 5% | 3,300 |
| 87 | 60,466 | | 60,466 | 30.22% | 18,273 | 5% | 3,023 |
| 100 | 68,182 | | 68,182 | 30.22% | 20,605 | 5% | 3,409 |
| Subtotal | 1,058,075 | 0 | 1,058,075 | | | | |
| Hourly | | | | | | | |
| 3 | 48,048 | 10,352 | 58,400 | | | 10% | 4,805 |
| 6 | 46,467 | 268 | 46,735 | | | 10% | 4,647 |
| 11 | 46,467 | 268 | 46,735 | | | 10% | 4,647 |
| 14 | 46,467 | 553 | 47,020 | | | 10% | 4,647 |
| 22 | 62,608 | 8,940 | 71,548 | | | 10% | 6,261 |
| 24 | 63,066 | 62,444 | 125,510 | | | 10% | 6,307 |
| 25 | 63,066 | 35,224 | 98,290 | | | 10% | 6,307 |
| 29 | 63,066 | 28,402 | 91,468 | | | 10% | 6,307 |
| 34 | 63,066 | 39,772 | 102,838 | | | 10% | 6,307 |
| 36 | 63,066 | 54,030 | 117,096 | | | 10% | 6,307 |
| 39 | 46,467 | 226 | 46,693 | | | 10% | 4,647 |
| 43 | 63,066 | 31,040 | 94,106 | | | 10% | 6,307 |
| 44 | 62,608 | 4,763 | 67,371 | | | 10% | 6,261 |

| Employee Number | Normalized Wages @ 2,080 Hours | | | R & S Retirement | | 401(k) | |
|--------------------|-----------------------------------|----------|-----------|------------------|--------|--------|--------|
| | Regular | Overtime | Total | Rate | Amount | Rate | Amount |
| 45 | 62,608 | 9,594 | 72,202 | | | 10% | 6,261 |
| 46 | 43,139 | 264 | 43,404 | | | 10% | 4,314 |
| 47 | 46,467 | 787 | 47,255 | | | 10% | 4,647 |
| 51 | 63,066 | 41,137 | 104,202 | | | 10% | 6,307 |
| 54 | 46,467 | 754 | 47,221 | | | 10% | 4,647 |
| 55 | 63,066 | 39,627 | 102,692 | | | 10% | 6,307 |
| 57 | 64,126 | 16,486 | 80,613 | | | 10% | 6,413 |
| 62 | 64,126 | 25,874 | 90,000 | | | 10% | 6,413 |
| 63 | 63,066 | 24,741 | 87,807 | | | 10% | 6,307 |
| 64 | 50,710 | 4,955 | 55,666 | | | 10% | 5,071 |
| 65 | 64,126 | 21,435 | 85,561 | | | 10% | 6,413 |
| 66 | 46,467 | 1,164 | 47,632 | | | 10% | 4,647 |
| 68 | 63,066 | 25,082 | 88,148 | | | 10% | 6,307 |
| 73 | 46,467 | 645 | 47,112 | | | 10% | 4,647 |
| 75 | 46,467 | 2,798 | 49,265 | | | 10% | 4,647 |
| 77 | 46,467 | 670 | 47,137 | | | 10% | 4,647 |
| 78 | 63,066 | 16,691 | 79,757 | | | 10% | 6,307 |
| 80 | 63,066 | 11,097 | 74,163 | | | 10% | 6,307 |
| 81 | 63,066 | 728 | 63,793 | | | 10% | 6,307 |
| 82 | 64,126 | 11,723 | 75,850 | | | 10% | 6,413 |
| 83 | 63,066 | 5,207 | 68,273 | | | 10% | 6,307 |
| 85 | 63,066 | 16,418 | 79,484 | | | 10% | 6,307 |
| 86 | 46,467 | 429 | 46,896 | | | 10% | 4,647 |
| 99 | 63,066 | 6,413 | 69,478 | | | 10% | 6,307 |
| 101 | 46,467 | 3,728 | 50,195 | | | 10% | 4,647 |
| Subtotal | 2,152,883 | 564,733 | 2,717,616 | | | | |

Cumberland Valley Electric
 Case No. 2016-00169
 Employee Earnings and Hours
 November 30, 2015

Exhibit 5
 page 4 of 5
 Witness: Jim Adkins

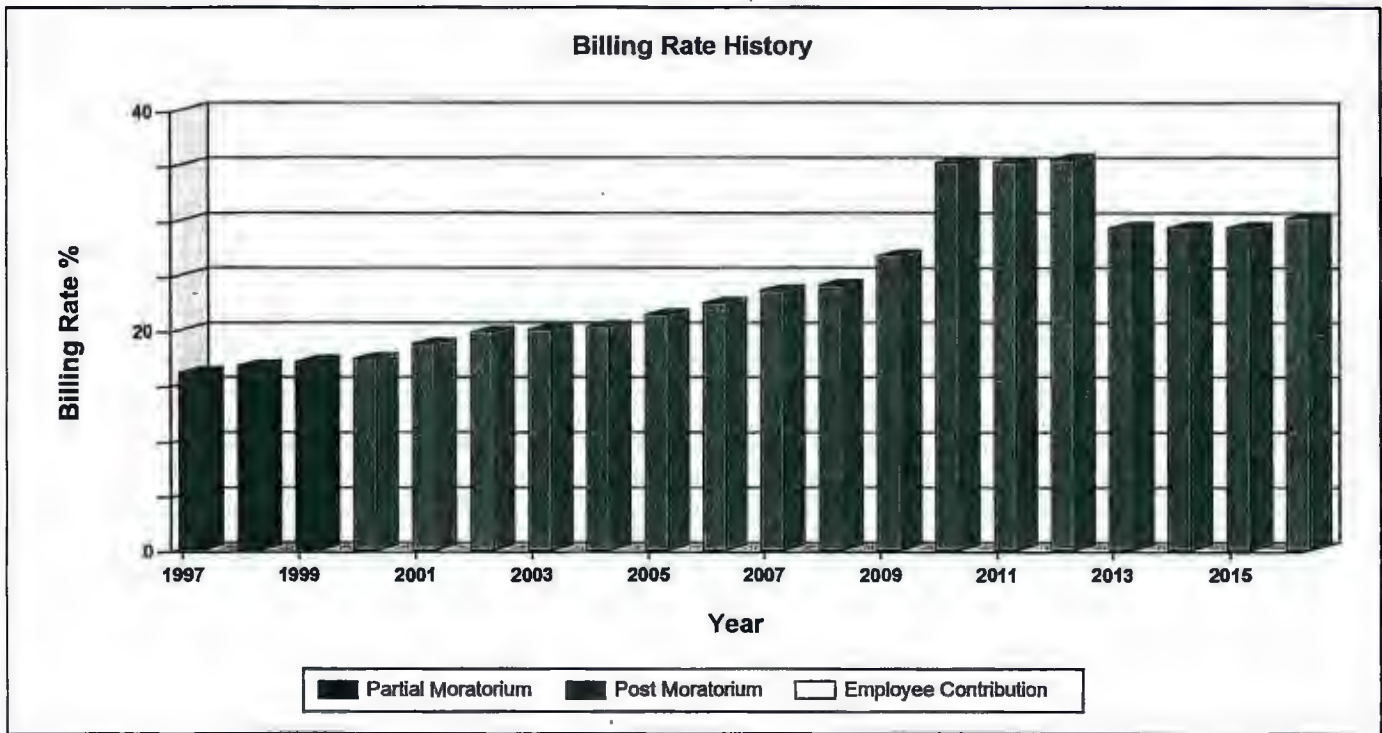
| Employee Number | Normalized Wages @ 2,080 Hours | | | R & S Retirement | | 401(k) | |
|-----------------------------|-----------------------------------|----------|-----------|------------------|---------|--------|---------|
| | Regular | Overtime | Total | Rate | Amount | Rate | Amount |
| Summer and Part Time | | | | | 319,750 | | 268,192 |
| 89 | 22,196 | 89 | 22,285 | | | | |
| 92 | 22,719 | 59 | 22,778 | | | | |
| Subtotal | 44,915 | 148 | 45,063 | | | | |
| Retirees | | | | | | | |
| 56 | | | | | | | |
| 59 | | | | | | | |
| Subtotal | 0 | 0 | 0 | | | | |
| Total | 3,255,874 | 564,881 | 3,820,754 | | | | |



NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
Retirement Security Plan

| | | | |
|------------------|----------------------------|-----------------|--------|
| System #: | 01-18057-001 | Plan ID: | RNR01A |
| Name: | CUMBERLAND VALLEY ELECTRIC | | |

| Year | Benefit Level | System Cost | Employee Contribution | Plan | COLA | Average Age | 100% Death Benefit | Salary Type |
|------|---------------|-------------|-----------------------|------|------|-------------|--------------------|-------------|
| 1997 | 2.00 | 16.15 | 0.00 | 30 | Yes | 47 | No | BS |
| 1998 | 2.00 | 16.76 | 0.00 | 30 | Yes | 48 | No | BS |
| 1999 | 2.00 | 17.14 | 0.00 | 30 | Yes | 49 | No | BS |
| 2000 | 2.00 | 17.42 | 0.00 | 30 | Yes | 50 | No | BS |
| 2001 | 2.00 | 18.76 | 0.00 | 30 | Yes | 51 | No | BS |
| 2002 | 2.00 | 19.84 | 0.00 | 30 | Yes | 52 | No | BS |
| 2003 | 2.00 | 20.09 | 0.00 | 30 | Yes | 53 | No | BS |
| 2004 | 2.00 | 20.33 | 0.00 | 30 | Yes | 51 | No | BS |
| 2005 | 2.00 | 21.44 | 0.00 | 30 | Yes | 52 | No | BS |
| 2006 | 2.00 | 22.51 | 0.00 | 30 | Yes | 52 | No | BS |
| 2007 | 2.00 | 23.64 | 0.00 | 30 | Yes | 50 | No | BS |
| 2008 | 2.00 | 24.13 | 0.00 | 30 | Yes | 51 | No | BS |
| 2009 | 2.00 | 26.79 | 0.00 | 30 | Yes | 50 | No | BS |
| 2010 | 2.00 | 35.26 | 0.00 | 30 | Yes | 48 | No | BS |
| 2011 | 2.00 | 35.26 | 0.00 | 30 | Yes | 48 | No | BS |
| 2012 | 2.00 | 35.56 | 0.00 | 30 | Yes | 49 | No | BS |
| 2013 | 2.00 | 29.35 | 0.00 | 30 | Yes | 50 | No | BS |
| 2014 | 2.00 | 29.35 | 0.00 | 30 | Yes | 51 | No | BS |
| 2015 | 2.00 | 29.35 | 0.00 | 30 | Yes | 52 | No | BS |
| 2016 | 2.00 | 30.22 | 0.00 | 30 | Yes | 53 | No | BS |



Note: The System Cost is the total of the Trust Contribution and the Administrative Fee.

Your Retirement Security Plan's salary type is "base salary." As a result, your contribution cost (system cost plus employee contribution rate shown above) is applied as a percentage of each participant's annualized base rate of pay in effect on November 15, 2015, which is that participant's effective salary for the 2016 plan year. Beginning with your January 2016 monthly statement, the estimated amount due will be based on this percentage. Rates shown are for the plan in effect as of January 1 for each year.

CUMBERLAND VALLEY ELECTRIC
Case No. 2016-00169
GENERAL ADVERTISING

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| <u>Payee</u> | <u>Date</u> | <u>Check Number</u> | <u>Description</u> | <u>Amount</u> |
|-------------------------------------|-------------|-------------------------|----------------------------|-------------------|
| 10063 - KY ASSOC OF ELECT COOP | 12/31/14 | 64959 | KY LIVING MAGAZINE | 5,933.40 |
| 11607 - TIMES TRIBUNE | 12/31/14 | 64979 | LETTERS TO SANTA & COLOR | 150.00 x |
| 38003 - MOUNTAIN ADVOCATE MEDI | 12/31/14 | 65008 | CHRISTMAS GREETING | 195.00 x |
| 10063 - KY ASSOC OF ELECT COOP | 1/31/15 | 65176 | KY LIVING MAGAZINE | 5,938.95 |
| 11607 - TIMES TRIBUNE | 1/31/15 | 65190 | NONDISC STATEMENT | 191.25 |
| 11770 - HARLAN DAILY ENTERPRISE | 1/31/15 | 65220 | STATEMENT OF NON-DISCRIMIN | 401.25 |
| 38003 - MOUNTAIN ADVOCATE MEDI | 1/31/15 | 65234 | STATEMENT OF NON-DISCRIMIN | 161.40 |
| 10063 - KY ASSOC OF ELECT COOP | 2/28/15 | 65396 | KY LIVING MAGAZINE | 6,005.44 |
| 38319 - TRI-CITY LITTLE LEAGUE, INC | 3/25/15 | 65484 | DONATION | 150.00 x |
| 38327 - CUMBERLAND TOURIST COMI | 3/25/15 | 65485 | FESTIVAL | 300.00 x |
| 10063 - KY ASSOC OF ELECT COOP | 3/31/15 | 65543 | KY LIVING MAGAZINE | 5,980.73 |
| 10063 - KY ASSOC OF ELECT COOP | 4/30/15 | 65799 | KY LIVING MAGAZINE | 6,012.43 |
| 10063 - KY ASSOC OF ELECT COOP | 5/31/15 | 66037 | KY LIVING MAGAZINE | 6,004.43 |
| 10063 - KY ASSOC OF ELECT COOP | 6/28/15 | 66682 | KY LIVING MAGAZINE | 7,934.35 |
| 10063 - KY ASSOC OF ELECT COOP | 7/31/15 | 66954 | KY LIVING MAGAZINE | 5,940.66 |
| 11607 - TIMES TRIBUNE | 7/31/15 | 66967 | FESTIVAL | 349.00 x |
| 10063 - KY ASSOC OF ELECT COOP | 8/31/15 | 67177 | KY LIVING MAGAZINE | 5,987.72 |
| 10063 - KY ASSOC OF ELECT COOP | 9/30/15 | 67373 | KY LIVING MAGAZINE | 5,995.38 |
| 10063 - KY ASSOC OF ELECT COOP | 10/31/15 | 67653 | KY LIVING MAGAZINE | 5,964.09 |
| 10063 - KY ASSOC OF ELECT COOP | 11/30/15 | 67889 | KY LIVING MAGAZINE | 5,950.35 |
| | | | TOTAL | <u>75,545.83</u> |
| | | | REMOVE FOR RATE-MAKING | <u>1,144.00</u> x |

**CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169**

Exhibit 7
Page 1 of 3
Witness: Robert Tolliver

DONATIONS

Amounts included in Account 426, Donations, have been removed for rate-making purposes. Please see pages 2 through 3 of this response.

Witness: Robert Tolliver

Cumberland Valley Electric

Case No. 2016-00169

Donations

| Payee | Date | Check Number | Description | Amount |
|------------------------------------|----------|--------------|------------------------------|-----------------|
| 38270 - SPECIAL OLYMPICS KENTUCK | 12/31/14 | 64916 | PLEDGE | 145.00 |
| 38453 - SOUTH LAUREL HIGH SCHOOL | 2/2/15 | 65170 | 1/4 PAGE | 100.00 |
| 13516 - KNOX COUNTY UNITE | 2/20/15 | 65269 | DONATION | 100.00 |
| 38174 - HOOP DREAMS SOUTH | 2/28/15 | 65383 | DONATIONS | 100.00 |
| 38457 - 2015 13TH REGION BASKETBAI | 2/28/15 | 65392 | 1/4 PAGE AD | 250.00 |
| 13133 - KCEOC COMM ACTION AGENC | 3/18/15 | 65450 | DONATION | 100.00 |
| 38191 - CORBIN MIDDLE SCHOOL SCIE | 3/17/15 | 65462 | DONATION | 100.00 |
| 13771 - CORBIN SENIOR CITIZENS CEN | 3/26/15 | 65498 | DONATION | 20.00 |
| 12164 - NRECA INTERNATIONAL FOUN | 3/31/15 | 65561 | DONATION | 500.00 |
| 11571 - WHITLEY CO BD OF EDUCATIC | 4/13/15 | 65649 | DONATION HEROES PROGRAM | 100.00 |
| 12211 - BOY SCOUTS OF AMERICA | 5/26/15 | 65938 | PRESENTATION OF FLAGS | 250.00 |
| 38469 - WASIOTO WINDS GOLD CLUB | 5/26/15 | 65957 | HOLE SPONSOR | 100.00 |
| 10193 - VISA | 5/19/15 | 66042 | VISA STATEMENT | 21.20 |
| 38359 - KNOX CENTRAL HIGH SCHOOL | 5/31/15 | 66080 | AD | 100.00 |
| 38278 - HARLAN CO HIGH SCHOOL DA | 6/9/15 | 66135 | FOR KAITLYN CREECH | 100.00 |
| 13893 - REDHOUND VARSITY CLUB | 6/23/15 | 66181 | 2015 CUMB FALLS INVITATIONA | 250.00 |
| 38347 - THE CORBIN ARCHERY TEAM | 6/24/15 | 66184 | DONATION | 200.00 |
| 38420 - WCHS VOLLEYBALL | 7/8/15 | 66730 | DONATION | 100.00 |
| 38482 - KENTUCKY STATE POLICE | 7/22/15 | 66789 | POST 10 GOLF SCRAMBLE (SWA1 | 240.00 |
| 11935 - KNOX CENTRAL 12TH MAN CL | 7/27/15 | 66800 | DONATION KCHS 12TH MAN CLU | 100.00 |
| 13478 - CORBIN HIGH SCHOOL GOLF T | 7/27/15 | 66803 | DONATION R TOLLIVER, B ELLIC | 200.00 |
| 38427 - JCH FOUNDATION | 7/29/15 | 66811 | DONATION | 100.00 |
| 38358 - FIRST TEE OF PINE MOUNTAIN | 8/11/15 | 67002 | SCRAMBLE | 800.00 |
| 13276 - SOUTH KY SERVICES | 8/19/15 | 67018 | SPONSOR | 1,000.00 |
| 38364 - WILLIAMSBURG KIWANIS CLU | 8/19/15 | 67028 | DONATION | 50.00 |
| 11726 - CUMBERLAND FALLS PIGSKIN | 8/25/15 | 67053 | SPONSORSHIP | 250.00 |
| 38296 - BELL-WHITLEY COMMUNITY | 9/2/15 | 67165 | DONATION | 100.00 |
| 38521 - LYNN CAMP BASEBALL | 10/31/15 | 67646 | DONATION | 50.00 |
| 11336 - TRI-CITY CHAMBER OF COMM | 10/31/15 | 67664 | SPONSORSHIP | 250.00 |
| 38264 - HARLAN COUNTY CHRISTIAN | 10/31/15 | 67704 | SPONSORSHIP 2015 | 160.00 |
| 38270 - SPECIAL OLYMPICS KENTUCK | 11/16/15 | 67730 | PLEDGE AMT | 145.00 |
| 38188 - CORBIN LIONS CLUB | 11/30/15 | 67867 | DONATION | 100.00 |
| | | | SUBTOTAL 426.1 | 6,181.20 |
| 11731 - SOUTHEAST COMMUNITY COL | 8/5/15 | 66906 | SCHOLARSHIP CODY HOWARD | 500.00 |
| 11734 - UNION COLLEGE | 8/5/15 | 66907 | SCHOLARSHIP CALEB POWELL | 500.00 |
| 11840 - UNIVERSITY OF KENTUCKY | 8/5/15 | 66909 | SCHOLARSHIP JACOB FUGATE | 500.00 |
| 12872 - EASTERN KENTUCKY UNIVER! | 8/5/15 | 66924 | SCHOLARSHIP MAKAYLA HOBBS | 500.00 |
| 13474 - HAZARD COMMUNITY AND TE | 8/5/15 | 66930 | SCHOLARSHIP JAMES BROCK | 500.00 |
| 38485 - UNIVERSITY OF PIKEVILLE | 8/5/15 | 66945 | SCHOLARSHIP KIERSTEN NICEL | 500.00 |
| 38486 - MOREHEAD STATE UNIVERSIT | 8/5/15 | 66946 | SCHOLARSHIP TRISHA CARNES | 500.00 |
| 38487 - UNIVERSITY OF ALABAMA | 8/5/15 | 66947 | SCHOLARSHIP GARRETT CARTE | 500.00 |
| 38489 - SECC | 8/5/15 | 66949 | SCHOLARSHIP CHRISTOPHER WI | 500.00 |
| | | | SUBTOTAL 426.11 | 4,500.00 |

Witness: Robert Tolliver

Cumberland Valley Electric

Case No. 2016-00169

Donations

| Payee | Date | Check Number | Description | Amount |
|--------------------------------|----------|-----------------|-----------------------------|-------------------------|
| KY ASSOCIATION FOR ECONOMIC DE | 1/7/15 | 65014 | MEMBERSHIP DUES | 150.00 |
| TRI-CITY CHAMBER OF COMMERC | 1/23/15 | 65076 | MEMBERSHIP 2015 | 100.00 |
| SOUTHERN KY CHAMBER OF COMME | 1/30/15 | 65137 | MEMBERSHIP DUES | 500.00 |
| KY ASSOC OF ELECT COOP | 1/31/15 | 65176 | SCHOOL, MAGS, 2015 MEMB DUE | 300.47 |
| KENTUCKY COUNCIL OF COOP INC | 2/28/15 | 65365 | MEMBERSHIP DUES 2015 | 250.00 |
| KNOX CO CHAMBER OF COMMERCE | 3/10/15 | 65408 | MEMBERSHIP DUES 2015 | 300.00 |
| TRI-CITIES HERITAGE DEV | 3/25/15 | 65482 | MEMBERSHIP FOR 2015 | 50.00 |
| LETCHER CO CHAMBER OF COMMEC | 8/19/15 | 67011 | MEMBERSHIP DUES 2015-2016 | 150.00 |
| KRUS | 11/11/15 | 67705 | ANNUAL DUES | 150.00 |
| | | | SUBTOTAL 426.12 | <u>1,950.47</u> |
| | | | TOTAL 426 | <u><u>12,631.67</u></u> |

PROFESSIONAL SERVICES

The Board of Directors has a responsibility to select an attorney to represent the board and cooperative to maintain a 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 for rate-making purposes. Among the expenses excluded are costs for attending legal seminars, the Legislative Conference, and costs for one time events.

The amount of \$17,212 of costs have been removed for rate-making purposes.

CUMBERLAND VALLEY ELECTRIC

Case No. 2016-00169

PROFESSIONAL SERVICES

| | <u>PAYEE</u> | <u>DATE</u> | <u>CHECK NUMBER</u> | <u>DESCRIPTION</u> | <u>AMOUNT</u> |
|----|--------------------------------|-------------|-------------------------|----------------------------------|---------------|
| 9 | 12125 - PATRICK HAUSER, W | 12/3/14 | 64720 | RETAINER | 900.00 |
| 10 | 12125 - PATRICK HAUSER, W | 12/10/14 | 64797 | EXPENSE KAEC ANNUAL MEETING | 400.14 x |
| 11 | 12125 - PATRICK HAUSER, W | 12/10/14 | 64797 | PROFESSIONAL SERVICES | 135.00 |
| 12 | 12125 - PATRICK HAUSER, W | 1/7/15 | 64987 | RETAINER | 900.00 |
| 13 | 12125 - PATRICK HAUSER, W | 2/2/15 | 65156 | RETAINER | 900.00 |
| 14 | 12125 - PATRICK HAUSER, W | 3/4/15 | 65350 | RETAINER | 900.00 |
| 15 | 12125 - PATRICK HAUSER, W | 4/1/15 | 65560 | RETAINER | 900.00 |
| 16 | 12125 - PATRICK HAUSER, W | 5/5/15 | 65826 | RETAINER | 900.00 |
| 17 | 12125 - PATRICK HAUSER, W | 6/4/15 | 66056 | RETAINER | 900.00 |
| 18 | 12125 - PATRICK HAUSER, W | 7/8/15 | 66695 | RETAINER | 900.00 |
| 19 | 12125 - PATRICK HAUSER, W | 8/4/15 | 66914 | RETAINER | 900.00 |
| 20 | 12125 - PATRICK HAUSER, W | 8/11/15 | 66971 | BACKGROUND CHECK DIRECTOR HAMPTC | 412.50 |
| 21 | 12125 - PATRICK HAUSER, W | 9/2/15 | 67145 | RETAINER | 900.00 |
| 22 | 12125 - PATRICK HAUSER, W | 10/5/15 | 67408 | RETAINER | 900.00 |
| 23 | 12125 - PATRICK HAUSER, W | 11/4/15 | 67623 | RETAINER | 900.00 |
| 24 | 12125 - PATRICK HAUSER, W | 11/30/15 | 67848 | KAEC ANNUAL MEETING EXPENSES | 437.13 x |
| 25 | | | | | |
| 26 | 10063 - KY ASSOC OF ELECT COOP | 12/31/14 | 64959 | SALES TAX AUDIT | 1,639.84 x |
| 27 | 10063 - KY ASSOC OF ELECT COOP | 2/28/15 | 65396 | SALES TAX AUDIT | 329.96 x |
| 28 | 10063 - KY ASSOC OF ELECT COOP | 3/31/15 | 65543 | SALES TAX AUDIT | 1,128.83 x |
| 29 | 10063 - KY ASSOC OF ELECT COOP | 4/30/15 | 65799 | SALES TAX AUDIT | 1,690.95 x |
| 30 | 10063 - KY ASSOC OF ELECT COOP | 5/31/15 | 66037 | SALES TAX AUDIT | 4,130.15 x |
| 31 | 10063 - KY ASSOC OF ELECT COOP | 7/31/15 | 66954 | SALES TAX AUDIT | 1,694.19 x |
| 32 | 10063 - KY ASSOC OF ELECT COOP | 8/31/15 | 67177 | SALES TAX AUDIT | 1,240.60 x |
| 33 | 10063 - KY ASSOC OF ELECT COOP | 9/30/15 | 67373 | SALES TAX AUDIT | 1,636.49 x |

Witness: Jim Adkins

CUMBERLAND VALLEY ELECTRIC
Case No. 2016-00169
PROFESSIONAL SERVICES

| | | | | | |
|----|--------------------------------------|----------|-------|--------------------------------------|---------------------------|
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| 34 | 10063 - KY ASSOC OF ELECT COOP | 10/31/15 | 67653 | SALES TAX AUDIT | 2,883.41 x |
| 35 | | | | | |
| 36 | 38467 - APPLE GARDINER CAMOMOT, PLLC | 4/30/15 | 65871 | CASE JAMES RIVER COAL CO | 1,136.00 |
| 37 | 38473 - APPLE LEGAL PLLC | 6/10/15 | 66142 | PROFESSIONAL SERVICE JAMES RIVER CO. | 2,970.00 |
| 38 | 38473 - APPLE LEGAL PLLC | 7/13/15 | 66761 | LEGAL SERVICES JAMES RIVER COAL | 1,537.50 |
| 39 | 38473 - APPLE LEGAL PLLC | 8/31/15 | 67171 | PROFESSIONAL SERVICES BANKRUPTIES | 1,853.00 |
| 40 | 38473 - APPLE LEGAL PLLC | 10/8/15 | 67460 | BANKRUPTCY STRAIGHT CREEK | 2,290.75 |
| 41 | 38473 - APPLE LEGAL PLLC | 10/31/15 | 67710 | LEGAL SERVICES BANKRUPTCIES | 1,856.50 |
| 42 | 38473 - APPLE LEGAL PLLC | 11/19/15 | 67745 | PROFESSIONAL SERVICES BANKRUPTIES | 1,205.98 |
| 43 | | | | | |
| 44 | 12535 - ALAN M ZUMSTEIN | 5/20/15 | 65913 | IRS FORM 990, PROP TAX RETURN | 1,600.00 |
| 45 | 12535-ALAN M. ZUMSTEIN | 8/31/14 | 67201 | ANNUAL AUDIT | 11,300.00 |
| 46 | 12535-ALAN M. ZUMSTEIN | 12/31/14 | | ANNUAL AUDIT ACCRUAL | 36.60 |
| 47 | | | | | |
| 48 | 13333 - JAMES R ADKINS | 3/31/15 | 65570 | RATE DISCUSSION WITH BOARD | 1,038.50 |
| 49 | 13333 - JAMES R ADKINS | 8/31/15 | 67208 | RATE ANALYSIS | 1,687.50 |
| 50 | | | | | |
| 51 | 13748 - BRYANT, KENNETH WAYNE | 5/12/15 | 65894 | YEAR END PSC REPORTING | 3,200.00 |
| 52 | | | | | |
| 53 | 13763 - PREVATTE, ROBERT | 10/27/15 | 67528 | INTERNAL AUDIT OCT 2015 | 2,000.00 |
| 54 | | | | | |
| 55 | 38497 - INTANDEM, LLC | 9/30/15 | 67462 | WAGE & SALARY SURVEY | <u>9,335.25</u> |
| 56 | | | | | |
| 57 | | | | TOTAL | <u><u>71,606.77</u></u> |
| 58 | | | | | |
| 59 | | | | REMOVE FOR RATE-MAKING | <u><u>17,211.69</u></u> x |
| 60 | | | | | |

Cumberland Valley Electric
Case No. 2016-00169
Director Fees and Expenses

Certain director expenses are generally 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).

Costs removed for rate-making purposes are as follows:

| | |
|-------------------------------|------------------|
| HEALTH INSURANCES | 57,209.18 |
| DAVIS, LEGISLATIVE CONFERENCE | 3,763.96 |
| TOLLIVER, ADVISORY BOARD | 3,600.00 |
| FERGUSON, ADVISORY BOARD | <u>3,600.00</u> |
| | <u>68,173.14</u> |

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Dues and Annual Meeting

Account 930.20, Dues in Associated Organizations includes national dues to National Rural Electric Cooperative Association ("NRECA") and statewide dues to Kentucky Association of Electric Cooperatives ("KAEC").

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:

| | | |
|-------|-------------------------|-------------------|
| 930.4 | Annual meeting expenses | <u>\$2,169.15</u> |
|-------|-------------------------|-------------------|

Cumberland Valley Electric
Case No. 2016-00169
Dues in Associated Organizations

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| <u>Payee</u> | <u>Date</u> | <u>Check Number</u> | <u>Description</u> | <u>Amount</u> |
|--------------|-------------|-------------------------|--------------------|-------------------------|
| NRECA | 1/7/15 | 64970 | ANNUAL DUES | 28,683.00 |
| KAEC | 1/31/15 | 65176 | ANNUAL DUES | 58,610.44 |
| | | | ADJ ACCRUAL | <u>(83.08)</u> |
| | | | TOTAL | <u><u>87,210.36</u></u> |

Witness: Robert Tolliver

CUMBERLAND VALLEY ELECTRIC
Case No. 2016-00169
ANNUAL MEETING EXPENSES

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| <u>PAYEE</u> | <u>DATE</u> | <u>CHECK NUMBER</u> | <u>DESCRIPTION</u> | <u>AMOUNT</u> |
|----------------------------------|-------------|-------------------------|---------------------------------|-------------------|
| 38016 - DELPHUS LAY | 3/17/15 | 65457 | NOMINATING COMMITTEE | 100.00 x |
| 38103 - MICHAEL BRASHEARS | 3/17/15 | 65458 | NOMINATING COMMITTEE | 100.00 x |
| 38105 - JAMES MEADOWS | 3/17/15 | 65459 | NOMINATING COMMITTEE | 100.00 x |
| 38321 - MIKE COREY | 3/17/15 | 65463 | NOMINATING COMMITTEE | 100.00 x |
| 38322 - JOE LEE HEMBREE | 3/17/15 | 65464 | NOMINATING COMMITTEE | 100.00 x |
| 38398 - MRS. DELMER LESTER | 3/17/15 | 65466 | NOMINATING COMMITTEE | 100.00 x |
| 38460 - PAUL BAKER | 3/17/15 | 65467 | NOMINATING COMMITTEE | 100.00 x |
| 11569 - KNOX CO BD OF EDUCATION | 5/19/15 | 65908 | USE OFF MIDDLE SCHOOL GYM ANNU | 500.00 |
| 11936 - KNOX CENTRAL CHEERLEADE | 5/19/15 | 65909 | CONCESSION ANNUAL MEETING | 500.00 |
| 12854 - PEPSI-COLA BOTTLING CO | 5/19/15 | 65915 | DRINKS ANNUAL MEETING | 510.39 |
| 13537 - CAROLYN FOLEY | 5/19/15 | 65920 | JANITOR ANNUAL MEETING | 150.00 |
| 13786 - GARY LAMBERT | 5/19/15 | 65922 | JANITOR ANNUAL MEETING | 150.00 |
| 11887 - DAVIS, CHESTER A | 5/28/15 | 65961 | ANNUAL MEETING & MILEAGE | 570.15 |
| 12407 - VANOVER, ROGER D | 5/28/15 | 65962 | ANNUAL MEETING & MILEAGE | 508.63 |
| 12408 - SHELLEY, VERNON | 5/28/15 | 65963 | ANNUAL MEETING & MILEAGE | 554.05 |
| 12815 - HAMPTON, ELBERT R | 5/28/15 | 65965 | ANNUAL MEETING & MILEAGE | 509.20 |
| 13057 - LAY, LANSFORD H | 5/28/15 | 65967 | ANNUAL MEETING & MILEAGE | 554.05 |
| 38144 - KERMIT A. CREECH | 5/28/15 | 65969 | ANNUAL MEETING & MILEAGE | 574.75 |
| 10063 - KY ASSOC OF ELECT COOP | 5/31/15 | 66037 | SETUPS | 54.43 |
| 38145 - KEVIN R. MOSES | 6/4/15 | 66092 | SPECIAL MEET ANNUAL MEETING 6/5 | 300.00 |
| 10095 - CUMBERLAND VALLEY RECC | 6/10/15 | 66096 | SUPPLIES | 24.70 x |
| 10193 - VISA | 6/30/15 | 66650 | PRIZES | 711.90 x |
| 10193 - VISA | 6/30/15 | 66650 | PRIZES | 732.55 x |
| 11509 - W K D P | 6/30/15 | 66693 | ADVERTISING | 225.00 |
| 13659 - WEZJ/FM | 6/30/15 | 66716 | ADVERTISING | 220.00 |
| 36355 - CHOICE RADIO CORPORATION | 6/30/15 | 66721 | ADVERTISING | 444.00 |
| 38003 - MOUNTAIN ADVOCATE MEDIA | 6/30/15 | 66759 | ADVERTISING | 461.18 |
| 10063 - KY ASSOC OF ELECT COOP | 8/31/15 | 67177 | TENT, ENTERTAINMENT, ETC | 10,353.94 |
| | 6/30/15 | | EMPLOYEE LABOR AND BENEFITS | 6,530.84 |
| | | | TOTAL | <u>25,839.76</u> |
| | | | REMOVE FOR RATE-MAKING | <u>2,169.15</u> x |

Cumberland Valley Electric
Case No. 2016-00169
Rate Case Expenses
November 30, 2015

Estimated rate case costs:

| | |
|----------------------------|------------------------|
| Legal | \$10,000 |
| Consulting | 60,000 |
| Advertising | 30,000 |
| Supplies and miscellaneous | <u>5,000</u> |
| Total | 105,000 |
| Number of years | <u>3</u> |
| Adjustment | <u><u>\$35,000</u></u> |

In-house labor was not included in the above adjustment as the labor would be incurred in other accounts.

This amount is approximately the same as other rate requests filed before this Commission.

The monthly amounts filed for rate case expenses will include the labor, however, this amount is not included in the above adjustment.

Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

This adjustment is to remove G&T capital credits allocated during the test year.

| | |
|---------------------------------|---------------------|
| East Kentucky Power Cooperative | <u>\$ 2,489,156</u> |
|---------------------------------|---------------------|

Cumberland Valley Electric
Case No. 2016-00169
Purchased Power
November 30, 2015

EKPC Case No. 2006-00510

| | |
|---------------------|------------|
| Billing Rates | |
| KW-Sch C | \$7.17 |
| KW-Sch E2 | \$6.02 |
| KWH-Sch B/C | \$0.042882 |
| KWH-Sch E2 On-Peak | \$0.053279 |
| KWH-Sch E2 Off-Peak | \$0.044554 |
| KVA 1000-2999 | \$1,088 |
| KVA 3000-7499 | \$2,737 |
| KVA 7500-14999 | \$3,292 |
| KVA 15000-99999 | \$5,310 |
| Metering Point | \$144 |
| Green Power | \$0.023750 |

| | Billing Demand | 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 |
|--------------|------------------|-------------------------|---------------------------------|-------------------|-------------------|----------------|-------------------|-------------------|---------------|----------------|---------------|----------------|--------------------------|--------------------|-----------------|----------------------------|-------------------|
| | Schedule E | | On-Peak | Off-Peak | | | | Charges | 1000 | 3000 | 7500 | | | | | | |
| December | 617,140 | | 1,126,358 | 1,170,010 | 2,296,368 | 55 | 2,592 | 0 | 8,211 | 46,088 | 5,310 | 59,609 | 2,975,764 | (37,919) | (2,713) | 497,956 | 3,433,088 |
| January | 835,106 | | 1,315,780 | 1,404,436 | 2,720,216 | 55 | 2,592 | 0 | 8,211 | 46,088 | 5,310 | 59,609 | 3,617,578 | (186,080) | (2,656) | 476,284 | 3,905,126 |
| February | 952,755 | | 1,319,560 | 1,430,523 | 2,750,083 | 55 | 2,592 | 0 | 8,211 | 46,088 | 5,310 | 59,609 | 3,765,094 | (169,487) | (2,686) | 491,511 | 4,084,432 |
| March | 753,698 | | 993,398 | 1,053,634 | 2,047,032 | 55 | 2,592 | 0 | 8,211 | 46,088 | 5,310 | 59,609 | 2,862,986 | (171,712) | (2,635) | 309,221 | 2,997,860 |
| April | 426,680 | | 732,366 | 752,580 | 1,484,946 | 55 | 2,592 | 0 | 8,211 | 46,088 | 5,310 | 59,609 | 1,973,881 | (169,424) | (2,712) | 196,683 | 1,998,428 |
| May | 385,196 | | 1,024,854 | 623,264 | 1,648,118 | 55 | 2,448 | 0 | 8,211 | 42,796 | 5,310 | 56,317 | 2,092,133 | (243,204) | (3,060) | 266,978 | 2,112,847 |
| June | 504,476 | | 1,216,333 | 664,343 | 1,880,676 | 55 | 2,448 | 0 | 8,211 | 42,796 | 5,310 | 56,317 | 2,443,972 | (89,820) | (3,238) | 425,853 | 2,776,767 |
| July | 513,494 | | 1,300,810 | 716,832 | 2,017,642 | 55 | 2,448 | 0 | 8,211 | 42,796 | 5,310 | 56,317 | 2,589,956 | (110,982) | (3,289) | 457,113 | 2,932,798 |
| August | 495,687 | | 1,208,911 | 660,149 | 1,869,061 | 55 | 2,448 | 0 | 8,211 | 42,796 | 5,310 | 56,317 | 2,423,567 | (134,650) | (3,230) | 364,156 | 2,649,843 |
| September | 474,791 | | 1,029,046 | 592,744 | 1,621,791 | 55 | 2,448 | 0 | 8,211 | 42,796 | 5,310 | 56,317 | 2,155,402 | (117,425) | (3,246) | 331,163 | 2,365,894 |
| October | 451,494 | | 765,777 | 772,133 | 1,537,910 | 55 | 2,448 | 0 | 8,211 | 42,796 | 5,310 | 56,317 | 2,048,223 | (141,395) | (3,277) | 325,488 | 2,229,039 |
| November | 575,831 | | 847,525 | 865,545 | 1,713,071 | 55 | 2,448 | 0 | 8,211 | 42,796 | 5,310 | 56,317 | 2,347,721 | (126,849) | (3,343) | 411,075 | 2,628,604 |
| Total | 6,986,348 | 0 | 12,880,720 | 10,706,193 | 23,586,913 | 656 | 30,096 | 0 | 98,532 | 530,012 | 63,720 | 692,264 | 31,296,277 | (1,698,947) | (36,085) | 4,553,481 | 34,114,726 |

Normalized In EKPC Case No. 2008-00409

| | | | | | | | | | | | | |
|-----------------------|----------|-------------------|-------------------|-------------------|------------|---------------|----------|---------------|----------------|---------------|----------------|-----------------|
| <u>6,986,348</u> | <u>0</u> | <u>12,880,716</u> | <u>10,706,193</u> | <u>23,586,909</u> | <u>656</u> | <u>29,376</u> | <u>0</u> | <u>98,532</u> | <u>513,552</u> | <u>63,720</u> | <u>675,804</u> | 31,279,093 |
| Normalized Adjustment | | | | | | | | | | | | <u>(17,184)</u> |

Cumberland Valley Electric
Case No. 2016-00169
Purchased Power
Test Year Billing Determinants
November 30, 2015

| Billing Demand | <u>Total KWH Billing</u> | | | | | | | | | |
|----------------|--------------------------|----------------|-----------------|--------------|--------------|-----------------|--------------------------|--------------|--------------|-------------|
| | <u>Schedule E</u> | | | <u>Total</u> | <u>Green</u> | <u>Metering</u> | <u>Substation Charge</u> | | | |
| | <u>Schedule E</u> | <u>On-Peak</u> | <u>Off-Peak</u> | | | | <u>Kwh</u> | <u>Power</u> | <u>Point</u> | <u>1000</u> |
| December | 102,515 | 21,140,755 | 26,260,493 | 47,401,248 | 2,300 | 18 | 0 | 3 | 14 | 1 |
| January | 138,722 | 24,696,025 | 31,522,111 | 56,218,136 | 2,300 | 18 | 0 | 3 | 14 | 1 |
| February | 158,265 | 24,766,977 | 32,107,619 | 56,874,596 | 2,300 | 18 | 0 | 3 | 14 | 1 |
| March | 125,199 | 18,645,216 | 23,648,461 | 42,293,677 | 2,300 | 18 | 0 | 3 | 14 | 1 |
| April | 70,877 | 13,745,870 | 16,891,404 | 30,637,274 | 2,300 | 18 | 0 | 3 | 14 | 1 |
| May | 63,986 | 19,235,617 | 13,988,947 | 33,224,564 | 2,300 | 17 | 0 | 3 | 13 | 1 |
| June | 83,800 | 22,829,495 | 14,910,973 | 37,740,468 | 2,300 | 17 | 0 | 3 | 13 | 1 |
| July | 85,298 | 24,415,064 | 16,089,065 | 40,504,129 | 2,300 | 17 | 0 | 3 | 13 | 1 |
| August | 82,340 | 22,690,202 | 14,816,838 | 37,507,040 | 2,300 | 17 | 0 | 3 | 13 | 1 |
| September | 78,869 | 19,314,298 | 13,303,956 | 32,618,254 | 2,300 | 17 | 0 | 3 | 13 | 1 |
| October | 74,999 | 14,372,963 | 17,330,268 | 31,703,231 | 2,300 | 17 | 0 | 3 | 13 | 1 |
| November | 95,653 | 15,907,230 | 19,426,886 | 35,334,116 | 2,300 | 17 | 0 | 3 | 13 | 1 |
| Total | 1,160,523 | 241,759,712 | 240,297,021 | 482,056,733 | 27,600 | 209 | 0 | 36 | 161 | 12 |

Cumberland Valley Electric
Case No. 2016-00169
Analysis of Fuel Adjustment and Environmental Surcharge
November 30, 2015

An analysis of fuel adjustment and environmental surcharge as purchased and passed on to consumers as follows:

| <u>Month</u> | <u>Sales</u> | | <u>Purchased</u> | |
|--------------|------------------------|--------------------------------|------------------------|--------------------------------|
| | <u>Fuel Adjustment</u> | <u>Environmental Surcharge</u> | <u>Fuel Adjustment</u> | <u>Environmental Surcharge</u> |
| July | (93,896) | 433,383 | (40,632) | 497,956 |
| August | (47,327) | 574,007 | (188,736) | 476,284 |
| September | (192,520) | 502,248 | (172,173) | 491,511 |
| October | (113,232) | 350,914 | (174,347) | 309,221 |
| November | (173,858) | 246,850 | (172,136) | 196,683 |
| December | (220,781) | 211,941 | (246,264) | 266,978 |
| January | (242,124) | 317,574 | (93,058) | 425,853 |
| February | (69,219) | 466,435 | (114,271) | 457,113 |
| March | (89,934) | 430,735 | (137,880) | 364,156 |
| April | (128,033) | 334,548 | (120,671) | 331,163 |
| May | (131,233) | 362,226 | (144,672) | 325,488 |
| June | (163,903) | 417,428 | (130,192) | 411,075 |
| Total | <u>(1,666,060)</u> | <u>4,648,290</u> | <u>(1,735,032)</u> | <u>4,553,481</u> |

The fuel purchased and environmental surcharge from East Kentucky Power Cooperative is passed on to the consumers using the Fuel Adjustment and Environmental Procedures established by this Commission.

NORMALIZED REVENUE

| | |
|------------------------------|-------------------|
| Normalized Revenue | \$ 41,190,120 |
| Test Year base rate revenues | <u>41,038,598</u> |
| Adjustment | <u>\$ 151,522</u> |

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169

Exhibit 15
Page 1 of 2
Witness: James Adkins

YEAR END CUSTOMER ADJUSTMENT

| | Sch I | Sch I | Sch II | Sch II | Sch III | Sch IV | Sch IV-A | Sch VI |
|----------------------------|--------------------|----------------|-------------------------|-------------------------|-------------------------------|--------------------|-------------------------|-----------------------|
| | <u>Residential</u> | <u>Prepaid</u> | <u>Small Commercial</u> | <u>Small Commercial</u> | <u>Schools & Churches</u> | <u>Large Power</u> | <u>Large Power Rate</u> | <u>Outdoor Lights</u> |
| 6 November | 22,015 | 39 | 1,331 | 138 | 48 | 3 | 82 | 11,057 |
| 7 December | 22,013 | 46 | 1,336 | 138 | 48 | 3 | 81 | 11,059 |
| 8 January | 21,988 | 73 | 1,341 | 138 | 48 | 1 | 85 | 11,065 |
| 9 February | 22,018 | 92 | 1,330 | 137 | 48 | 1 | 82 | 11,058 |
| 10 March | 21,974 | 98 | 1,330 | 136 | 48 | 1 | 82 | 11,026 |
| 11 April | 21,914 | 112 | 1,330 | 138 | 48 | 1 | 83 | 11,019 |
| 12 May | 21,809 | 139 | 1,329 | 137 | 48 | 1 | 82 | 11,023 |
| 13 June | 21,779 | 159 | 1,331 | 136 | 48 | 1 | 83 | 11,040 |
| 14 July | 21,786 | 181 | 1,330 | 135 | 48 | 1 | 84 | 11,059 |
| 15 August | 21,802 | 202 | 1,329 | 138 | 49 | 2 | 83 | 11,074 |
| 16 September | 21,767 | 235 | 1,327 | 141 | 48 | 1 | 81 | 11,082 |
| 17 October | 21,790 | 242 | 1,326 | 140 | 48 | 1 | 79 | 11,095 |
| 18 November | 21,766 | 267 | 1,328 | 140 | 48 | 1 | 79 | 11,090 |
| 19 | | | | | | | | |
| 20 Average | 21,879 | 145 | 1,331 | 138 | 48 | 1 | 82 | 11,057 |
| 21 | | | | | | | | |
| 22 Increase | <u>(113)</u> | <u>122</u> | <u>(3)</u> | <u>2</u> | <u>0</u> | <u>0</u> | <u>(3)</u> | <u>33</u> |
| 23 | | | | | | | | |
| 24 Test year base revenue | 27,951,430 | 169,300 | 1,493,911 | 836,667 | 1,269,444 | 1,139,143 | 6,806,613 | 1,333,495 |
| 25 kwh usage | 300,860,320 | 1,734,061 | 14,488,863 | 7,393,144 | 15,867,403 | 16,450,200 | 90,899,192 | 11,317,722 |
| 26 | | | | | | | | |
| 27 Average per kwh | 0.09291 | 0.09763 | 0.10311 | 0.11317 | 0.08000 | 0.06925 | 0.07488 | 0.11782 |
| 28 | | | | | | | | |
| 29 Total billings | 262,406 | 1,846 | 15,967 | 1,654 | 577 | 15 | 984 | 132,690 |
| 30 | | | | | | | | |
| 31 Average monthly kwh use | 1,147 | 939 | 907 | 4,470 | 27,500 | 1,096,680 | 92,377 | 85 |

2015
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 | 83 | 120 | 203 | 67 | 4 | 102 | 376 | 42 | 1,037 | 13,053 | 25.0 | 311 | 13.0 |
| BLUE GRASS ENERGY COOP | 51 | 118 | 169 | 47 | 14 | 81 | 311 | 100 | 4,731 | 56,584 | 47.3 | 566 | 12.0 |
| CLARK ENERGY COOP | 93 | 153 | 246 | 56 | 10 | 54 | 366 | 52 | 3,085 | 26,085 | 59.3 | 502 | 8.5 |
| CUMBERLAND VALLEY ELECTRIC | 60 | 124 | 184 | 84 | 4 | 65 | 337 | 49 | 2,643 | 23,586 | 53.9 | 481 | 8.9 |
| FARMERS RECC | 70 | 119 | 189 | 44 | 5 | 86 | 324 | 62 | 3,632 | 24,987 | 59.0 | 403 | 6.9 |
| FLEMING-MASON ENERGY | 75 | 120 | 195 | 68 | 6 | 63 | 332 | 49 | 3,595 | 24,010 | 73.4 | 490 | 6.7 |
| GRAYSON RECC | 72 | 208 | 280 | 73 | 16 | 134 | 503 | 47 | 2,465 | 15,344 | 52.5 | 326 | 6.2 |
| INTER-COUNTY ENERGY | 108 | 74 | 182 | 66 | 16 | 86 | 350 | 69 | 3,875 | 25,686 | 56.2 | 372 | 6.6 |
| JACKSON ENERGY COOP | 90 | 118 | 208 | 61 | 17 | 95 | 381 | 121 | 5,701 | 51,359 | 47.1 | 424 | 9.0 |
| LICKING VALLEY RECC | 105 | 158 | 263 | 52 | 1 | 85 | 401 | 44 | 2,062 | 17,323 | 46.9 | 394 | 8.4 |
| NOLIN RECC | 126 | 112 | 238 | 72 | 21 | 125 | 456 | 98 | 3,023 | 34,658 | 30.8 | 354 | 11.5 |
| OWEN EC | 79 | 69 | 148 | 65 | 11 | 78 | 302 | 129 | 4,522 | 59,409 | 35.1 | 461 | 13.1 |
| SALT RIVER ELECTRIC | 53 | 62 | 115 | 36 | 6 | 65 | 222 | 72 | 4,151 | 49,401 | 57.7 | 686 | 11.9 |
| SHELBY ENERGY COOP | 95 | 165 | 260 | 27 | 24 | 68 | 379 | 41 | 2,126 | 15,854 | 51.9 | 387 | 7.5 |
| SOUTH KENTUCKY RECC | 63 | 123 | 186 | 56 | 6 | 59 | 307 | 144 | 6,813 | 66,763 | 47.3 | 464 | 9.8 |
| TAYLOR COUNTY RECC | 72 | 74 | 146 | 52 | 1 | 56 | 255 | 54 | 3,248 | 26,104 | 60.0 | 483 | 8.0 |
| EKPC GROUP AVERAGE | 81 | 120 | 201 | 58 | 10 | 81 | 350 | 73 | 3,544 | 33,138 | 48.5 | 454 | 9.4 |
| JACKSON PURCHASE ENERGY | 93 | 111 | 204 | 44 | 2 | 79 | 329 | 71 | 2,945 | 29,364 | 41.5 | 414 | 10.0 |
| KENERGY CORP | 71 | 151 | 222 | 79 | 5 | 80 | 386 | 146 | 7,130 | 56,406 | 48.8 | 386 | 7.9 |
| MEADE COUNTY RECC | 103 | 107 | 210 | 55 | 5 | 63 | 333 | 62 | 3,216 | 29,166 | 52.0 | 470 | 9.1 |
| BIG RIVERS GROUP AVERAGE | 89 | 123 | 212 | 59 | 4 | 74 | 349 | 93 | 4,430 | 38,312 | 47.6 | 412 | 8.6 |
| HICKMAN-FULTON COUNTIES RECC | 166 | 382 | 548 | 61 | 6 | 229 | 844 | 15 | 729 | 3,726 | 48.6 | 248 | 5.1 |
| PENNYRILE RECC | 106 | 94 | 200 | 52 | 12 | 87 | 351 | 119 | 5,124 | 47,426 | 43.1 | 399 | 9.3 |
| TRI-COUNTY EMC | 95 | 117 | 212 | 50 | 13 | 45 | 320 | 126 | 5,483 | 51,303 | 43.5 | 407 | 9.4 |
| WARREN RECC | 86 | 90 | 176 | 57 | 13 | 84 | 330 | 157 | 5,658 | 62,658 | 36.0 | 399 | 11.1 |
| WEST KENTUCKY RECC | 101 | 161 | 262 | 72 | 4 | 81 | 419 | 93 | 4,124 | 38,541 | 44.3 | 414 | 9.4 |
| TVA GROUP AVERAGE | 111 | 169 | 280 | 58 | 10 | 105 | 453 | 102 | 4,224 | 40,731 | 41.4 | 399 | 9.6 |
| OVERALL AVERAGE | 88 | 130 | 218 | 58 | 9 | 85 | 370 | 82 | 3,797 | 35,367 | 46.3 | 431 | 9.3 |

**2015
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 | 1045 | 1,510 | 2,555 | 843 | 50 | 1,284 | 4,732 | 42 | 1,037 | 11,960 | 18,679,347 | 130.2 |
| BLUE GRASS ENERGY COOP | 610 | 1,411 | 2,021 | 562 | 167 | 969 | 3,719 | 100 | 4,731 | 53,808 | 83,902,592 | 129.9 |
| CLARK ENERGY COOP | 786 | 1,294 | 2,080 | 474 | 85 | 457 | 3,096 | 52 | 3,085 | 24,317 | 36,458,088 | 124.9 |
| CUMBERLAND VALLEY ELECTRIC | 535 | 1,107 | 1,642 | 750 | 36 | 580 | 3,008 | 49 | 2,643 | 21,982 | 31,119,699 | 118.0 |
| FARMERS RECC | 482 | 819 | 1,301 | 303 | 34 | 592 | 2,230 | 62 | 3,632 | 23,087 | 31,985,735 | 115.5 |
| FLEMING-MASON ENERGY | 501 | 801 | 1,302 | 454 | 40 | 421 | 2,217 | 49 | 3,595 | 22,308 | 30,262,759 | 113.1 |
| GRAYSON RECC | 448 | 1,295 | 1,743 | 454 | 100 | 834 | 3,131 | 47 | 2,465 | 14,117 | 23,009,195 | 135.8 |
| INTER-COUNTY ENERGY | 716 | 491 | 1,207 | 437 | 106 | 570 | 2,320 | 69 | 3,875 | 24,170 | 37,622,733 | 129.7 |
| JACKSON ENERGY COOP | 811 | 1,063 | 1,874 | 550 | 153 | 856 | 3,433 | 121 | 5,701 | 47,664 | 75,406,746 | 131.8 |
| LICKING VALLEY RECC | 882 | 1,327 | 2,209 | 437 | 8 | 714 | 3,368 | 44 | 2,062 | 16,212 | 20,838,229 | 107.1 |
| NOLIN RECC | 1445 | 1,284 | 2,729 | 825 | 241 | 1,433 | 5,228 | 98 | 3,023 | 32,678 | 48,140,251 | 122.8 |
| OWEN EC | 1038 | 907 | 1,945 | 854 | 145 | 1,025 | 3,969 | 129 | 4,522 | 56,754 | 83,000,218 | 121.9 |
| SALT RIVER ELECTRIC | 631 | 738 | 1,369 | 428 | 71 | 774 | 2,642 | 72 | 4,151 | 46,290 | 66,444,049 | 119.6 |
| SHELBY ENERGY COOP | 708 | 1,230 | 1,938 | 201 | 179 | 507 | 2,825 | 41 | 2,126 | 15,214 | 24,385,887 | 133.6 |
| SOUTH KENTUCKY RECC | 617 | 1,205 | 1,822 | 549 | 59 | 578 | 3,008 | 144 | 6,813 | 60,801 | 82,959,317 | 113.7 |
| TAYLOR COUNTY RECC | 579 | 595 | 1,174 | 418 | 8 | 450 | 2,050 | 54 | 3,248 | 22,935 | 29,711,247 | 108.0 |
| EKPC GROUP AVERAGE | 740 | 1,067 | 1,807 | 534 | 93 | 753 | 3,187 | 73 | 3,544 | 30,894 | 45,245,381 | 122.0 |
| JACKSON PURCHASE ENERGY | 927 | 1,107 | 2,034 | 439 | 20 | 788 | 3,281 | 71 | 2,945 | 25,347 | 37,547,205 | 123.4 |
| KENERGY CORP | 562 | 1,195 | 1,757 | 625 | 40 | 633 | 3,055 | 146 | 7,130 | 45,587 | 72,523,048 | 132.6 |
| MEADE COUNTY RECC | 934 | 970 | 1,904 | 499 | 45 | 571 | 3,019 | 62 | 3,216 | 27,038 | 35,511,355 | 109.5 |
| BIG RIVERS GROUP AVERAGE | 808 | 1,091 | 1,899 | 521 | 35 | 664 | 3,119 | 93 | 4,430 | 32,657 | 48,527,203 | 123.8 |
| HICKMAN-FULTON COUNTIES RECC | 848 | 1,952 | 2,800 | 312 | 31 | 1,170 | 4,313 | 15 | 729 | 2,880 | 5,391,652 | 156.0 |
| PENNYRILE RECC | 981 | 870 | 1,851 | 481 | 111 | 805 | 3,248 | 119 | 5,124 | 42,345 | 67,028,690 | 131.9 |
| TRI-COUNTY EMC | 889 | 1,095 | 1,984 | 468 | 122 | 421 | 2,995 | 126 | 5,483 | 41,625 | 65,431,598 | 131.0 |
| WARREN RECC | 952 | 997 | 1,949 | 631 | 144 | 930 | 3,654 | 157 | 5,658 | 52,123 | 92,518,423 | 147.9 |
| WEST KENTUCKY RECC | 944 | 1,505 | 2,449 | 673 | 37 | 757 | 3,916 | 93 | 4,124 | 30,319 | 54,783,894 | 150.6 |
| TVA GROUP AVERAGE | 923 | 1,284 | 2,207 | 513 | 89 | 817 | 3,626 | 102 | 4,224 | 33,858 | 57,030,851 | 140.4 |
| OVERALL AVERAGE | 786 | 1,115 | 1,901 | 528 | 85 | 755 | 3,269 | 82 | 3,797 | 31,732 | 48,110,815 | 126.4 |

2015
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER CONSUMER
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>% CHANGE FROM 2011</u> |
|---------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------------|
| BIG SANDY | \$376 | \$371 | \$363 | \$335 | \$328 | 14.6 % |
| BLUE GRASS ENERGY | 311 | 313 | 307 | 307 | 319 | -2.5 |
| CLARK ENERGY COOP | 366 | 332 | 334 | 315 | 303 | 20.8 |
| CUMBERLAND VALLEY | 337 | 327 | 315 | 314 | 301 | 12.0 |
| FARMERS | 324 | 322 | 336 | 291 | 300 | 8.0 |
| FLEMING-MASON | 332 | 341 | 351 | 357 | 329 | 0.9 |
| GRAYSON | 503 | 559 | 481 | 492 | 476 | 5.7 |
| INTER-COUNTY | 350 | 358 | 343 | 347 | 349 | 0.3 |
| JACKSON ENERGY | 381 | 374 | 372 | 377 | 371 | 2.7 |
| LICKING VALLEY | 401 | 397 | 354 | 331 | 317 | 26.5 |
| NOLIN | 456 | 479 | 409 | 402 | 411 | 10.9 |
| OWEN | 302 | 297 | 295 | 291 | 289 | 4.5 |
| SALT RIVER ELECTRIC | 222 | 220 | 229 | 216 | 231 | -3.9 |
| SHELBY ENERGY | 379 | 363 | 356 | 349 | 348 | 8.9 |
| SOUTH KENTUCKY | 307 | 291 | 284 | 264 | 280 | 9.6 |
| TAYLOR COUNTY | <u>255</u> | <u>250</u> | <u>246</u> | <u>245</u> | <u>244</u> | <u>4.5</u> |
| AVERAGE EKPC | \$350 | \$336 | \$328 | \$325 | \$319 | 9.7 % |
| JACKSON PURCHASE | 329 | 359 | 340 | \$334 | \$353 | -6.8 % |
| KENERGY | 386 | 377 | 379 | 352 | 362 | 6.6 |
| MEADE COUNTY | <u>333</u> | <u>337</u> | <u>313</u> | <u>315</u> | <u>302</u> | <u>10.3</u> |
| AVERAGE BIG RIVERS | \$349 | \$345 | \$333 | \$340 | \$329 | 6.1 % |
| HICKMAN-FULTON | 844 | 798 | 731 | \$648 | \$759 | 11.2 % |
| PENNYRILE | 351 | 342 | 333 | 319 | 325 | 8.0 |
| TRI-COUNTY | 320 | 312 | 302 | 297 | 290 | 10.3 |
| WARREN | 330 | 330 | 341 | 347 | 345 | -4.3 |
| WEST KENTUCKY | <u>419</u> | <u>428</u> | <u>392</u> | <u>334</u> | <u>370</u> | <u>13.2</u> |
| AVERAGE TVA | \$453 | \$419 | \$390 | \$419 | \$357 | 26.9 % |
| OVERALL AVERAGE | \$370 | \$355 | \$341 | \$346 | \$329 | 12.5 % |

2015
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER MILE OF LINE
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>% CHANGE FROM 2011</u> |
|---------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
| BIG SANDY | \$4,732 | \$4,702 | \$4,621 | \$4,280 | \$4,207 | 12.5 % |
| BLUE GRASS ENERGY | 3,719 | 3,725 | 3,646 | 3,627 | 3,779 | -1.6 |
| CLARK ENERGY COOP | 3,096 | 2,814 | 2,840 | 2,682 | 2,595 | 19.3 |
| CUMBERLAND VALLEY | 3,008 | 2,927 | 2,830 | 2,824 | 2,727 | 10.3 |
| FARMERS | 2,230 | 2,211 | 2,307 | 1,996 | 2,061 | 8.2 |
| FLEMING-MASON | 2,217 | 2,273 | 2,341 | 2,382 | 2,209 | 0.4 |
| GRAYSON | 3,131 | 3,472 | 2,988 | 3,047 | 2,963 | 5.7 |
| INTER-COUNTY | 2,320 | 2,387 | 2,285 | 2,326 | 2,341 | -0.9 |
| JACKSON ENERGY | 3,433 | 3,383 | 3,368 | 3,410 | 3,348 | 2.5 |
| LICKING VALLEY | 3,368 | 3,359 | 3,001 | 2,818 | 2,710 | 24.3 |
| NOLIN | 5,228 | 5,448 | 4,613 | 4,484 | 4,527 | 15.5 |
| OWEN | 3,969 | 3,857 | 3,790 | 3,728 | 3,693 | 7.5 |
| SALT RIVER ELECTRIC | 2,642 | 2,606 | 2,702 | 2,539 | 2,711 | -2.5 |
| SHELBY ENERGY | 2,825 | 2,676 | 2,608 | 2,548 | 2,542 | 11.1 |
| SOUTH KENTUCKY | 3,008 | 2,852 | 2,780 | 2,590 | 2,751 | 9.3 |
| TAYLOR COUNTY | <u>2,050</u> | <u>2,006</u> | <u>1,972</u> | <u>1,960</u> | <u>1,948</u> | <u>5.2</u> |
| AVERAGE EKPC | \$3,187 | \$3,044 | \$2,953 | \$2,946 | \$2,919 | 9.2 % |
| JACKSON PURCHASE | \$3,281 | \$3,577 | \$3,400 | \$3,340 | \$3,532 | -7.1 % |
| KENERGY | 3,055 | 2,964 | 2,977 | 2,759 | 2,837 | 7.7 |
| MEADE COUNTY | <u>3,019</u> | <u>3,029</u> | <u>3,015</u> | <u>3,032</u> | <u>2,892</u> | <u>4.4</u> |
| AVERAGE BIG RIVERS | \$3,119 | \$3,130 | \$3,044 | \$3,087 | \$2,970 | 5.0 % |
| HICKMAN-FULTON | \$4,313 | \$4,069 | \$3,708 | \$3,395 | \$4,037 | 6.8 % |
| PENNYRILE | 3,248 | 3,165 | 3,080 | 2,945 | 3,000 | 8.3 |
| TRI-COUNTY | 2,995 | 2,897 | 2,800 | 2,761 | 2,674 | 12.0 |
| WARREN | 3,654 | 3,623 | 3,712 | 3,742 | 3,695 | -1.1 |
| WEST KENTUCKY | <u>3,916</u> | <u>4,000</u> | <u>3,661</u> | <u>3,128</u> | <u>3,462</u> | <u>13.1</u> |
| AVERAGE TVA | \$3,626 | \$3,391 | \$3,195 | \$3,374 | \$3,000 | 20.9 % |
| OVERALL AVERAGE | \$3,269 | \$3,127 | \$3,014 | \$3,052 | \$2,944 | 11.0 % |

2015
KENTUCKY ELECTRIC COOPERATIVES
MILES OF LINE
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>% CHANGE FROM 2011</u> |
|-------------------------|---------------|---------------|---------------|---------------|---------------|-------------------------------|
| BIG SANDY | 1,037 | 1,034 | 1,035 | 1,033 | 1,030 | 0.7 % |
| BLUE GRASS ENERGY | 4,731 | 4,710 | 4,693 | 4,682 | 4,650 | 1.7 |
| CLARK ENERGY COOP | 3,085 | 3,066 | 3,056 | 3,052 | 3,042 | 1.4 |
| CUMBERLAND VALLEY | 2,643 | 2,639 | 2,633 | 2,626 | 2,614 | 1.1 |
| FARMERS | 3,632 | 3,624 | 3,615 | 3,602 | 3,591 | 1.1 |
| FLEMING-MASON | 3,595 | 3,582 | 3,575 | 3,560 | 3,550 | 1.3 |
| GRAYSON | 2,465 | 2,470 | 2,478 | 2,485 | 2,485 | -0.8 |
| INTER-COUNTY | 3,875 | 3,834 | 3,803 | 3,779 | 3,765 | 2.9 |
| JACKSON ENERGY | 5,701 | 5,685 | 5,673 | 5,668 | 5,676 | 0.4 |
| LICKING VALLEY | 2,062 | 2,057 | 2,053 | 2,047 | 2,039 | 1.1 |
| NOLIN | 3,023 | 3,017 | 3,011 | 3,011 | 2,991 | 1.1 |
| OWEN | 4,522 | 4,530 | 4,522 | 4,514 | 4,509 | 0.3 |
| SALT RIVER ELECTRIC | 4,151 | 4,123 | 4,095 | 4,068 | 4,040 | 2.7 |
| SHELBY ENERGY | 2,126 | 2,121 | 2,109 | 2,104 | 2,097 | 1.4 |
| SOUTH KENTUCKY | 6,813 | 6,787 | 6,771 | 6,759 | 6,755 | 0.9 |
| TAYLOR COUNTY | <u>3,248</u> | <u>3,236</u> | <u>3,230</u> | <u>3,218</u> | <u>3,210</u> | <u>1.2</u> |
| TOTAL EKPC | 56,709 | 56,352 | 56,208 | 56,044 | 55,869 | 1.5 % |
| JACKSON PURCHASE | 2,945 | 2,939 | 2,932 | 2,923 | 2,918 | 0.9 % |
| KENERGY | 7,130 | 7,113 | 7,084 | 7,068 | 7,047 | 1.2 |
| MEADE COUNTY | <u>3,216</u> | <u>3,224</u> | <u>2,982</u> | <u>2,970</u> | <u>2,974</u> | <u>8.1</u> |
| TOTAL BIG RIVERS | 13,291 | 12,998 | 12,961 | 12,939 | 12,893 | 3.1 % |
| HICKMAN-FULTON | 729 | 726 | 727 | 704 | 691 | 5.5 % |
| PENNYRILE | 5,124 | 5,095 | 5,079 | 5,092 | 5,089 | 0.7 |
| TRI-COUNTY | 5,483 | 5,464 | 5,458 | 5,451 | 5,449 | 0.6 |
| WARREN | 5,658 | 5,645 | 5,632 | 5,623 | 5,626 | 0.6 |
| WEST KENTUCKY | <u>4,124</u> | <u>4,118</u> | <u>4,111</u> | <u>4,091</u> | <u>4,079</u> | <u>1.1</u> |
| TOTAL TVA | 21,118 | 21,007 | 20,961 | 20,934 | 20,926 | 0.9 % |
| OVERALL TOTAL | 91,118 | 90,357 | 90,130 | 89,917 | 89,688 | 1.6 % |

2015
KENTUCKY ELECTRIC COOPERATIVES
TOTAL AVERAGE NUMBER OF CONSUMERS BILLED
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>% CHANGE FROM 2011</u> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
| BIG SANDY | 13,053 | 13,102 | 13,177 | 13,199 | 13,213 | -1.2 % |
| BLUE GRASS ENERGY | 56,584 | 56,075 | 55,725 | 55,297 | 55,087 | 2.7 |
| CLARK ENERGY COOP | 26,085 | 25,989 | 25,985 | 25,980 | 26,041 | 0.2 |
| CUMBERLAND VALLEY | 23,586 | 23,619 | 23,659 | 23,613 | 23,684 | -0.4 |
| FARMERS | 24,987 | 24,894 | 24,816 | 24,710 | 24,683 | 1.2 |
| FLEMING-MASON | 24,010 | 23,885 | 23,833 | 23,758 | 23,827 | 0.8 |
| GRAYSON | 15,344 | 15,338 | 15,391 | 15,389 | 15,470 | -0.8 |
| INTER-COUNTY | 25,686 | 25,568 | 25,328 | 25,338 | 25,250 | 1.7 |
| JACKSON ENERGY | 51,359 | 51,435 | 51,360 | 51,250 | 51,224 | 0.3 |
| LICKING VALLEY | 17,323 | 17,400 | 17,408 | 17,426 | 17,428 | -0.6 |
| NOLIN | 34,658 | 34,314 | 33,957 | 33,580 | 32,948 | 5.2 |
| OWEN | 59,409 | 58,840 | 58,095 | 57,809 | 57,596 | 3.1 |
| SALT RIVER ELECTRIC | 49,401 | 48,851 | 48,320 | 47,805 | 47,411 | 4.2 |
| SHELBY ENERGY | 15,854 | 15,638 | 15,457 | 15,360 | 15,315 | 3.5 |
| SOUTH KENTUCKY | 66,763 | 66,530 | 66,272 | 66,327 | 66,361 | 0.6 |
| TAYLOR COUNTY | <u>26,104</u> | <u>25,958</u> | <u>25,888</u> | <u>25,728</u> | <u>25,613</u> | <u>1.9</u> |
| TOTAL EKPC | 530,206 | 524,671 | 522,569 | 521,151 | 520,484 | 1.9 % |
| JACKSON PURCHASE | 29,364 | 29,293 | 29,313 | 29,241 | 29,199 | 0.6 % |
| KENERGY | 56,406 | 55,932 | 55,677 | 55,419 | 55,210 | 2.2 |
| MEADE COUNTY | <u>29,166</u> | <u>28,985</u> | <u>28,730</u> | <u>28,592</u> | <u>28,478</u> | <u>2.4</u> |
| TOTAL BIG RIVERS | 114,936 | 113,720 | 113,252 | 112,887 | 112,410 | 2.2 % |
| HICKMAN-FULTON | 3,726 | 3,702 | 3,687 | 3,689 | 3,675 | 1.4 % |
| PENNYRILE | 47,426 | 47,154 | 46,976 | 47,013 | 46,965 | 1.0 |
| TRI-COUNTY | 51,303 | 50,720 | 50,612 | 50,679 | 50,240 | 2.1 |
| WARREN | 62,658 | 61,958 | 61,316 | 60,641 | 60,265 | 4.0 |
| WEST KENTUCKY | <u>38,541</u> | <u>38,483</u> | <u>38,398</u> | <u>38,310</u> | <u>38,154</u> | <u>1.0</u> |
| TOTAL TVA | 203,654 | 200,989 | 200,332 | 199,299 | 199,224 | 2.2 % |
| OVERALL TOTAL | 848,796 | 839,380 | 836,153 | 833,337 | 832,118 | 2.0 % |

2015
KENTUCKY ELECTRIC COOPERATIVES
TOTAL RESIDENTIAL REVENUES
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>% CHANGE FROM 2011</u> |
|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------------------|
| BIG SANDY | \$18,679,347 | \$20,352,830 | \$20,214,344 | \$18,915,867 | \$19,254,338 | -3.0 % |
| BLUE GRASS ENERGY | 83,902,592 | 90,335,203 | 86,731,904 | 82,219,020 | 85,884,006 | -2.3 |
| CLARK ENERGY COOP | 36,458,088 | 39,274,668 | 37,408,399 | 35,261,019 | 36,708,481 | -0.7 |
| CUMBERLAND VALLEY | 31,119,699 | 32,804,899 | 31,849,912 | 30,386,944 | 31,460,869 | -1.1 |
| FARMERS | 31,985,735 | 35,189,349 | 34,021,119 | 31,180,284 | 32,782,120 | -2.4 |
| FLEMING-MASON | 30,262,759 | 32,135,777 | 31,290,157 | 29,690,084 | 28,199,358 | 7.3 |
| GRAYSON | 23,009,195 | 24,408,364 | 23,854,195 | 21,816,428 | 21,978,172 | 4.7 |
| INTER-COUNTY | 37,622,733 | 42,209,063 | 39,836,984 | 36,934,661 | 38,974,091 | -3.5 |
| JACKSON ENERGY | 75,406,746 | 84,922,276 | 81,972,647 | 77,832,875 | 81,135,113 | -7.1 |
| LICKING VALLEY | 20,838,229 | 22,943,939 | 22,724,114 | 21,314,628 | 21,839,711 | -4.6 |
| NOLIN | 48,140,251 | 53,001,534 | 51,335,752 | 47,495,013 | 48,149,006 | 0.0 |
| OWEN | 83,000,218 | 87,221,855 | 79,439,125 | 79,578,364 | 79,163,922 | 4.8 |
| SALT RIVER ELECTRIC | 66,444,049 | 71,348,351 | 69,064,012 | 65,507,556 | 66,517,122 | -0.1 |
| SHELBY ENERGY | 24,385,887 | 26,276,277 | 25,519,497 | 23,937,841 | 25,853,776 | -5.7 |
| SOUTH KENTUCKY | 82,959,317 | 90,207,014 | 86,420,326 | 80,375,682 | 84,493,130 | -1.8 |
| TAYLOR COUNTY | <u>29,711,247</u> | <u>32,121,022</u> | <u>30,403,252</u> | <u>28,434,719</u> | <u>29,703,937</u> | <u>0.0</u> |
| TOTAL EKPC | \$723,926,092 | \$752,085,739 | \$710,880,985 | \$732,097,152 | \$725,664,973 | -0.2 % |
| JACKSON PURCHASE | \$37,547,205 | \$39,086,440 | \$34,338,887 | \$31,043,685 | \$29,070,144 | 29.2 % |
| KENERGY | 72,523,048 | 74,095,848 | 65,362,048 | 58,093,381 | 56,283,522 | 28.9 |
| MEADE COUNTY | <u>35,511,355</u> | <u>36,725,209</u> | <u>31,876,222</u> | <u>27,769,525</u> | <u>27,479,674</u> | <u>29.2</u> |
| TOTAL BIG RIVERS | \$145,581,608 | \$131,577,157 | \$116,906,591 | \$112,833,340 | \$114,563,582 | 27.1 % |
| HICKMAN-FULTON | \$5,391,652 | \$5,688,518 | \$5,499,579 | \$5,599,551 | \$5,999,873 | -10.1 % |
| PENNYRILE | 67,028,690 | 71,535,238 | 66,136,309 | 62,724,839 | 65,110,934 | 2.9 |
| TRI-COUNTY | 65,431,598 | 69,404,761 | 64,475,661 | 62,236,827 | 65,426,019 | 0.0 |
| WARREN | 92,518,423 | 96,944,907 | 87,750,045 | 86,515,348 | 89,954,828 | 2.8 |
| WEST KENTUCKY | <u>54,783,894</u> | <u>57,249,601</u> | <u>53,582,845</u> | <u>54,479,631</u> | <u>57,812,187</u> | <u>-5.2</u> |
| TOTAL TVA | \$285,154,257 | \$277,444,439 | \$271,556,196 | \$284,303,841 | \$284,036,188 | 0.4 % |
| OVERALL TOTAL | \$1,154,661,957 | \$1,161,107,335 | \$1,099,343,772 | \$1,129,234,333 | \$1,124,264,743 | 2.7 % |

**KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE AND STATISTICAL COMPARISONS
2015 - 2014 ANNUAL COMPARISON**

**AVERAGE EXPENSE PER CONSUMER
EKPC**

| | <u>2015</u> | <u>2014</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|---------------|
| DISTRIBUTION OPERATION | \$ 81.00 | \$ 78.00 | \$ 3.00 |
| DISTRIBUTION MAINTENANCE | \$ 120.00 | \$ 120.00 | \$ - |
| ACCOUNTING | \$ 58.00 | \$ 59.00 | \$ (1.00) |
| CONSUMER INFORMATION | \$ 10.00 | \$ 13.00 | \$ (3.00) |
| ADMINISTRATION | \$ 81.00 | \$ 80.00 | \$ 1.00 |
| TOTAL PER CONSUMER | \$ 350.00 | \$ 350.00 | \$ - |

**AVERAGE EXPENSE PER CONSUMER
TVA**

| | <u>2015</u> | <u>2014</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|-----------------|
| DISTRIBUTION OPERATION | \$ 111.00 | \$ 106.00 | \$ 5.00 |
| DISTRIBUTION MAINTENANCE | \$ 169.00 | \$ 176.00 | \$ (7.00) |
| ACCOUNTING | \$ 58.00 | \$ 56.00 | \$ 2.00 |
| CONSUMER INFORMATION | \$ 10.00 | \$ 11.00 | \$ (1.00) |
| ADMINISTRATION | \$ 105.00 | \$ 93.00 | \$ 12.00 |
| TOTAL PER CONSUMER | \$ 453.00 | \$ 442.00 | \$ 11.00 |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-------|
| NUMBER OF EMPLOYEES | 1,173 | 1,172 | 1 |
| MILES OF LINE | 56,709 | 56,515 | 194 |
| CONSUMERS BILLED | 530,206 | 527,436 | 2,770 |
| MILES OF LINE PER EMPLOYEE | 48.5 | 48.4 | 0.1 |
| CONSUMER PER EMPLOYEE | 454 | 452 | 2 |
| DENSITY CONSUMERS PER MILE | 9.4 | 9.3 | 0.1 |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-------|
| NUMBER OF EMPLOYEES | 510 | 512 | (2) |
| MILES OF LINE | 21,118 | 21,048 | 70 |
| CONSUMERS BILLED | 203,654 | 202,017 | 1,637 |
| MILES OF LINE PER EMPLOYEE | 41.4 | 41.3 | 0.1 |
| CONSUMER PER EMPLOYEE | 399 | 396 | 3 |
| DENSITY CONSUMERS PER MILE | 9.6 | 9.6 | 0.0 |

**AVERAGE EXPENSE PER CONSUMER
BIG RIVERS**

| | <u>2015</u> | <u>2014</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|------------------|
| DISTRIBUTION OPERATION | \$ 89.00 | \$ 95.00 | \$ (6.00) |
| DISTRIBUTION MAINTENANCE | \$ 123.00 | \$ 125.00 | \$ (2.00) |
| ACCOUNTING | \$ 59.00 | \$ 59.00 | \$ - |
| CONSUMER INFORMATION | \$ 4.00 | \$ 7.00 | \$ (3.00) |
| ADMINISTRATION | \$ 74.00 | \$ 72.00 | \$ 2.00 |
| TOTAL PER CONSUMER | \$ 349.00 | \$ 358.00 | \$ (9.00) |

**AVERAGE EXPENSE PER CONSUMER
OVERALL AVERAGE**

| | <u>2015</u> | <u>2014</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|-----------------|
| DISTRIBUTION OPERATION | \$ 88.00 | \$ 86.00 | \$ 2.00 |
| DISTRIBUTION MAINTENANCE | \$ 130.00 | \$ 132.00 | \$ (2.00) |
| ACCOUNTING | \$ 58.00 | \$ 59.00 | \$ (1.00) |
| CONSUMER INFORMATION | \$ 9.00 | \$ 12.00 | \$ (3.00) |
| ADMINISTRATION | \$ 85.00 | \$ 82.00 | \$ 3.00 |
| TOTAL PER CONSUMER | \$ 370.00 | \$ 371.00 | (\$1.00) |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-----|
| NUMBER OF EMPLOYEES | 279 | 284 | (5) |
| MILES OF LINE | 13,291 | 13,276 | 15 |
| CONSUMERS BILLED | 114,936 | 114,210 | 726 |
| MILES OF LINE PER EMPLOYEE | 47.6 | 46.6 | 1.0 |
| CONSUMER PER EMPLOYEE | 412 | 401 | 11 |
| DENSITY CONSUMERS PER MILE | 8.6 | 8.6 | 0.0 |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-------|
| NUMBER OF EMPLOYEES | 1962 | 1968 | (6) |
| MILES OF LINE | 91,118 | 90,839 | 279 |
| CONSUMERS BILLED | 848,796 | 843,663 | 5,133 |
| MILES OF LINE PER EMPLOYEE | 46.3 | 46.2 | 0.1 |
| CONSUMER PER EMPLOYEE | 431 | 429 | 2 |
| DENSITY CONSUMERS PER MILE | 9.3 | 9.3 | 0.0 |

2014
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 | 74 | 125 | 199 | 67 | 7 | 98 | 371 | 42 | 1,034 | 13,102 | 25.0 | 312 | 13.0 |
| BLUE GRASS ENERGY COOP | 48 | 113 | 161 | 49 | 18 | 85 | 313 | 104 | 4,710 | 56,075 | 45.3 | 539 | 11.9 |
| CLARK ENERGY COOP | 68 | 137 | 205 | 57 | 12 | 58 | 332 | 53 | 3,066 | 25,989 | 57.9 | 490 | 8.5 |
| CUMBERLAND VALLEY ELECTRIC | 61 | 115 | 176 | 80 | 7 | 64 | 327 | 51 | 2,639 | 23,619 | 51.8 | 463 | 9.0 |
| FARMERS RECC | 67 | 119 | 186 | 44 | 7 | 85 | 322 | 62 | 3,624 | 24,894 | 58.5 | 402 | 6.9 |
| FLEMING-MASON ENERGY | 83 | 118 | 201 | 74 | 7 | 59 | 341 | 51 | 3,582 | 23,885 | 70.2 | 468 | 6.7 |
| GRAYSON RECC | 76 | 263 | 339 | 74 | 19 | 127 | 559 | 46 | 2,470 | 15,338 | 53.7 | 333 | 6.2 |
| INTER-COUNTY ENERGY | 103 | 80 | 183 | 65 | 20 | 90 | 356 | 63 | 3,834 | 25,568 | 61.0 | 406 | 6.7 |
| JACKSON ENERGY COOP | 91 | 114 | 205 | 61 | 16 | 92 | 374 | 121 | 5,685 | 51,435 | 47.0 | 425 | 9.1 |
| LICKING VALLEY RECC | 107 | 143 | 250 | 57 | 6 | 84 | 397 | 44 | 2,057 | 17,400 | 46.7 | 395 | 8.5 |
| NOLIN RECC | 107 | 141 | 248 | 76 | 25 | 130 | 479 | 96 | 3,017 | 34,314 | 31.4 | 357 | 11.4 |
| OWEN EC | 86 | 63 | 149 | 66 | 13 | 69 | 297 | 130 | 4,530 | 58,840 | 34.9 | 453 | 13.0 |
| SALT RIVER ELECTRIC | 57 | 57 | 114 | 37 | 8 | 61 | 220 | 72 | 4,123 | 48,851 | 57.3 | 678 | 11.9 |
| SHELBY ENERGY COOP | 90 | 135 | 225 | 42 | 25 | 71 | 363 | 39 | 2,121 | 15,638 | 54.4 | 401 | 7.4 |
| SOUTH KENTUCKY RECC | 59 | 116 | 175 | 56 | 10 | 50 | 291 | 145 | 6,787 | 66,530 | 46.8 | 459 | 9.8 |
| TAYLOR COUNTY RECC | 74 | 74 | 148 | 42 | 3 | 57 | 250 | 53 | 3,236 | 25,958 | 61.0 | 490 | 8.0 |
| EKPC GROUP AVERAGE | 78 | 120 | 198 | 59 | 13 | 80 | 350 | 73 | 3,532 | 32,965 | 48.4 | 452 | 9.3 |
| JACKSON PURCHASE ENERGY | 108 | 112 | 220 | 50 | 3 | 86 | 359 | 74 | 2,939 | 29,293 | 39.7 | 396 | 10.0 |
| KENERGY CORP | 74 | 156 | 230 | 70 | 5 | 72 | 377 | 150 | 7,113 | 55,932 | 47.4 | 373 | 7.9 |
| MEADE COUNTY RECC | 104 | 106 | 210 | 57 | 13 | 57 | 337 | 60 | 3,224 | 28,985 | 54.0 | 483 | 9.0 |
| BIG RIVERS GROUP AVERAGE | 95 | 125 | 220 | 59 | 7 | 72 | 358 | 95 | 4,425 | 38,070 | 46.6 | 401 | 8.6 |
| HICKMAN-FULTON COUNTIES RECC | 151 | 391 | 542 | 51 | 13 | 192 | 796 | 16 | 726 | 3,702 | 48.4 | 247 | 5.1 |
| PENNYRILE RECC | 99 | 109 | 208 | 52 | 11 | 71 | 342 | 115 | 5,095 | 47,154 | 44.3 | 410 | 9.3 |
| TRI-COUNTY EMC | 96 | 105 | 201 | 50 | 13 | 48 | 312 | 131 | 5,464 | 50,720 | 41.7 | 387 | 9.3 |
| WARREN RECC | 89 | 87 | 178 | 59 | 13 | 82 | 330 | 157 | 5,645 | 81,958 | 36.0 | 395 | 11.0 |
| WEST KENTUCKY RECC | 97 | 187 | 284 | 69 | 4 | 71 | 426 | 93 | 4,118 | 38,483 | 44.3 | 414 | 9.4 |
| TVA GROUP AVERAGE | 106 | 176 | 282 | 55 | 11 | 93 | 442 | 102 | 4,210 | 40,403 | 41.3 | 396 | 9.6 |
| OVERALL AVERAGE | 86 | 132 | 218 | 59 | 12 | 82 | 371 | 82 | 3,785 | 35,153 | 46.2 | 429 | 9.3 |

**2014
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 | 938 | 1,584 | 2,522 | 849 | 89 | 1,242 | 4,702 | 42 | 1,034 | 12,015 | 20,352,830 | 141.2 |
| BLUE GRASS ENERGY COOP | 571 | 1,345 | 1,916 | 583 | 214 | 1,012 | 3,725 | 104 | 4,710 | 53,336 | 90,335,203 | 141.1 |
| CLARK ENERGY COOP | 576 | 1,161 | 1,737 | 483 | 102 | 492 | 2,814 | 53 | 3,066 | 24,233 | 39,274,688 | 135.1 |
| CUMBERLAND VALLEY ELECTRIC | 546 | 1,029 | 1,575 | 716 | 63 | 573 | 2,927 | 51 | 2,639 | 22,024 | 32,804,899 | 124.1 |
| FARMERS RECC | 460 | 817 | 1,277 | 302 | 48 | 584 | 2,211 | 62 | 3,824 | 23,009 | 35,189,349 | 127.5 |
| FLEMING-MASON ENERGY | 553 | 787 | 1,340 | 493 | 47 | 393 | 2,273 | 51 | 3,582 | 22,196 | 32,135,777 | 120.7 |
| GRAYSON RECC | 472 | 1,633 | 2,105 | 460 | 118 | 789 | 3,472 | 46 | 2,470 | 14,115 | 24,408,364 | 144.1 |
| INTER-COUNTY ENERGY | 687 | 534 | 1,221 | 433 | 133 | 600 | 2,387 | 63 | 3,834 | 24,094 | 42,209,063 | 146.0 |
| JACKSON ENERGY COOP | 823 | 1,031 | 1,854 | 552 | 145 | 832 | 3,383 | 121 | 5,685 | 47,723 | 84,922,276 | 148.3 |
| LICKING VALLEY RECC | 905 | 1,210 | 2,115 | 482 | 51 | 711 | 3,359 | 44 | 2,057 | 16,235 | 22,943,939 | 117.8 |
| NOLIN RECC | 1217 | 1,604 | 2,821 | 864 | 284 | 1,479 | 5,448 | 96 | 3,017 | 32,333 | 53,001,534 | 136.6 |
| OWEN EC | 1117 | 818 | 1,935 | 857 | 169 | 895 | 3,857 | 130 | 4,530 | 56,186 | 87,221,855 | 129.4 |
| SALT RIVER ELECTRIC | 675 | 675 | 1,350 | 438 | 95 | 723 | 2,606 | 72 | 4,123 | 45,790 | 71,348,351 | 129.9 |
| SHELBY ENERGY COOP | 664 | 995 | 1,659 | 310 | 184 | 523 | 2,676 | 39 | 2,121 | 15,189 | 26,278,277 | 144.2 |
| SOUTH KENTUCKY RECC | 578 | 1,137 | 1,715 | 549 | 98 | 490 | 2,852 | 145 | 6,787 | 60,800 | 90,207,014 | 123.8 |
| TAYLOR COUNTY RECC | 594 | 594 | 1,188 | 337 | 24 | 457 | 2,006 | 53 | 3,236 | 22,796 | 32,121,022 | 117.4 |
| EKPC GROUP AVERAGE | 711 | 1,060 | 1,771 | 544 | 117 | 737 | 3,169 | 73 | 3,532 | 30,755 | 49,047,026 | 132.9 |
| JACKSON PURCHASE ENERGY | 1076 | 1,116 | 2,192 | 498 | 30 | 857 | 3,577 | 74 | 2,939 | 25,694 | 39,086,440 | 126.8 |
| KENERGY CORP | 582 | 1,227 | 1,809 | 550 | 39 | 566 | 2,964 | 150 | 7,113 | 45,311 | 74,095,848 | 136.3 |
| MEADE COUNTY RECC | 935 | 953 | 1,888 | 512 | 117 | 512 | 3,029 | 60 | 3,224 | 26,847 | 36,725,209 | 114.0 |
| BIG RIVERS GROUP AVERAGE | 864 | 1,099 | 1,963 | 520 | 62 | 645 | 3,190 | 95 | 4,425 | 32,617 | 49,969,166 | 127.7 |
| HICKMAN-FULTON COUNTIES RECC | 770 | 1,994 | 2,764 | 260 | 86 | 979 | 4,069 | 16 | 726 | 2,819 | 5,688,518 | 168.2 |
| PENNYRILE RECC | 916 | 1,009 | 1,925 | 481 | 102 | 657 | 3,165 | 115 | 5,095 | 42,085 | 71,535,238 | 141.7 |
| TRI-COUNTY EMC | 891 | 975 | 1,866 | 464 | 121 | 446 | 2,897 | 131 | 5,464 | 41,117 | 69,404,761 | 140.7 |
| WARREN RECC | 977 | 955 | 1,932 | 648 | 143 | 900 | 3,023 | 157 | 5,645 | 51,647 | 96,944,907 | 156.4 |
| WEST KENTUCKY RECC | 906 | 1,748 | 2,654 | 645 | 37 | 664 | 4,000 | 93 | 4,118 | 30,251 | 57,249,601 | 157.7 |
| TVA GROUP AVERAGE | 892 | 1,336 | 2,228 | 500 | 94 | 729 | 3,551 | 102 | 4,210 | 33,584 | 60,164,605 | 149.3 |
| OVERALL AVERAGE | 768 | 1,122 | 1,890 | 532 | 105 | 724 | 3,251 | 82 | 3,785 | 31,577 | 51,478,456 | 135.9 |

2014
KENTUCKY ELECTRIC COOPERATIVES
MILES OF LINE
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>% CHANGE FROM 2010</u> |
|-------------------------|---------------|---------------|---------------|---------------|---------------|-------------------------------|
| BIG SANDY | 1,034 | 1,035 | 1,033 | 1,030 | 1,027 | 0.7 % |
| BLUE GRASS ENERGY | 4,710 | 4,693 | 4,682 | 4,650 | 4,632 | 1.7 |
| CLARK ENERGY COOP | 3,066 | 3,056 | 3,052 | 3,042 | 3,036 | 1.0 |
| CUMBERLAND VALLEY | 2,639 | 2,633 | 2,626 | 2,614 | 2,616 | 0.9 |
| FARMERS | 3,624 | 3,615 | 3,602 | 3,591 | 3,577 | 1.3 |
| FLEMING-MASON | 3,582 | 3,575 | 3,560 | 3,550 | 3,537 | 1.3 |
| GRAYSON | 2,470 | 2,478 | 2,485 | 2,485 | 2,483 | -0.5 |
| INTER-COUNTY | 3,834 | 3,803 | 3,779 | 3,765 | 3,748 | 2.3 |
| JACKSON ENERGY | 5,685 | 5,673 | 5,668 | 5,676 | 5,664 | 0.4 |
| LICKING VALLEY | 2,057 | 2,053 | 2,047 | 2,039 | 2,031 | 1.3 |
| NOLIN | 3,017 | 3,011 | 3,011 | 2,991 | 2,980 | 1.2 |
| OWEN | 4,530 | 4,522 | 4,514 | 4,509 | 4,493 | 0.8 |
| SALT RIVER ELECTRIC | 4,123 | 4,095 | 4,068 | 4,040 | 4,016 | 2.7 |
| SHELBY ENERGY | 2,121 | 2,109 | 2,104 | 2,097 | 2,096 | 1.2 |
| SOUTH KENTUCKY | 6,787 | 6,771 | 6,759 | 6,755 | 6,735 | 0.8 |
| TAYLOR COUNTY | <u>3,236</u> | <u>3,230</u> | <u>3,218</u> | <u>3,210</u> | <u>3,198</u> | <u>1.2</u> |
| TOTAL EKPC | 56,515 | 56,352 | 56,208 | 56,044 | 55,869 | 1.2 % |
| JACKSON PURCHASE | 2,939 | 2,932 | 2,923 | 2,918 | 2,909 | 1.0 % |
| KENERGY | 7,113 | 7,084 | 7,068 | 7,047 | 7,010 | 1.5 |
| MEADE COUNTY | <u>3,224</u> | <u>2,982</u> | <u>2,970</u> | <u>2,974</u> | <u>2,974</u> | <u>8.4</u> |
| TOTAL BIG RIVERS | 13,276 | 12,998 | 12,961 | 12,939 | 12,893 | 3.0 % |
| HICKMAN-FULTON | 726 | 727 | 704 | 691 | 684 | 6.1 % |
| PENNYRILE | 5,095 | 5,079 | 5,092 | 5,089 | 5,100 | -0.1 |
| TRI-COUNTY | 5,464 | 5,458 | 5,451 | 5,449 | 5,451 | 0.2 |
| WARREN | 5,645 | 5,632 | 5,623 | 5,626 | 5,622 | 0.4 |
| WEST KENTUCKY | <u>4,118</u> | <u>4,111</u> | <u>4,091</u> | <u>4,079</u> | <u>4,069</u> | <u>1.2</u> |
| TOTAL TVA | 21,048 | 21,007 | 20,961 | 20,934 | 20,926 | 0.6 % |
| OVERALL TOTAL | 90,839 | 90,357 | 90,130 | 89,917 | 89,688 | 1.3 % |

2014
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER MILE OF LINE
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>% CHANGE FROM 2010</u> |
|---------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
| BIG SANDY | \$4,702 | \$4,621 | \$4,280 | \$4,207 | \$4,611 | 2.0 % |
| BLUE GRASS ENERGY | 3,725 | 3,646 | 3,627 | 3,779 | 3,798 | -1.9 |
| CLARK ENERGY COOP | 2,814 | 2,840 | 2,682 | 2,595 | 2,542 | 10.7 |
| CUMBERLAND VALLEY | 2,927 | 2,830 | 2,824 | 2,727 | 2,805 | 4.3 |
| FARMERS | 2,211 | 2,307 | 1,996 | 2,061 | 1,985 | 11.4 |
| FLEMING-MASON | 2,273 | 2,341 | 2,382 | 2,209 | 2,135 | 6.5 |
| GRAYSON | 3,472 | 2,988 | 3,047 | 2,963 | 2,645 | 31.3 |
| INTER-COUNTY | 2,387 | 2,285 | 2,326 | 2,341 | 2,211 | 8.0 |
| JACKSON ENERGY | 3,383 | 3,368 | 3,410 | 3,348 | 3,118 | 8.5 |
| LICKING VALLEY | 3,359 | 3,001 | 2,818 | 2,710 | 2,721 | 23.4 |
| NOLIN | 5,448 | 4,613 | 4,484 | 4,527 | 4,469 | 21.9 |
| OWEN | 3,857 | 3,790 | 3,728 | 3,693 | 3,735 | 3.3 |
| SALT RIVER ELECTRIC | 2,606 | 2,702 | 2,539 | 2,711 | 2,612 | -0.2 |
| SHELBY ENERGY | 2,676 | 2,608 | 2,548 | 2,542 | 2,572 | 4.0 |
| SOUTH KENTUCKY | 2,852 | 2,780 | 2,590 | 2,751 | 2,870 | -0.6 |
| TAYLOR COUNTY | <u>2,006</u> | <u>1,972</u> | <u>1,960</u> | <u>1,948</u> | <u>1,886</u> | <u>6.4</u> |
| AVERAGE EKPC | \$3,169 | \$3,044 | \$2,953 | \$2,946 | \$2,919 | 8.6 % |
| JACKSON PURCHASE | \$3,577 | \$3,400 | \$3,340 | \$3,532 | \$3,197 | 11.9 % |
| KENERGY | 2,964 | 2,977 | 2,759 | 2,837 | 2,919 | 1.5 |
| MEADE COUNTY | <u>3,029</u> | <u>3,015</u> | <u>3,032</u> | <u>2,892</u> | <u>2,794</u> | <u>8.4</u> |
| AVERAGE BIG RIVERS | \$3,190 | \$3,130 | \$3,044 | \$3,087 | \$2,970 | 7.4 % |
| HICKMAN-FULTON | \$4,069 | \$3,708 | \$3,395 | \$4,037 | \$2,835 | 43.5 % |
| PENNYRILE | 3,165 | 3,080 | 2,945 | 3,000 | 2,644 | 19.7 |
| TRI-COUNTY | 2,897 | 2,800 | 2,761 | 2,674 | 2,623 | 10.4 |
| WARREN | 3,623 | 3,712 | 3,742 | 3,695 | 3,586 | 1.0 |
| WEST KENTUCKY | <u>4,000</u> | <u>3,661</u> | <u>3,128</u> | <u>3,462</u> | <u>3,313</u> | <u>20.7</u> |
| AVERAGE TVA | \$3,551 | \$3,391 | \$3,195 | \$3,374 | \$3,000 | 18.4 % |
| OVERALL AVERAGE | \$3,251 | \$3,127 | \$3,014 | \$3,052 | \$2,944 | 10.4 % |

2014
KENTUCKY ELECTRIC COOPERATIVES
TOTAL AVERAGE NUMBER OF CONSUMERS BILLED
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>% CHANGE FROM 2010</u> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
| BIG SANDY | 13,102 | 13,177 | 13,199 | 13,213 | 13,226 | -0.9 % |
| BLUE GRASS ENERGY | 56,075 | 55,725 | 55,297 | 55,087 | 54,980 | 2.0 |
| CLARK ENERGY COOP | 25,989 | 25,985 | 25,980 | 26,041 | 26,154 | -0.6 |
| CUMBERLAND VALLEY | 23,619 | 23,659 | 23,613 | 23,684 | 23,749 | -0.5 |
| FARMERS | 24,894 | 24,816 | 24,710 | 24,683 | 24,574 | 1.3 |
| FLEMING-MASON | 23,885 | 23,833 | 23,758 | 23,827 | 23,822 | 0.3 |
| GRAYSON | 15,338 | 15,391 | 15,389 | 15,470 | 15,533 | -1.3 |
| INTER-COUNTY | 25,568 | 25,328 | 25,338 | 25,250 | 25,256 | 1.2 |
| JACKSON ENERGY | 51,435 | 51,360 | 51,250 | 51,224 | 51,338 | 0.2 |
| LICKING VALLEY | 17,400 | 17,408 | 17,426 | 17,428 | 17,493 | -0.5 |
| NOLIN | 34,314 | 33,957 | 33,580 | 32,948 | 32,638 | 5.1 |
| OWEN | 58,840 | 58,095 | 57,809 | 57,596 | 57,478 | 2.4 |
| SALT RIVER ELECTRIC | 48,851 | 48,320 | 47,805 | 47,411 | 47,046 | 3.8 |
| SHELBY ENERGY | 15,638 | 15,457 | 15,360 | 15,315 | 15,311 | 2.1 |
| SOUTH KENTUCKY | 66,530 | 66,272 | 66,327 | 66,361 | 66,430 | 0.2 |
| TAYLOR COUNTY | <u>25,958</u> | <u>25,888</u> | <u>25,728</u> | <u>25,613</u> | <u>25,456</u> | <u>2.0</u> |
| TOTAL EKPC | 527,436 | 524,671 | 522,569 | 521,151 | 520,484 | 1.3 % |
| JACKSON PURCHASE | 29,293 | 29,313 | 29,241 | 29,199 | 29,152 | 0.5 % |
| KENERGY | 55,932 | 55,677 | 55,419 | 55,210 | 54,991 | 1.7 |
| MEADE COUNTY | <u>28,985</u> | <u>28,730</u> | <u>28,592</u> | <u>28,478</u> | <u>28,267</u> | <u>2.5</u> |
| TOTAL BIG RIVERS | 114,210 | 113,720 | 113,252 | 112,887 | 112,410 | 1.6 % |
| HICKMAN-FULTON | 3,702 | 3,687 | 3,689 | 3,675 | 3,716 | -0.4 % |
| PENNYRILE | 47,154 | 46,976 | 47,013 | 46,965 | 46,984 | 0.4 |
| TRI-COUNTY | 50,720 | 50,612 | 50,679 | 50,240 | 50,340 | 0.8 |
| WARREN | 61,958 | 61,316 | 60,641 | 60,265 | 59,995 | 3.3 |
| WEST KENTUCKY | <u>38,483</u> | <u>38,398</u> | <u>38,310</u> | <u>38,154</u> | <u>38,189</u> | <u>0.8</u> |
| TOTAL TVA | 202,017 | 200,989 | 200,332 | 199,299 | 199,224 | 1.4 % |
| OVERALL TOTAL | 843,663 | 839,380 | 836,153 | 833,337 | 832,118 | 1.4 % |

2014
KENTUCKY ELECTRIC COOPERATIVES
AVERAGE EXPENSE PER CONSUMER
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>% CHANGE FROM 2010</u> |
|---------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------------|
| BIG SANDY | \$371 | \$363 | \$335 | \$328 | \$358 | 3.6 % |
| BLUE GRASS ENERGY | 313 | 307 | 307 | 319 | 320 | -2.2 |
| CLARK ENERGY COOP | 332 | 334 | 315 | 303 | 295 | 12.5 |
| CUMBERLAND VALLEY | 327 | 315 | 314 | 301 | 309 | 5.8 |
| FARMERS | 322 | 336 | 291 | 300 | 289 | 11.4 |
| FLEMING-MASON | 341 | 351 | 357 | 329 | 317 | 7.6 |
| GRAYSON | 559 | 481 | 492 | 476 | 423 | 32.2 |
| INTER-COUNTY | 358 | 343 | 347 | 349 | 328 | 9.1 |
| JACKSON ENERGY | 374 | 372 | 377 | 371 | 344 | 8.7 |
| LICKING VALLEY | 397 | 354 | 331 | 317 | 316 | 25.6 |
| NOLIN | 479 | 409 | 402 | 411 | 408 | 17.4 |
| OWEN | 297 | 295 | 291 | 289 | 292 | 1.7 |
| SALT RIVER ELECTRIC | 220 | 229 | 216 | 231 | 223 | -1.3 |
| SHELBY ENERGY | 363 | 356 | 349 | 348 | 352 | 3.1 |
| SOUTH KENTUCKY | 291 | 284 | 264 | 280 | 291 | 0.0 |
| TAYLOR COUNTY | <u>250</u> | <u>246</u> | <u>245</u> | <u>244</u> | <u>237</u> | <u>5.5</u> |
| AVERAGE EKPC | \$350 | \$336 | \$328 | \$325 | \$319 | 9.7 % |
| JACKSON PURCHASE | 359 | 340 | \$334 | \$353 | \$319 | 12.5 % |
| KENERGY | 377 | 379 | 352 | 362 | 372 | 1.3 |
| MEADE COUNTY | <u>337</u> | <u>313</u> | <u>315</u> | <u>302</u> | <u>294</u> | <u>14.6</u> |
| AVERAGE BIG RIVERS | \$358 | \$345 | \$333 | \$340 | \$329 | 8.8 % |
| HICKMAN-FULTON | 798 | 731 | \$648 | \$759 | \$522 | 52.9 % |
| PENNYRILE | 342 | 333 | 319 | 325 | 287 | 19.2 |
| TRI-COUNTY | 312 | 302 | 297 | 290 | 284 | 9.9 |
| WARREN | 330 | 341 | 347 | 345 | 336 | -1.8 |
| WEST KENTUCKY | <u>428</u> | <u>392</u> | <u>334</u> | <u>370</u> | <u>353</u> | <u>21.2</u> |
| AVERAGE TVA | \$442 | \$419 | \$390 | \$419 | \$357 | 23.8 % |
| OVERALL AVERAGE | \$371 | \$355 | \$341 | \$346 | \$329 | 12.8 % |

2014
KENTUCKY ELECTRIC COOPERATIVES
TOTAL RESIDENTIAL REVENUES
STATISTICAL COMPARISONS

| <u>COOPERATIVE</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>% CHANGE FROM 2010</u> |
|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------------|
| BIG SANDY | \$20,352,830 | \$20,214,344 | \$18,915,867 | \$19,254,338 | \$19,504,677 | 4.3 % |
| BLUE GRASS ENERGY | 90,335,203 | 86,731,904 | 82,219,020 | 85,884,006 | 84,916,241 | 6.4 |
| CLARK ENERGY COOP | 39,274,668 | 37,408,399 | 35,261,019 | 36,708,481 | 35,307,191 | 11.2 |
| CUMBERLAND VALLEY | 32,804,899 | 31,849,912 | 30,386,944 | 31,460,869 | 32,537,708 | 0.8 |
| FARMERS | 35,189,349 | 34,021,119 | 31,180,284 | 32,782,120 | 33,283,884 | 5.7 |
| FLEMING-MASON | 32,135,777 | 31,290,157 | 29,690,084 | 28,199,358 | 28,565,335 | 12.5 |
| GRAYSON | 24,408,364 | 23,854,195 | 21,816,428 | 21,978,172 | 22,417,367 | 8.9 |
| INTER-COUNTY | 42,209,063 | 39,836,984 | 36,934,661 | 38,974,091 | 38,111,051 | 10.8 |
| JACKSON ENERGY | 84,922,276 | 81,972,647 | 77,832,875 | 81,135,113 | 81,946,986 | 3.6 |
| LICKING VALLEY | 22,943,939 | 22,724,114 | 21,314,628 | 21,839,711 | 22,255,988 | 3.1 |
| NOLIN | 53,001,534 | 51,335,752 | 47,495,013 | 48,149,006 | 48,360,150 | 9.6 |
| OWEN | 87,221,855 | 79,439,125 | 79,578,364 | 79,163,922 | 77,481,108 | 12.6 |
| SALT RIVER ELECTRIC | 71,348,351 | 69,064,012 | 65,507,556 | 66,517,122 | 65,700,823 | 8.6 |
| SHELBY ENERGY | 26,276,277 | 25,519,497 | 23,937,841 | 25,853,776 | 23,574,557 | 11.5 |
| SOUTH KENTUCKY | 90,207,014 | 86,420,326 | 80,375,682 | 84,493,130 | 82,781,238 | 9.0 |
| TAYLOR COUNTY | <u>32,121,022</u> | <u>30,403,252</u> | <u>28,434,719</u> | <u>29,703,937</u> | <u>28,920,669</u> | <u>11.1</u> |
| TOTAL EKPC | \$784,752,421 | \$752,085,739 | \$710,880,985 | \$732,097,152 | \$725,664,973 | 8.1 % |
| JACKSON PURCHASE | \$39,086,440 | \$34,338,887 | \$31,043,685 | \$29,070,144 | \$31,240,203 | 25.1 % |
| KENERGY | 74,095,848 | 65,362,048 | 58,093,381 | 56,283,522 | 57,146,551 | 29.7 |
| MEADE COUNTY | <u>36,725,209</u> | <u>31,876,222</u> | <u>27,769,525</u> | <u>27,479,674</u> | <u>26,176,828</u> | <u>40.3</u> |
| TOTAL BIG RIVERS | \$149,907,497 | \$131,577,157 | \$116,906,591 | \$112,833,340 | \$114,563,582 | 30.9 % |
| HICKMAN-FULTON | \$5,688,518 | \$5,499,579 | \$5,599,551 | \$5,999,873 | \$5,138,805 | 10.7 % |
| PENNYRILE | 71,535,238 | 66,136,309 | 62,724,839 | 65,110,934 | 64,755,328 | 10.5 |
| TRI-COUNTY | 69,404,761 | 64,475,661 | 62,236,827 | 65,426,019 | 70,308,752 | -1.3 |
| WARREN | 96,944,907 | 87,750,045 | 86,515,348 | 89,954,828 | 85,524,135 | 13.4 |
| WEST KENTUCKY | <u>57,249,601</u> | <u>53,582,845</u> | <u>54,479,631</u> | <u>57,812,187</u> | <u>58,309,168</u> | <u>-1.8</u> |
| TOTAL TVA | \$300,823,025 | \$277,444,439 | \$271,556,196 | \$284,303,841 | \$284,036,188 | 5.9 % |
| OVERALL TOTAL | \$1,235,482,943 | \$1,161,107,335 | \$1,099,343,772 | \$1,129,234,333 | \$1,124,264,743 | 9.9 % |

**KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE AND STATISTICAL COMPARISONS
2014 - 2013 ANNUAL COMPARISON**

**AVERAGE EXPENSE PER CONSUMER
EKPC**

| | <u>2014</u> | <u>2013</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|-----------------|
| DISTRIBUTION OPERATION | \$ 78.00 | \$ 78.00 | \$ - |
| DISTRIBUTION MAINTENANCE | \$ 120.00 | \$ 109.00 | \$ 11.00 |
| ACCOUNTING | \$ 59.00 | \$ 58.00 | \$ 1.00 |
| CONSUMER INFORMATION | \$ 13.00 | \$ 13.00 | \$ - |
| ADMINISTRATION | <u>\$ 80.00</u> | <u>\$ 78.00</u> | <u>\$ 2.00</u> |
| TOTAL PER CONSUMER | \$ 350.00 | \$ 336.00 | \$ 14.00 |

**AVERAGE EXPENSE PER CONSUMER
TVA**

| | <u>2014</u> | <u>2013</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|-----------------|
| DISTRIBUTION OPERATION | \$ 106.00 | \$ 101.00 | \$ 5.00 |
| DISTRIBUTION MAINTENANCE | \$ 176.00 | \$ 162.00 | \$ 14.00 |
| ACCOUNTING | \$ 56.00 | \$ 56.00 | \$ - |
| CONSUMER INFORMATION | \$ 11.00 | \$ 11.00 | \$ - |
| ADMINISTRATION | <u>\$ 93.00</u> | <u>\$ 89.00</u> | <u>\$ 4.00</u> |
| TOTAL PER CONSUMER | \$ 442.00 | \$ 419.00 | \$ 23.00 |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-------|
| NUMBER OF EMPLOYEES | 1,172 | 1,188 | (16) |
| MILES OF LINE | 56,515 | 56,352 | 163 |
| CONSUMERS BILLED | 527,436 | 524,671 | 2,765 |
| MILES OF LINE PER EMPLOYEE | 48.4 | 47.6 | 0.8 |
| CONSUMER PER EMPLOYEE | 452 | 443 | 9 |
| DENSITY CONSUMERS PER MILE | 9.3 | 9.3 | 0 |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-------------|
| NUMBER OF EMPLOYEES | 512 | 505 | \$ 7.00 |
| MILES OF LINE | 21,048 | 21,007 | \$ 41.00 |
| CONSUMERS BILLED | 202,017 | 200,989 | \$ 1,028.00 |
| MILES OF LINE PER EMPLOYEE | 41.3 | 41.6 | \$ (0.30) |
| CONSUMER PER EMPLOYEE | 396 | 398 | \$ (2.00) |
| DENSITY CONSUMERS PER MILE | 9.6 | 9.6 | \$ - |

**AVERAGE EXPENSE PER CONSUMER
BIG RIVERS**

| | <u>2014</u> | <u>2013</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|------------------|
| DISTRIBUTION OPERATION | \$ 95.00 | \$ 86.00 | \$ 9.00 |
| DISTRIBUTION MAINTENANCE | \$ 125.00 | \$ 125.00 | \$ - |
| ACCOUNTING | \$ 59.00 | \$ 52.00 | \$ 7.00 |
| CONSUMER INFORMATION | \$ 7.00 | \$ 7.00 | \$ - |
| ADMINISTRATION | <u>\$ 72.00</u> | <u>\$ 75.00</u> | <u>\$ (3.00)</u> |
| TOTAL PER CONSUMER | \$ 358.00 | \$ 345.00 | \$ 13.00 |

**AVERAGE EXPENSE PER CONSUMER
OVERALL AVERAGE**

| | <u>2014</u> | <u>2013</u> | <u>CHANGE</u> |
|---------------------------|------------------|------------------|-----------------|
| DISTRIBUTION OPERATION | \$ 86.00 | \$ 84.00 | \$ 2.00 |
| DISTRIBUTION MAINTENANCE | \$ 132.00 | \$ 122.00 | \$ 10.00 |
| ACCOUNTING | \$ 59.00 | \$ 57.00 | \$ 2.00 |
| CONSUMER INFORMATION | \$ 12.00 | \$ 12.00 | \$ - |
| ADMINISTRATION | <u>\$ 82.00</u> | <u>\$ 80.00</u> | <u>\$ 2.00</u> |
| TOTAL PER CONSUMER | \$ 371.00 | \$ 355.00 | \$ 16.00 |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-----|
| NUMBER OF EMPLOYEES | 284 | 278 | 6 |
| MILES OF LINE | 13,276 | 12,998 | 278 |
| CONSUMERS BILLED | 114,210 | 113,720 | 490 |
| MILES OF LINE PER EMPLOYEE | 46.6 | 46.6 | 0.0 |
| CONSUMER PER EMPLOYEE | 401 | 408 | (7) |
| DENSITY CONSUMERS PER MILE | 8.6 | 8.7 | (0) |

OTHER STATISTICAL INFORMATION

| | | | |
|----------------------------|---------|---------|-------|
| NUMBER OF EMPLOYEES | 1968 | 1971 | (3) |
| MILES OF LINE | 90,839 | 90,357 | 482 |
| CONSUMERS BILLED | 843,663 | 839,380 | 4,283 |
| MILES OF LINE PER EMPLOYEE | 46.2 | 45.9 | 0 |
| CONSUMER PER EMPLOYEE | 429 | 427 | 2 |
| DENSITY CONSUMERS PER MILE | 9.3 | 9.3 | 0 |

Capitalization Policies

| | | Benefits <u>Distribution</u> |
|----|---------------------------------|---------------------------------------|
| 10 | 107.20 | Construction work in progress 327,245 |
| 11 | 108.80 | Retirement work in progress 96,468 |
| 12 | 163.00 | Stores 151,447 |
| 13 | 184.10 | Transportation 36,318 |
| 14 | 242.31 | Employee sick leave |
| 15 | 583.00 | Overhead line 19,741 |
| 16 | 585.00 | Underground 113 |
| 17 | 586.00 | Meter 151,951 |
| 18 | 588.00 | Miscellaneous distribution 4,306 |
| 19 | 590.00 | Maintenance 80,858 |
| 20 | 593.00 | Overhead line 275,658 |
| 21 | 594.00 | Underground 159 |
| 22 | 595.00 | Transformers 5,410 |
| 23 | 598.00 | Miscellaneous maintenance 20,157 |
| 24 | 901.00 | Supervision, customer accounts 33,996 |
| 25 | 902.00 | Meter reading 160 |
| 26 | 903.00 | Consumer records 215,311 |
| 27 | 904.00 | Consumer records 472 |
| 28 | 909.00 | Consumer information 35,803 |
| 29 | 912.00 | Demonstration and selling 8,105 |
| 30 | 920.00 | Administrative 364,769 |
| 31 | 926.00 | Employee benefits 37,248 |
| 32 | 932.00 | Maintenance general plant 44,673 |
| 33 | | |
| 34 | Total | 1,910,368 |
| 35 | | |
| 36 | Benefits include the following: | |
| 37 | Medical insurance | 708,910 |
| 38 | Life insurance | 66,750 |
| 39 | R & S retirement | 296,681 |
| 40 | 401(k) | <u>265,276</u> |
| 41 | | |
| 42 | | <u>1,337,617</u> |
| 43 | | |

44 CVE accumulates all benefits, then allocates these to accounts based on
45 the labor distribution for the month. The above is the actual allocation for
46 the test year for the above benefits. The average employee cost for 49
47 employees is \$27,298.

Witness: Robert Tolliver

Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

Cumberland Valley's equity management plan is attached. Capital credits were paid as follows:

| | <u>General</u> | <u>Estates</u> | <u>Total</u> |
|-------------|---------------------|----------------|---------------------|
| 2015 | \$ - | \$ - | \$ - |
| 2014 | \$ - | \$ - | \$ - |
| 2013 | \$ - | \$ - | \$ - |
| 2012 | \$ 179,976 | \$ - | \$ 179,976 |
| 2011 | \$ 419,047 | \$ - | \$ 419,047 |
| 2010 | \$ - | \$ - | \$ - |
| Prior years | \$ 2,405,280 | \$ - | \$ 2,405,280 |
| Total | <u>\$ 3,004,303</u> | <u>\$ -</u> | <u>\$ 3,004,303</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:

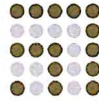
- A. The Board of Directors shall determine that the financial condition of Cumberland Valley Electric will not be impaired, and that satisfactory progress is being made toward the Cooperative's Equity Management goals as set forth below.
- B. Cumberland Valley Electric Equity Management goals shall 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



INTANDEM^{LLC}

ADVISORS TO MANAGEMENT

July 16, 2015

Mr. Robert Tolliver
Cumberland Valley Electric Cooperative
Gray, KY
Via Email

Hello Robert:

The attached Excel file contains a draft compensation plan based on the job evaluation hierarchy that we completed, merged with the latest 2015 release of the NRECA and/or ERI survey data. This narrative is an explanation of the spreadsheets, as I did not want you to face all of these spreadsheets without some type of guide!

Survey Data Sources

| Survey | Description |
|---|---|
| 2015 National Compensation Survey (NCS) Dataset effective November, 2014 | Produced annually by NRECA, this survey provides information for approximately 120 positions from cooperative distribution systems located throughout the United States. Over 800 systems contribute to this non-voluntary survey (values are used for calculating group benefit premiums), which report actual salaries. National, regional and state average values are available through the survey (see shaded positions in compensation model). |
| Economic Research Institute (ERI) Salary Assessor Database Dataset effective July 2015 | ERI's Salary Assessor® is an easy-to-use software program that reports "up to the present day" competitive wage, salary, and incentive survey data. Each of over 5,800 jobs has been studied over time (many since 1967). Analyses are derived from millions of data points gathered from digitized public records including the US SEC, OCR of US IRS returns, ERI Salary Survey's patented online surveys (78 US industries in 5 countries), and licensed UK, Canadian, and US salary surveys and datasets. ERI provides analyses of competitive pay defined by 500 geographical areas in North America and Europe, 1,200 industries, and infinite organization sizes. Six thousand corporate subscribers, including most US Fortune 500 companies, use Assessor data in planning salaries (some for over 20 years). The ERI dataset was set to represent all industries at the Kentucky state mean, having annual revenues of \$48million. |

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Competitive Target

The market model sets the competitive posture and incorporates the proposed grade hierarchy with competitive salary data to derive the market model of the compensation plan. For this initial case I selected benchmark positions that met two criteria: 1) a good match between the highest order of duties performed, and 2) market values that were in correlation with the assigned internal point value.

For each benchmark position, I selected market data to reflect the average of the NCS Kentucky state reports.

We can always generate more or less aggressive scenarios (note that the NCS administrative and clerical positions are somewhat different from the ERI) but this version will provide a baseline from which we can evaluate the internal hierarchy, market variance and incumbent impact.

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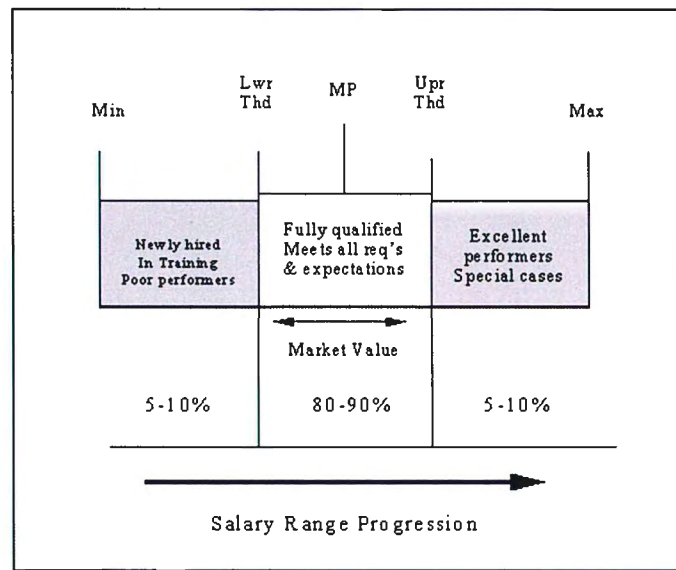
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Salary Range Administration

For each salary grade, five general control points were calculated to define a salary progression for incumbents: minimum, lower third, midpoint, upper third and maximum (see “Ranges” tab). Typically, incumbents would be brought into the salary range at the minimum (or at an appropriate position commensurate with experience and abilities) and moved toward the middle third of the salary range (the region between the lower third and the upper third), which represents fair market value.

In a properly administered salary plan (assuming minimal employee turnover) about 80-90% of all employees will fall into the market value range, while only 5-10% would occupy the region between the minimum-lower third as well as the upper third-maximum region. In all cases, incumbent positioning within the salary range should reflect the individual’s experience and performance on the job.



The “Incumbents” tab provides specific details of current incumbent salaries vis-à-vis recommended salary control points to provide a costing scenario. There were some differences between the titles on the employee file and the titles that we used in the evaluation process so I made a best attempt to assign (see highlighted titles) who was who, so please ensure that I coded people into the correct grades.

The C/R (Compa Ratio) is calculated by dividing the incumbent's current salary by the midpoint of the position's salary range. A 1.00 compa ratio indicates that the incumbent is at the midpoint position of their respective grade. The “Pay Chart” provides a graphical view of current salaries vs. the proposed minimum, midpoint and maximum curves.

The salary schedule integrates the job evaluations with assigned salary range levels.

Variance Analysis



Please review the "Variance Report" tab. This is where we present the closest available comparator survey data (via NCS and ERI) and evaluate how closely each data point is in "agreement" with the internal evaluation hierarchy.

Each survey source provides a different market perspective for each position based on the survey population. The NCS is cooperative and utility specific while the ERI represents a wider cross section of industry in Kentucky. Bear in mind that some position matches are excellent while others may only be similar; however, this analysis represents the most relevant market data available in each survey and allows the proposed plan to be tested against the rate at which these data sources cite as being the closest comparable duties and responsibilities. I have attached a glossary of job descriptors for your reference.

This analysis does not compel any particular grade shift but if a particular survey value is competitively important and is not reasonably close to the proposed MP (e.g. NCS value rather than ERI), a grade adjustment may be warranted.

Each variance is calculated by dividing the survey data value by the Proposed Midpoint. In general, I consider a variance of up to 10% is close enough to be considered comparable. I have highlighted some jobs that are significantly different from the NCS survey average for you to review.

Based on the available data points you may elect to adjust some positions. If so, it may be necessary to review other related positions and adjust them as well. Changing jobs may also necessitate a recalculation of the compensation model, resulting in somewhat different salary ranges. Based on the current grade assignments there is one individual under the minimum.

I trust that this cursory explanation is helpful in reviewing the draft plan. This is a lot of information to review at one time! Once you have had an opportunity to review the file let's connect to review the spreadsheets, discuss changes and/or modifications and then determine how to proceed from here.

At this juncture we need to determine the following:

- ✓ Does the market model (NCS KY average) present an effective competitive posture for the plan? Should we generate a different (less) competitive posture?
- ✓ Do we have people assigned to the correct positions?
- ✓ Do we want to make any adjustments to individual position evaluations based on the variance report?

Thanks.

Winston L. Tan
Principal, Human Resources & Rewards



| ERI Title | ERI Descriptor |
|--------------------------------------|---|
| Accountant | <p>Readies and maintains financial and business transactions, applying accounting principles, that include work that is analytical, evaluative, and advisory in nature and that requires an understanding of both accounting theory and practice.</p> <ul style="list-style-type: none"> • Utilizes knowledge of the fundamental doctrines, theories, principles, and terminology of accountancy, and often entails some understanding of such related fields as business law, statistics, and general management. • Analyzes the effects of transactions upon account relationships. • Evaluates alternative means of treating transactions. • Plans the manner in which account structures should be developed or modified. • Ensures the adequacy of the accounting system as the basis for reporting to management. • Considers the need for new or changed controls. • Projects accounting data to show the effects of proposed plans on capital investments, income, cash position, and overall financial condition. • Interprets the meaning of accounting records, reports, and statements. • Advises operating officials on accounting matters. • Excludes paraprofessional accountants. |
| Accounting Director | <p>Directs, coordinates, and administers accounting operations which may include general accounting, cost accounting, payroll, accounts payable, and accounts receivable.</p> <ul style="list-style-type: none"> • Analyzes records of present and past operations, trends and costs, estimated and realized revenues, administrative commitments, and obligations incurred. • Plans, directs, and coordinates ledger maintenance, report preparation, and operating statistics. |
| Accounting Supervisor (Professional) | <p>Supervises professional level financial accounting operations, and oversees preparation of income statements, special accounting reports, and balancing of general and subsidiary ledgers.</p> <ul style="list-style-type: none"> • Analyzes financial statements, assisting upper management. • Advises upper management regarding matters such as effective use of resources and methods for preventing capital being frozen. • Plans work schedules, assigns duties, and evaluates work for accuracy and conformance to policies. • Includes supervisors whose staffs may consist of a mix of professional, paraprofessional, and/or clerical accounting personnel; excludes supervisors whose staffs are 100 percent nonexempt. |
| Accounts Receivable Supervisor | <p>Supervises and coordinates accounts receivable activities, ensuring an accurate accounts receivable system.</p> <ul style="list-style-type: none"> • Develops work schedules, assigns duties, and reviews work for accuracy, neatness, and conformance to policies. • Responsible for accuracy and corrections to customer accounts, reconciliation of revenue accounts, general journal entries, generating invoices and posting sales, verification of deposits, and postings to accounts receivable. • Analyzes and resolves work problems, or assist employees in solving work problems. |
| Director Construction Engineering | <p>Directs, coordinates, and utilizes functional authority for planning, organization, control, integration, and completion of engineering project within area of assigned responsibility.</p> <ul style="list-style-type: none"> • Plans and develops engineering program and organizes project staff according to project requirements. • Assigns project personnel to specific phases or aspects of project, such as technical studies, design, preparation of specifications and technical plans, and testing, in accordance with engineering disciplines of staff. |
| IT Systems Administrator | <p>Administers, develops, runs tests on, implements, and maintains operating system and related software.</p> <ul style="list-style-type: none"> • Establishes and implements standards for computer operations for compatibility between hardware and software, according to specifications and parameters. • Troubleshoots and resolves software, operating system, and networking problems. • Schedules, performs, and monitors system backups and, when necessary, performs data recoveries. • Responsibilities differ from those of an Operating Systems Programmer in that the Systems Administrator is not responsible for altering operating system's software codes. |
| Marketing Director (Revenue) | <p>Directs, develops, implements, and facilitates marketing strategies, activities, and policies for an organization.</p> <ul style="list-style-type: none"> • Administers economic and commercial surveys to identify potential markets for products and services. • Initiates market research studies and analyzes findings in order to discover |



| ERI Title | ERI Descriptor |
|-----------|---|
| | <p>which market segments would buy the organization's products or services and how to best present those products and services to the selected target market.</p> <ul style="list-style-type: none"> Analyzes trends, and keeps current on activity of competitors. <p>• NOTE: ERI's findings based on revenue size.</p> |

| NCS Title | NCS Descriptor |
|--|---|
| Accountant 1 | Records financial transactions on subsidiary records/ledger accounts. Prepares reports / financial statements. |
| Billing Supervisor | Directs member-consumer bill preparation, applies rate schedules and/or verifies calculations, applies discounts and penalties, payments and balances accounts, answers inquiries and complaints and adjusts bills as needed. Is responsible for employee supervision. |
| District/Branch Manager | Manages the consumer-owned electric distribution system of a geographically defined area. Operations include: maintenance, service, consumer-member and public relations, marketing and consumer collections. |
| Information Technology Supervisor | Manages the operation of information technology computer systems. Oversees computer program and system development. Evaluates user and system hardware and software needs. Develops long and short-term goals for the department. Installs and maintains communications systems. Supervises one or two employees. |
| Line Superintendent | Supervises activities required for constructing and maintaining power transmission and distribution systems. Assists engineering by designing construction layout. Supervises three or more line supervisors. |
| Supervisor/General Accounting 1 | Keeps a complete and systematic set of subsidiary records and ledger accounts recording financial transactions and the financial status of the system. Prepares reports and financial statements. Supervises one or two employees. |
| Vice President/Manager/ Director Of Engineering | Oversees long and short-range system planning design, distribution inspection, transmission, substations and other facilities. This position typically requires a degree in Electrical Engineering. |
| Vice President/Manager/ Director Of Member Services | Manages and coordinates the activities of member education, community relations, member service, promotion of power use, and economic and community development. There are fewer than three employees in the department. |
| Vice President/Manager/Director Of Operations | Plans, directs and supervises activities required for constructing and maintaining power transmission and distribution systems. |
| Vice President/Manager/ Director/ Finance & Administration | Manages/controls the financial activities for consumer and general accounting, financial planning, banking, insurance, and taxes. Often develops the management information system as well as data processing, purchasing, and human resources. Is responsible for both financial and administrative activities. |

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CUMBERLAND VALLEY ELECTRIC
CASE NO. 2016-00169
NONRECURRING CHARGES - REMOTE DISCONNECT

Exhibit 20
Page 1 of 1
Witness: Robert Tolliver

REMOTE DISCONNECT/RECONNECT

Equipment

| | | |
|-------------------|--------------|-----------|
| Cost of Equipment | \$ 227.00 | |
| Tax | <u>13.62</u> | |
| Total cost | | \$ 240.62 |

Installation

| | | |
|----------------|--------------|----------|
| Labor - 1 hour | \$ 30.32 | |
| Overhead | <u>30.32</u> | |
| Total | | \$ 60.64 |

Total Unit Cost \$ 301.26

Dispatch Labor to Operate Switch & Communicate with Member

| | | |
|----------------|--------------|----------|
| Labor - 1 hour | \$ 39.41 | |
| Overhead - 65% | <u>25.62</u> | |
| Total | | \$ 65.03 |

Process Service Order

| | | |
|----------------|--------------|-----------------|
| Labor - 1 hour | \$ 22.34 | |
| Overhead - 65% | <u>14.52</u> | |
| Total | | <u>\$ 36.86</u> |

Total Service Costs \$ 101.89

Total Service Costs for one fourth of an hour \$ 25.47

Fixed Costs

Depreciation over 60 months \$ 5.02

Interest Expense - 2.5% 0.63

Margins for TIER of 2.0% 0.63

Total Cost \$ 31.75

Requested Fee for Remote Disconnect/Reconnect to Equal Physical \$ 25.00

Cumberland Valley Electric

Service Life and Net Salvage Study

December 31, 2014

JDS Consulting, LLC
Nicholasville, Kentucky

Cumberland Valley Electric

INDEX

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| Calculation of Rates and Net Salvage Analysis | 3 |
| Summary of Findings by Iowa Type Curve | 4 |
| Simulated Plant Record Analysis | 5 |
| Data Used for the Study, By Account | 6 |

Cumberland Valley Electric

Distribution Plant Depreciation Study

As of December 31, 2014

INTRODUCTION

This depreciation study was performed for Cumberland Valley Electric (“Cumberland Valley”) 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 reserve requirement.
4. To review in detail the history, status, procedures and policies of Cumberland Valley’s depreciation functions, records, and operating techniques.

Cumberland Valley’s last depreciation study performed as of December 2004. 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’s depreciation practices reflect those changes.

Cumberland Valley Electric

DEPRECIATION

Book depreciation 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 statement 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 applicable to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption for 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,

Cumberland Valley Electric

decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities”.

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 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, salvage is what will actually be received and cost of removal is what 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

SCOPE

The study included construction and retirement activity for distribution plant from 1939 through 2014. Cumberland Valley has maintained its plant and depreciation records in accordance with the Uniform System of Accounts as issued by RUS. As such, Cumberland Valley's plant records are maintained on a mass property, average historical cost basis in its continuing property records ("CPR's"). Cumberland Valley maintains CPR's on the record unit basis for CPR's.

The study was performed utilizing the Computer Assisted Depreciation and Life Analysis ("CADLAS") 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 items. The study therefore used the technique of creating simulated plant records on a vintage basis. The CADLAS program is recognized by many governmental organizations, including RUS.

The CADLAS program 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 Type 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 tests the additions, retirements, and plant balances for each year to fit the data to the best curve for analysis.

Cumberland Valley Electric

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 was selected for each account.

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 for a five (5) 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. Cumberland Valley does not maintain separate accumulated depreciation reserve accounts for each of its distribution plant accounts. The calculation of the net salvage is performed on an average of the original cost of units of property retired on a monthly basis. This method does not give consideration for the net salvage ratio being different that the ratio of original cost each month. 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 used by Cumberland Valley. For comparative purposes

Cumberland Valley Electric

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.

In its last rate application before the Kentucky Public Service Commission (“KPSC”), the KPSC required Cumberland Valley to depreciate mechanical meters for 31 years and solid state meters for 15 years. This study incorporated those rates. The equipment installed at the substations recorded in Account 362 relate to AMI and will be depreciated over the same live as AMI devices.

The following is a summary of the proposed composite depreciation rates and the RUS recommended maximum and minimum rates.

| | <u>Distribution Plant Account</u> | Proposed | Present | <u>RUS</u> | |
|--------|-----------------------------------|-------------|-------------|------------|-------------|
| | | <u>Rate</u> | <u>Rate</u> | <u>Low</u> | <u>High</u> |
| 362 | Substation | 6.70% | 3.10% | 2.7% | 3.2% |
| 364 | Poles Towers and Fixtures | 3.90% | 4.00% | 3.0% | 4.0% |
| 365 | O/H Conductor and Devices | 3.27% | 2.80% | 2.3% | 2.8% |
| 367 | U/G Conductor | 4.02% | 4.00% | 2.4% | 2.9% |
| 368 | Transformers | 2.39% | 3.10% | 2.6% | 3.1% |
| 369 | Services | 4.14% | 3.60% | 3.1% | 3.6% |
| 370 | Meters | 3.40% | 3.40% | 2.9% | 3.4% |
| 370.01 | Meters, AMI | 6.70% | 6.70% | 2.9% | 3.4% |
| 371 | Installation on Cons. Premises | 4.89% | 4.00% | 3.9% | 4.4% |

1. The “Proposed” rates are the rates determined from this depreciation study.
2. The “Present Rates” are those currently in effect. The rate is used for all distribution plant accounts
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 further 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.

Cumberland Valley Electric

The study findings are based upon many factors and assumptions which were discussed with Cumberland Valley's personnel. 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 should consider the effects of such changes on an ongoing basis.

Cumberland Valley 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 No. 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 has decided to use these rates as a result of this study.

Cumberland Valley Electric

Section 3

Calculation of Rates and Net Salvage Analysis

Cumberland Valley Electric Cooperative
Whole Life Depreciation Rates
as of December 31, 2014

| Account Number | Description | Balance Dec 31, 2014 | Average Service Life | No Net Salvage | | Net Salvage | Proposed Rates With Net Salvage | | Existing | | Difference |
|----------------|-------------------------------|-------------------------|----------------------------|------------------|-------|-------------|------------------------------------|------------------|----------|------------------|----------------|
| | | | | Accrual | Rate | Percent | Rate | Accrual | Rate | Accrual | |
| 362 | Station equipment | 758,414 | 15 | 50,561 | 6.67% | 0.00% | 6.67% | 50,586 | 3.10% | 23,511 | 27,075 |
| 364 | Poles, Towers & Fixtures | 28,703,498 | 30.1 | 953,605 | 3.32% | 0.58% | 3.90% | 1,118,734 | 4.00% | 1,148,140 | (29,406) |
| 365 | Overhead Conductors & Dev | 27,212,587 | 37.2 | 731,521 | 2.69% | 0.58% | 3.27% | 889,186 | 2.80% | 761,952 | 127,233 |
| 367 | Underground Conductors & I | 3,736,396 | 28 | 133,443 | 3.57% | 0.45% | 4.02% | 150,174 | 4.00% | 149,456 | 718 |
| 368 | Line Transformers | 10,203,355 | 41.9 | 243,517 | 2.39% | 0.00% | 2.39% | 243,860 | 3.10% | 316,304 | (72,444) |
| 369 | Service (Pole-to-House) | 8,254,232 | 27.1 | 304,584 | 3.69% | 0.45% | 4.14% | 341,660 | 3.60% | 297,152 | 44,507 |
| 370 | Meters | 1,594,716 | 31 | 51,442 | 3.40% | 0.00% | 3.40% | 54,220 | 3.40% | 54,220 | 0 |
| 370..01 | Meters, AMI | 4,849,217 | 15 | 323,281 | 6.70% | 0.00% | 6.70% | 324,898 | 6.70% | 324,898 | 0 |
| 371 | Installations on Customers' F | 4,788,991 | 22.5 | 212,844 | 4.44% | 0.45% | 4.89% | 234,144 | 4.00% | 191,560 | 42,584 |
| 373 | Street Lighting & Signal Syst | 0 | 22.5 | 0 | 0.00% | 0.00% | 0.00% | 0 | 4.00% | 0 | 0 |
| Total | | <u>90,101,406</u> | | <u>3,004,798</u> | | | | <u>3,407,461</u> | | <u>3,267,193</u> | <u>140,268</u> |
| | | | | | | | | Composite rate | 3.78% | 3.63% | |

Cumberland Valley Electric Cooperative
Calculation of Net Salvage Percent
Distribution Plant

| <u>Account Number</u> | <u>Description</u> | <u>Balance Dec 31, 2014</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 | 758,414 | 0% | 0 | 0.00% | 0 | 0.00% |
| 364 | Poles, Towers & Fixtures | 28,703,498 | 45% | 12,916,574 | 41.62% | 165,778 | 0.58% |
| 365 | Overhead Conductors & Dev | 27,212,587 | 45% | 12,245,664 | 39.46% | 157,167 | 0.58% |
| 367 | Underground Conductors & I | 3,736,396 | 35% | 1,307,739 | 4.21% | 16,784 | 0.45% |
| 368 | Line Transformers | 10,203,355 | 0% | 0 | 0.00% | 0 | 0.00% |
| 369 | Service (Pole-to-House) | 8,254,232 | 35% | 2,888,981 | 9.31% | 37,079 | 0.45% |
| 370 | Meters | 1,594,716 | 0% | 0 | 0.00% | 0 | 0.00% |
| 370..01 | Meters, AMI | 4,849,217 | 0% | 0 | 0.00% | 0 | 0.00% |
| 371 | Installations on Customers' F | 4,788,991 | 35% | 1,676,147 | 5.40% | 21,513 | 0.45% |
| 373 | Street Lighting & Signal Syst | 0 | 0% | 0 | 0.00% | 0 | 0.00% |
| | Total | <u>90,101,406</u> | | <u>31,035,105</u> | | <u>398,320</u> | |
| | | | | | | <u>Five year average net salvage amount</u> | <u>398,320</u> |

Cumberland Valley Electric Cooperative

Calculation of Net Salvage

as of December 31, 2014

| Year | Original Cost of Retirements | Gross Salvage | | Cost of Removal | | Net Salvage | |
|------|------------------------------------|---------------|---------|-----------------|---------|-------------|---------|
| | | Amount | Percent | Amount | Percent | Amount | Percent |
| 2003 | 426,584 | 5,959 | 1% | 288,469 | 68% | (282,510) | -66% |
| 2004 | 651,580 | 64,245 | 10% | 338,083 | 52% | (273,838) | -42% |
| 2005 | 607,109 | 62,616 | 10% | 321,765 | 53% | (259,149) | -43% |
| 2006 | 804,672 | 52,722 | 7% | 407,495 | 51% | (354,773) | -44% |
| 2007 | 968,521 | 132,901 | 14% | 323,949 | 33% | (191,048) | -20% |
| 2008 | 1,089,194 | 117,618 | 11% | 429,725 | 39% | (312,107) | -29% |
| 2009 | 803,464 | 69,123 | 9% | 370,990 | 46% | (301,867) | -38% |
| 2010 | 879,706 | 14,060 | 2% | 424,853 | 48% | (410,793) | -47% |
| 2011 | 1,687,539 | 92,157 | 5% | 542,035 | 32% | (449,878) | -27% |
| 2012 | 1,101,509 | 140,079 | 13% | 438,146 | 40% | (298,067) | -27% |
| 2013 | 1,557,401 | 135,144 | 9% | 529,481 | 34% | (394,337) | -25% |
| 2014 | 1,994,914 | 145,398 | 7% | 583,923 | 29% | (438,525) | -22% |

Three Year Moving Averages

| | | | | | | | |
|---------|-----------|---------|-----|---------|-----|-----------|------|
| 04 - 06 | 687,787 | 59,861 | 9% | 355,781 | 52% | (295,920) | -43% |
| 05 - 07 | 793,434 | 82,746 | 10% | 351,070 | 44% | (268,323) | -34% |
| 06 - 08 | 954,129 | 101,080 | 11% | 387,056 | 41% | (285,976) | -30% |
| 07 - 09 | 953,726 | 106,547 | 11% | 374,888 | 39% | (268,341) | -28% |
| 08 - 10 | 924,121 | 66,934 | 7% | 408,523 | 44% | (341,589) | -37% |
| 09 - 11 | 1,123,570 | 58,447 | 5% | 445,959 | 40% | (387,513) | -34% |
| 10 - 12 | 1,222,918 | 82,099 | 7% | 468,345 | 38% | (386,246) | -32% |
| 11 - 13 | 1,448,816 | 122,460 | 8% | 503,221 | 35% | (380,761) | -26% |
| 12 - 14 | 1,551,275 | 140,207 | 9% | 517,183 | 33% | (376,976) | -24% |

Five Year Average

| | | | | | | | |
|---------|-----------|---------|----|---------|-----|-----------|------|
| 10 - 14 | 1,444,214 | 105,368 | 7% | 503,688 | 35% | (398,320) | -28% |
|---------|-----------|---------|----|---------|-----|-----------|------|

Ten year Average

| | | | | | | | |
|---------|-----------|--------|----|---------|-----|-----------|------|
| 05 - 14 | 1,149,403 | 96,182 | 8% | 437,236 | 38% | (341,054) | -30% |
|---------|-----------|--------|----|---------|-----|-----------|------|

Cumberland Valley Electric

Section 4

Summary of Findings by Iowa Type Curve

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 3 | S1 | 26.1 | 5.77E+08 | 12 | 83 | 24.98 |
| 16 | L2 | 24.9 | 5.78E+08 | 12 | 83 | 30.69 |
| 4 | S1.5 | 23.2 | 5.91E+08 | 12 | 83 | 29.4 |
| 25 | R3 | 20.5 | 6.01E+08 | 12 | 83 | 32.45 |
| 15 | L1.5 | 30 | 6.02E+08 | 12 | 83 | 22.8 |
| 17 | L2.5 | 22.4 | 6.05E+08 | 12 | 83 | 36.01 |
| 2 | S0.5 | 31.8 | 6.16E+08 | 12 | 83 | 19.1 |
| 14 | L1 | 35.8 | 6.38E+08 | 13 | 76 | 19.49 |
| 5 | S2 | 20.6 | 6.52E+08 | 13 | 76 | 38.16 |
| 1 | S0 | 39.2 | 6.55E+08 | 13 | 76 | 15.93 |
| 24 | R2.5 | 24.3 | 6.58E+08 | 13 | 76 | 21.85 |
| 6 | S2.5 | 19.3 | 6.92E+08 | 13 | 76 | 44.39 |
| 18 | L3 | 20.1 | 6.92E+08 | 13 | 76 | 46 |
| 13 | L0.5 | 47.8 | 7.23E+08 | 13 | 76 | 14.62 |
| 23 | R2 | 29.7 | 7.37E+08 | 13 | 76 | 16.51 |
| 12 | L0 | 61.6 | 7.53E+08 | 14 | 71 | 13.08 |
| 26 | R4 | 17.5 | 7.56E+08 | 14 | 71 | 57.41 |
| 7 | S3 | 18 | 7.68E+08 | 14 | 71 | 53.95 |
| 22 | R1.5 | 40.2 | 8.48E+08 | 14 | 71 | 12.47 |
| 21 | R1 | 53.5 | 8.96E+08 | 15 | 66 | 11 |
| 19 | L4 | 17.4 | 9.30E+08 | 15 | 66 | 65.04 |
| 29 | O2 | 105 | 9.49E+08 | 15 | 66 | 9.91 |
| 28 | O1 | 93.1 | 9.49E+08 | 15 | 66 | 9.94 |
| 30 | O3 | 154.4 | 9.52E+08 | 15 | 66 | 9.84 |
| 31 | O4 | 208.7 | 9.53E+08 | 15 | 66 | 9.88 |
| 8 | S4 | 16.5 | 9.68E+08 | 16 | 62 | 75.6 |
| 20 | L5 | 16.4 | 1.19E+09 | 17 | 58 | 81.23 |
| 27 | R5 | 16.1 | 1.24E+09 | 18 | 55 | 87.91 |
| 9 | S5 | 15.9 | 1.53E+09 | 20 | 50 | 91.58 |
| 10 | S6 | 15.8 | 2.27E+09 | 24 | 41 | 98.84 |
| 11 | SQ | 17.2 | 4.83E+09 | 35 | 28 | 100 |

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 12 | L0 | 35 | 4.78E+13 | 105 | 9.00 | 93.52 |
| 13 | L0.5 | 33 | 5.28E+13 | 110 | 9.00 | 96.73 |
| 21 | R1 | 30.1 | 5.47E+13 | 112 | 8.00 | 100 |
| 1 | S0 | 30 | 5.75E+13 | 115 | 8.00 | 100 |
| 14 | L1 | 31 | 5.83E+13 | 116 | 8.00 | 99.08 |
| 22 | R1.5 | 29.2 | 6.08E+13 | 118 | 8.00 | 100 |
| 2 | S0.5 | 29.1 | 6.27E+13 | 120 | 8.00 | 100 |
| 15 | L1.5 | 29.8 | 6.40E+13 | 121 | 8.00 | 99.69 |
| 23 | R2 | 28.1 | 6.80E+13 | 125 | 8.00 | 100 |
| 3 | S1 | 28.2 | 6.84E+13 | 126 | 7.00 | 100 |
| 16 | L2 | 28.9 | 7.02E+13 | 127 | 7.00 | 99.97 |
| 4 | S1.5 | 27.6 | 7.37E+13 | 130 | 7.00 | 100 |
| 24 | R2.5 | 27.4 | 7.50E+13 | 131 | 7.00 | 100 |
| 17 | L2.5 | 28 | 7.54E+13 | 132 | 7.00 | 100 |
| 5 | S2 | 27.3 | 7.94E+13 | 135 | 7.00 | 100 |
| 18 | L3 | 27.4 | 8.12E+13 | 137 | 7.00 | 100 |
| 25 | R3 | 27.1 | 8.25E+13 | 138 | 7.00 | 100 |
| 6 | S2.5 | 26.9 | 8.41E+13 | 139 | 7.00 | 100 |
| 7 | S3 | 26.6 | 8.91E+13 | 143 | 6.00 | 100 |
| 19 | L4 | 26.5 | 9.24E+13 | 146 | 6.00 | 100 |
| 26 | R4 | 26.4 | 9.42E+13 | 147 | 6.00 | 100 |
| 8 | S4 | 26.2 | 9.93E+13 | 151 | 6.00 | 100 |
| 20 | L5 | 26.1 | 1.01E+14 | 153 | 6.00 | 100 |
| 27 | R5 | 26 | 1.04E+14 | 155 | 6.00 | 100 |
| 9 | S5 | 25.8 | 1.06E+14 | 157 | 6.00 | 100 |
| 10 | S6 | 25.9 | 1.11E+14 | 160 | 6.00 | 100 |
| 11 | SQ | 28.2 | 1.33E+14 | 175 | 5.00 | 100 |
| 31 | O4 | 66.7 | 3.63E+13 | 91 | 10 | 70.08 |
| 30 | O3 | 51.4 | 3.81E+13 | 93 | 10 | 75.94 |
| 29 | O2 | 38.4 | 4.21E+13 | 98 | 10 | 88.35 |
| 28 | O1 | 34.8 | 4.33E+13 | 100 | 10.00 | 100 |

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 12 | L0 | 44.9 | 2.26E+13 | 75 | 13 | 82.45 |
| 21 | R1 | 37.2 | 2.39E+13 | 77 | 12 | 99.83 |
| 13 | L0.5 | 40.9 | 2.47E+13 | 79 | 12 | 89.16 |
| 22 | R1.5 | 34.7 | 2.57E+13 | 80 | 12 | 100.00 |
| 1 | S0 | 36.9 | 2.63E+13 | 81 | 12 | 99.82 |
| 14 | L1 | 38.0 | 2.73E+13 | 83 | 12 | 94.14 |
| 23 | R2 | 32.9 | 2.77E+13 | 83 | 12 | 100.00 |
| 2 | S0.5 | 35.0 | 2.83E+13 | 84 | 11 | 100.00 |
| 15 | L1.5 | 35.8 | 2.94E+13 | 86 | 11 | 97.16 |
| 24 | R2.5 | 32.0 | 2.94E+13 | 86 | 11 | 100.00 |
| 3 | S1 | 33.3 | 3.05E+13 | 87 | 11 | 100.00 |
| 4 | S1.5 | 32.3 | 3.17E+13 | 89 | 11 | 100.00 |
| 25 | R3 | 31.0 | 3.18E+13 | 89 | 11 | 100.00 |
| 16 | L2 | 34.0 | 3.20E+13 | 90 | 11 | 99.03 |
| 5 | S2 | 31.3 | 3.34E+13 | 92 | 10 | 100.00 |
| 17 | L2.5 | 33.0 | 3.35E+13 | 92 | 10 | 99.67 |
| 6 | S2.5 | 30.9 | 3.46E+13 | 93 | 10 | 100.00 |
| 18 | L3 | 31.7 | 3.55E+13 | 94 | 10 | 100.00 |
| 7 | S3 | 30.6 | 3.62E+13 | 95 | 10 | 100.00 |
| 26 | R4 | 30.2 | 3.65E+13 | 96 | 10 | 100.00 |
| 19 | L4 | 30.3 | 3.80E+13 | 98 | 10 | 100.00 |
| 8 | S4 | 29.8 | 3.96E+13 | 100 | 10 | 100.00 |
| 20 | L5 | 29.5 | 4.09E+13 | 101 | 9 | 100.00 |
| 27 | R5 | 29.4 | 4.17E+13 | 102 | 9 | 100.00 |
| 9 | S5 | 29.3 | 4.27E+13 | 104 | 9 | 100.00 |
| 10 | S6 | 29.2 | 4.50E+13 | 106 | 9 | 100.00 |
| 11 | SQ | 31.5 | 5.57E+13 | 118 | 8 | 100.00 |
| 31 | O4 | 93.7 | 1.83E+13 | 68 | 14 | 60.94 |
| 30 | O3 | 70.8 | 1.87E+13 | 68 | 14 | 65.11 |
| 29 | O2 | 51.1 | 1.96E+13 | 70 | 14 | 76.32 |
| 28 | O1 | 45.3 | 1.97E+13 | 70 | 14 | 80.04 |

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 25 | R3 | 28 | 7.90E+09 | 13 | 76.00 | 100 |
| 26 | R4 | 24.8 | 7.92E+09 | 14 | 71.00 | 100 |
| 24 | R2.5 | 31.6 | 7.97E+09 | 14 | 71.00 | 94.41 |
| 23 | R2 | 36.7 | 8.05E+09 | 14 | 71.00 | 74.47 |
| 14 | L1 | 44.2 | 8.06E+09 | 14 | 71.00 | 57.85 |
| 15 | L1.5 | 38.1 | 8.12E+09 | 14 | 71.00 | 70.07 |
| 7 | S3 | 25.2 | 8.24E+09 | 14 | 71.00 | 100 |
| 13 | L0.5 | 55.6 | 8.24E+09 | 14 | 71.00 | 44.45 |
| 2 | S0.5 | 39.2 | 8.26E+09 | 14 | 71.00 | 64.76 |
| 6 | S2.5 | 26.6 | 8.29E+09 | 14 | 71.00 | 99.82 |
| 1 | S0 | 46.4 | 8.33E+09 | 14 | 71.00 | 50.08 |
| 22 | R1.5 | 45.8 | 8.34E+09 | 14 | 71.00 | 47.86 |
| 17 | L2.5 | 30.1 | 8.35E+09 | 14 | 71.00 | 90.21 |
| 16 | L2 | 33 | 8.36E+09 | 14 | 71.00 | 82.32 |
| 4 | S1.5 | 30.6 | 8.38E+09 | 14 | 71.00 | 92.59 |
| 5 | S2 | 27.9 | 8.41E+09 | 14 | 71.00 | 98.88 |
| 3 | S1 | 33.7 | 8.41E+09 | 14 | 71.00 | 81.67 |
| 12 | L0 | 69 | 8.42E+09 | 14 | 71.00 | 36.03 |
| 18 | L3 | 27.6 | 8.54E+09 | 14 | 71.00 | 96.12 |
| 21 | R1 | 58 | 8.58E+09 | 14 | 71.00 | 33.49 |
| 19 | L4 | 24.7 | 8.77E+09 | 14 | 71.00 | 99.97 |
| 29 | O2 | 108.1 | 8.85E+09 | 14 | 71 | 24.2 |
| 28 | O1 | 96.8 | 8.85E+09 | 14 | 71.00 | 24.02 |
| 30 | O3 | 159 | 8.87E+09 | 14 | 71 | 23.52 |
| 31 | O4 | 214.8 | 8.88E+09 | 14 | 71 | 23.34 |
| 8 | S4 | 23.5 | 8.94E+09 | 14 | 71.00 | 100 |
| 27 | R5 | 23.1 | 9.71E+09 | 15 | 66.00 | 100 |
| 20 | L5 | 23.4 | 9.76E+09 | 15 | 66.00 | 100 |
| 9 | S5 | 22.9 | 1.07E+10 | 16 | 62.00 | 100 |
| 10 | S6 | 22.8 | 1.29E+10 | 17 | 58.00 | 100 |
| 11 | SQ | 24.8 | 3.80E+10 | 30 | 33.00 | 100 |

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 12 | L0 | 50.7 | 7.42E+12 | 81 | 12.00 | 76.58 |
| 21 | R1 | 41.9 | 8.36E+12 | 87 | 11.00 | 96.46 |
| 13 | L0.5 | 46.8 | 8.70E+12 | 88 | 11.00 | 82.82 |
| 1 | S0 | 41.8 | 9.64E+12 | 93 | 10.00 | 94.75 |
| 22 | R1.5 | 39.8 | 9.97E+12 | 95 | 10.00 | 99.34 |
| 14 | L1 | 43.6 | 1.04E+13 | 96 | 10.00 | 88.61 |
| 2 | S0.5 | 40.1 | 1.11E+13 | 100 | 10.00 | 98.26 |
| 15 | L1.5 | 41.5 | 1.18E+13 | 103 | 9.00 | 92.73 |
| 23 | R2 | 37.9 | 1.18E+13 | 103 | 9.00 | 100 |
| 3 | S1 | 38.5 | 1.29E+13 | 108 | 9.00 | 99.87 |
| 24 | R2.5 | 36.7 | 1.32E+13 | 109 | 9.00 | 100 |
| 16 | L2 | 39.4 | 1.36E+13 | 111 | 9.00 | 96.18 |
| 4 | S1.5 | 37.4 | 1.41E+13 | 113 | 8.00 | 100 |
| 17 | L2.5 | 38.2 | 1.48E+13 | 115 | 8.00 | 98.14 |
| 25 | R3 | 35.6 | 1.48E+13 | 115 | 8.00 | 100 |
| 5 | S2 | 36.2 | 1.55E+13 | 118 | 8.00 | 100 |
| 18 | L3 | 37 | 1.62E+13 | 121 | 8.00 | 99.58 |
| 6 | S2.5 | 35.7 | 1.63E+13 | 121 | 8.00 | 100 |
| 26 | R4 | 34.8 | 1.69E+13 | 123 | 8.00 | 100 |
| 7 | S3 | 35.3 | 1.72E+13 | 124 | 8.00 | 100 |
| 19 | L4 | 35 | 1.79E+13 | 127 | 7.00 | 100 |
| 8 | S4 | 34.4 | 1.86E+13 | 129 | 7.00 | 100 |
| 27 | R5 | 34.2 | 1.90E+13 | 131 | 7.00 | 100 |
| 20 | L5 | 34.5 | 1.92E+13 | 131 | 7.00 | 100 |
| 9 | S5 | 34.3 | 1.97E+13 | 133 | 7.00 | 100 |
| 10 | S6 | 34.1 | 2.05E+13 | 136 | 7.00 | 100 |
| 11 | SQ | 37.1 | 2.71E+13 | 156 | 6.00 | 100 |
| 31 | O4 | 104.2 | 5.09E+12 | 67 | 14 | 58.14 |
| 30 | O3 | 78.7 | 5.29E+12 | 69 | 14 | 61.67 |
| 29 | O2 | 56.8 | 5.77E+12 | 72 | 13 | 71.13 |
| 28 | O1 | 50.9 | 5.78E+12 | 72 | 13.00 | 72.25 |

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 12 | L0 | 31.3 | 1.87E+12 | 68 | 14.00 | 96.66 |
| 13 | L0.5 | 29.4 | 2.26E+12 | 75 | 13.00 | 98.74 |
| 21 | R1 | 27.1 | 2.35E+12 | 77 | 12.00 | 100 |
| 1 | S0 | 27 | 2.60E+12 | 81 | 12.00 | 100 |
| 14 | L1 | 28 | 2.73E+12 | 83 | 12.00 | 99.82 |
| 22 | R1.5 | 26.2 | 2.91E+12 | 86 | 11.00 | 100 |
| 2 | S0.5 | 26.2 | 3.08E+12 | 88 | 11.00 | 100 |
| 15 | L1.5 | 26.9 | 3.19E+12 | 89 | 11.00 | 99.97 |
| 23 | R2 | 25.3 | 3.57E+12 | 95 | 10.00 | 100 |
| 3 | S1 | 25.4 | 3.62E+12 | 95 | 10.00 | 100 |
| 16 | L2 | 25.8 | 3.72E+12 | 97 | 10.00 | 100 |
| 4 | S1.5 | 24.8 | 4.07E+12 | 101 | 9.00 | 100 |
| 17 | L2.5 | 25.3 | 4.13E+12 | 102 | 9.00 | 100 |
| 24 | R2.5 | 24.6 | 4.16E+12 | 102 | 9.00 | 100 |
| 5 | S2 | 24.5 | 4.56E+12 | 107 | 9.00 | 100 |
| 18 | L3 | 24.7 | 4.59E+12 | 107 | 9.00 | 100 |
| 25 | R3 | 24.2 | 4.77E+12 | 110 | 9.00 | 100 |
| 6 | S2.5 | 24.2 | 4.91E+12 | 111 | 9.00 | 100 |
| 7 | S3 | 23.9 | 5.27E+12 | 115 | 8.00 | 100 |
| 19 | L4 | 23.6 | 5.41E+12 | 117 | 8.00 | 100 |
| 26 | R4 | 23.5 | 5.57E+12 | 118 | 8.00 | 100 |
| 8 | S4 | 23.3 | 5.85E+12 | 121 | 8.00 | 100 |
| 20 | L5 | 23.2 | 5.92E+12 | 122 | 8.00 | 100 |
| 27 | R5 | 23.2 | 6.10E+12 | 124 | 8.00 | 100 |
| 9 | S5 | 23 | 6.17E+12 | 125 | 8.00 | 100 |
| 10 | S6 | 22.8 | 6.33E+12 | 126 | 7.00 | 100 |
| 11 | SQ | 24.9 | 8.92E+12 | 150 | 6.00 | 100 |
| 31 | O4 | 58.9 | 1.05E+12 | 51 | 19 | 72.99 |
| 30 | O3 | 45.9 | 1.17E+12 | 54 | 18 | 79.34 |
| 29 | O2 | 34.3 | 1.42E+12 | 60 | 16 | 91.65 |
| 28 | O1 | 30.7 | 1.49E+12 | 61 | 16.00 | 100 |

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 26 | R4 | 29.2 | 4.26E+11 | 92 | 10.00 | 100 |
| 25 | R3 | 30 | 4.29E+11 | 93 | 10.00 | 100 |
| 7 | S3 | 29.7 | 4.38E+11 | 94 | 10.00 | 100 |
| 6 | S2.5 | 29.9 | 4.41E+11 | 94 | 10.00 | 100 |
| 24 | R2.5 | 30.4 | 4.41E+11 | 94 | 10.00 | 100 |
| 8 | S4 | 29.2 | 4.43E+11 | 94 | 10.00 | 100 |
| 19 | L4 | 29.6 | 4.46E+11 | 95 | 10.00 | 100 |
| 5 | S2 | 30.4 | 4.47E+11 | 95 | 10.00 | 100 |
| 27 | R5 | 29.1 | 4.52E+11 | 95 | 10.00 | 100 |
| 20 | L5 | 29.1 | 4.54E+11 | 95 | 10.00 | 100 |
| 4 | S1.5 | 30.9 | 4.56E+11 | 96 | 10.00 | 100 |
| 18 | L3 | 30.6 | 4.57E+11 | 96 | 10.00 | 100 |
| 23 | R2 | 31.4 | 4.58E+11 | 96 | 10.00 | 100 |
| 17 | L2.5 | 31.5 | 4.61E+11 | 96 | 10.00 | 99.86 |
| 9 | S5 | 29.1 | 4.61E+11 | 96 | 10.00 | 100 |
| 3 | S1 | 31.8 | 4.68E+11 | 97 | 10.00 | 100 |
| 16 | L2 | 32.4 | 4.70E+11 | 97 | 10.00 | 99.54 |
| 22 | R1.5 | 32.6 | 4.77E+11 | 98 | 10.00 | 100 |
| 15 | L1.5 | 33.5 | 4.79E+11 | 98 | 10.00 | 98.53 |
| 2 | S0.5 | 32.9 | 4.79E+11 | 98 | 10.00 | 100 |
| 10 | S6 | 28.9 | 4.84E+11 | 99 | 10.00 | 100 |
| 1 | S0 | 33.9 | 4.91E+11 | 99 | 10.00 | 100 |
| 14 | L1 | 35.1 | 4.92E+11 | 99 | 10.00 | 96.69 |
| 21 | R1 | 34 | 4.95E+11 | 100 | 10.00 | 100 |
| 13 | L0.5 | 37 | 5.07E+11 | 101 | 9.00 | 93.25 |
| 12 | L0 | 39.7 | 5.25E+11 | 103 | 9.00 | 88.58 |
| 28 | O1 | 38.9 | 5.41E+11 | 104 | 9.00 | 93.24 |
| 29 | O2 | 43.4 | 5.49E+11 | 105 | 9 | 83.99 |
| 30 | O3 | 58.6 | 5.74E+11 | 107 | 9 | 71.71 |
| 31 | O4 | 76.9 | 5.86E+11 | 108 | 9 | 66.49 |
| 11 | SQ | 31.5 | 7.04E+11 | 119 | 8.00 | 100 |

Cumberland Valley

| Curve Number | Curve Type | Estimated Life | Squared Error | Index of Variation | Conformation Index | Retirement Experience |
|--------------|------------|----------------|---------------|--------------------|--------------------|-----------------------|
| 13 | L0.5 | 24.3 | 6.50E+10 | 24 | 41.00 | 96.36 |
| 21 | R1 | 22.5 | 6.97E+10 | 25 | 40.00 | 100 |
| 1 | S0 | 22.6 | 7.41E+10 | 25 | 40.00 | 100 |
| 14 | L1 | 22.9 | 7.94E+10 | 26 | 38.00 | 98.8 |
| 22 | R1.5 | 21.7 | 9.31E+10 | 29 | 34.00 | 100 |
| 2 | S0.5 | 21.6 | 9.35E+10 | 29 | 34.00 | 100 |
| 15 | L1.5 | 22.1 | 9.92E+10 | 30 | 33.00 | 99.54 |
| 3 | S1 | 21 | 1.16E+11 | 32 | 31.00 | 100 |
| 23 | R2 | 21 | 1.22E+11 | 33 | 30.00 | 100 |
| 16 | L2 | 21.4 | 1.23E+11 | 33 | 30.00 | 99.94 |
| 4 | S1.5 | 20.5 | 1.40E+11 | 35 | 28.00 | 100 |
| 17 | L2.5 | 20.6 | 1.47E+11 | 36 | 27.00 | 99.99 |
| 24 | R2.5 | 20.4 | 1.54E+11 | 37 | 27.00 | 100 |
| 5 | S2 | 20.1 | 1.67E+11 | 38 | 26.00 | 100 |
| 18 | L3 | 20.1 | 1.74E+11 | 39 | 25.00 | 100 |
| 25 | R3 | 19.9 | 1.90E+11 | 41 | 24.00 | 100 |
| 6 | S2.5 | 19.8 | 1.92E+11 | 41 | 24.00 | 100 |
| 7 | S3 | 19.6 | 2.20E+11 | 44 | 22.00 | 100 |
| 19 | L4 | 19.4 | 2.36E+11 | 46 | 21.00 | 100 |
| 26 | R4 | 19.2 | 2.49E+11 | 47 | 21.00 | 100 |
| 8 | S4 | 19.1 | 2.77E+11 | 50 | 20.00 | 100 |
| 20 | L5 | 18.9 | 2.87E+11 | 51 | 19.00 | 100 |
| 27 | R5 | 18.7 | 3.05E+11 | 52 | 19.00 | 100 |
| 9 | S5 | 18.8 | 3.17E+11 | 53 | 18.00 | 100 |
| 10 | S6 | 18.5 | 3.41E+11 | 55 | 18.00 | 100 |
| 11 | SQ | 20.2 | 6.88E+11 | 78 | 12.00 | 100 |
| 28 | O1 | 25.3 | 4.50E+10 | 20 | 50.00 | 100 |
| 29 | O2 | 28.3 | 4.90E+10 | 21 | 47 | 87.85 |
| 12 | L0 | 25.6 | 5.57E+10 | 22 | 45.00 | 93.12 |
| 30 | O3 | 37.4 | 5.67E+10 | 22 | 45 | 75.77 |
| 31 | O4 | 48.1 | 6.09E+10 | 23 | 43 | 70.19 |

Cumberland Valley Electric

Section 6

Data Used for Input Into the Study

Cumberland Valley Electric Company

| Year | Account: Beginning Balance | 362 | Station Equipment | Ending Balance |
|------|----------------------------------|-----------|-------------------|-------------------|
| | Balance | Additions | Retirements | |
| 1945 | 0 | | | 0 |
| 1946 | 0 | | | 0 |
| 1947 | 0 | | | 0 |
| 1948 | 0 | | | 0 |
| 1949 | 0 | | | 0 |
| 1950 | 0 | | | 0 |
| 1951 | 0 | | | 0 |
| 1952 | 0 | | | 0 |
| 1953 | 0 | | | 0 |
| 1954 | 0 | | | 0 |
| 1955 | 0 | | | 0 |
| 1956 | 0 | | | 0 |
| 1957 | 0 | | | 0 |
| 1958 | 0 | | | 0 |
| 1959 | 0 | | | 0 |
| 1960 | 0 | | | 0 |
| 1961 | 0 | | | 0 |
| 1962 | 0 | | | 0 |
| 1963 | 0 | | | 0 |
| 1964 | 0 | | | 0 |
| 1965 | 0 | | | 0 |
| 1966 | 0 | | | 0 |
| 1967 | 0 | | | 0 |
| 1968 | 0 | | | 0 |
| 1969 | 0 | | | 0 |
| 1970 | 0 | | | 0 |
| 1971 | 0 | | | 0 |
| 1972 | 0 | | | 0 |
| 1973 | 0 | | | 0 |
| 1974 | 0 | | | 0 |
| 1975 | 0 | | | 0 |
| 1976 | 0 | | | 0 |
| 1977 | 0 | | | 0 |
| 1978 | 0 | | | 0 |
| 1979 | 0 | | | 0 |
| 1980 | 0 | | | 0 |
| 1981 | 0 | | | 0 |
| 1982 | 0 | | | 0 |
| 1983 | 0 | | | 0 |
| 1984 | 0 | | | 0 |
| 1985 | 0 | | | 0 |
| 1986 | 0 | | | 0 |
| 1987 | 0 | | | 0 |
| 1988 | 0 | | | 0 |
| 1989 | 0 | | | 0 |
| 1990 | 0 | | | 0 |
| 1991 | 0 | | | 0 |
| 1992 | 0 | | | 0 |

Cumberland Valley Electric Company

| Year | Account: Beginning Balance | 362 Additions | Station Equipment Retirements | Ending Balance |
|------|----------------------------------|------------------|----------------------------------|-------------------|
| 1993 | 0 | | | 0 |
| 1994 | 0 | | | 0 |
| 1995 | 0 | | | 0 |
| 1996 | 0 | 6,996 | | 6,996 |
| 1997 | 6,996 | 24,765 | | 31,761 |
| 1998 | 31,761 | 29,989 | | 61,750 |
| 1999 | 61,750 | 41,470 | | 103,220 |
| 2000 | 103,220 | 20,434 | | 123,654 |
| 2001 | 123,654 | 0 | 0 | 123,654 |
| 2002 | 123,654 | 5,104 | | 128,758 |
| 2003 | 128,758 | 30,813 | | 159,571 |
| 2004 | 159,571 | 56,137 | | 215,708 |
| 2005 | 215,708 | 411,385 | | 627,093 |
| 2006 | 627,093 | 54,810 | | 681,903 |
| 2007 | 681,903 | 8,361 | | 690,264 |
| 2008 | 690,264 | 11,106 | 1 | 701,369 |
| 2009 | 701,369 | 0 | 0 | 701,369 |
| 2010 | 701,369 | 41,843 | 33,561 | 709,651 |
| 2011 | 709,651 | 47,172 | 0 | 756,823 |
| 2012 | 756,823 | 0 | 0 | 756,823 |
| 2013 | 756,823 | 0 | 6,000 | 750,823 |
| 2014 | 750,823 | 19,591 | 12,000 | 758,414 |

Cumberland Valley Electric Company

| Year | Account: | 364 Poles, Towers & Fixtures | | Ending Balance |
|------|-------------------|------------------------------|-------------|----------------|
| | Beginning Balance | Additions | Retirements | |
| 1941 | 0 | | | 0 |
| 1942 | 0 | 91,163 | 0 | 91,163 |
| 1943 | 0 | | | 91,163 |
| 1944 | 91,163 | | | 91,163 |
| 1945 | 91,163 | | | 91,163 |
| 1946 | 91,163 | 14,459 | 0 | 105,622 |
| 1947 | 105,622 | 18,465 | 468 | 123,619 |
| 1948 | 123,619 | 78,711 | 232 | 202,098 |
| 1949 | 202,098 | 296,363 | 7,523 | 490,938 |
| 1950 | 490,938 | 24,755 | 632 | 515,061 |
| 1951 | 515,061 | 138,762 | 1,076 | 652,747 |
| 1952 | 652,747 | 194,349 | 1,843 | 845,253 |
| 1953 | 845,253 | 19,336 | 3,766 | 860,823 |
| 1954 | 860,823 | 50,403 | 4,000 | 907,226 |
| 1955 | 907,226 | 54,119 | 10,750 | 950,595 |
| 1956 | 950,595 | 48,798 | 7,717 | 991,676 |
| 1957 | 991,676 | 35,172 | 9,338 | 1,017,510 |
| 1958 | 1,017,510 | 87,213 | 19,404 | 1,085,319 |
| 1959 | 1,085,319 | 25,906 | 16,724 | 1,094,501 |
| 1960 | 1,094,501 | 77,708 | 36,377 | 1,135,832 |
| 1961 | 1,135,832 | 45,262 | 16,991 | 1,164,103 |
| 1962 | 1,164,103 | 65,600 | 25,935 | 1,203,768 |
| 1963 | 1,203,768 | 54,054 | 22,252 | 1,235,570 |
| 1964 | 1,235,570 | 62,794 | 10,707 | 1,287,657 |
| 1965 | 1,287,657 | 41,542 | 14,821 | 1,314,378 |
| 1966 | 1,314,378 | 163,950 | 44,058 | 1,434,270 |
| 1967 | 1,434,270 | 67,826 | 18,761 | 1,483,335 |
| 1968 | 1,483,335 | 130,987 | 54,018 | 1,560,304 |
| 1969 | 1,560,304 | 380,094 | 41,654 | 1,898,744 |
| 1970 | 1,898,744 | 130,453 | 40,435 | 1,988,762 |
| 1971 | 1,988,762 | 194,195 | 49,152 | 2,133,805 |
| 1972 | 2,133,805 | 159,017 | 53,357 | 2,239,465 |
| 1973 | 2,239,465 | 413,466 | 157,166 | 2,495,765 |
| 1974 | 2,495,765 | 453,041 | 309,505 | 2,639,301 |
| 1975 | 2,639,301 | 457,821 | 136,054 | 2,961,068 |
| 1976 | 2,961,068 | 586,854 | 242,627 | 3,305,295 |
| 1977 | 3,305,295 | 509,420 | 208,267 | 3,606,448 |
| 1978 | 3,606,448 | 665,705 | 171,031 | 4,101,122 |
| 1979 | 4,101,122 | 517,827 | 135,164 | 4,483,785 |
| 1980 | 4,483,785 | 470,159 | 238,612 | 4,715,332 |
| 1981 | 4,715,332 | 528,541 | 131,803 | 5,112,070 |
| 1982 | 5,112,070 | 488,439 | 192,089 | 5,408,420 |
| 1983 | 5,408,420 | 473,019 | 256,851 | 5,624,588 |
| 1984 | 5,624,588 | 543,601 | 161,978 | 6,006,211 |
| 1985 | 6,006,211 | 532,158 | 168,621 | 6,369,748 |
| 1986 | 6,369,748 | 604,724 | 200,793 | 6,773,679 |
| 1987 | 6,773,679 | 492,596 | 119,077 | 7,147,198 |
| 1988 | 7,147,198 | 511,924 | 152,941 | 7,506,181 |

Cumberland Valley Electric Company

| Year | Account: | 364 | | Poles, Towers & Fixtures | |
|------|-------------------|-----------|-------------|--------------------------|--|
| | Beginning Balance | Additions | Retirements | Ending Balance | |
| 1989 | 7,506,181 | 483,571 | 146,179 | 7,843,573 | |
| 1990 | 7,843,573 | 591,793 | 158,289 | 8,277,077 | |
| 1991 | 8,277,077 | 599,348 | 136,266 | 8,740,159 | |
| 1992 | 8,740,159 | 459,839 | 95,202 | 9,104,796 | |
| 1993 | 9,104,796 | 614,584 | 132,396 | 9,586,984 | |
| 1994 | 9,586,984 | 628,948 | 122,464 | 10,093,468 | |
| 1995 | 10,093,468 | 801,558 | 144,920 | 10,750,106 | |
| 1996 | 10,750,106 | 988,164 | 143,699 | 11,594,571 | |
| 1997 | 11,594,571 | 798,589 | 150,049 | 12,243,111 | |
| 1998 | 12,243,111 | 820,181 | 147,725 | 12,915,567 | |
| 1999 | 12,915,567 | 1,006,401 | 168,889 | 13,753,079 | |
| 2000 | 13,753,079 | 886,647 | 145,898 | 14,493,828 | |
| 2001 | 14,493,828 | 903,439 | 223,867 | 15,173,400 | |
| 2002 | 15,173,400 | 1,177,931 | 149,643 | 16,201,688 | |
| 2003 | 16,201,688 | 1,068,050 | 177,680 | 17,092,058 | |
| 2004 | 17,092,058 | 1,080,208 | 205,717 | 17,966,549 | |
| 2005 | 17,966,549 | 1,100,212 | 214,886 | 18,851,875 | |
| 2006 | 18,851,875 | 1,394,347 | 193,075 | 20,053,147 | |
| 2007 | 20,053,147 | 1,256,033 | 225,088 | 21,084,092 | |
| 2008 | 21,084,092 | 1,300,629 | 268,842 | 22,115,879 | |
| 2009 | 22,115,879 | 1,360,699 | 273,171 | 23,203,407 | |
| 2010 | 23,203,407 | 1,386,320 | 284,332 | 24,305,395 | |
| 2011 | 24,305,395 | 1,196,787 | 313,442 | 25,188,740 | |
| 2012 | 25,188,740 | 1,487,505 | 300,225 | 26,376,020 | |
| 2013 | 26,376,020 | 1,452,403 | 299,736 | 27,528,687 | |
| 2014 | 27,528,687 | 1,532,932 | 358,121 | 28,703,498 | |

Cumberland Valley Electric Company

| Year | Account: | 365 Overhead Conductors & Devices | | |
|------|-------------------|-----------------------------------|-------------|----------------|
| | Beginning Balance | Additions | Retirements | Ending Balance |
| 1941 | 0 | | | 0 |
| 1942 | 0 | 84,882 | 0 | 84,882 |
| 1943 | 84,882 | | | 84,882 |
| 1944 | 84,882 | | | 84,882 |
| 1945 | 84,882 | | | 84,882 |
| 1946 | 84,882 | 11,559 | 0 | 96,441 |
| 1947 | 96,441 | 19,048 | 115 | 115,374 |
| 1948 | 115,374 | 71,298 | 168 | 186,504 |
| 1949 | 186,504 | 328,251 | 1,162 | 513,593 |
| 1950 | 513,593 | 130,333 | 768 | 643,158 |
| 1951 | 643,158 | 24,947 | 283 | 667,822 |
| 1952 | 667,822 | 179,929 | 875 | 846,876 |
| 1953 | 846,876 | 12,914 | 1,751 | 858,039 |
| 1954 | 858,039 | 42,106 | 1,328 | 898,817 |
| 1955 | 898,817 | 57,252 | 1,842 | 954,227 |
| 1956 | 954,227 | 52,681 | 3,863 | 1,003,045 |
| 1957 | 1,003,045 | 32,759 | 3,814 | 1,031,990 |
| 1958 | 1,031,990 | 93,261 | 6,039 | 1,119,212 |
| 1959 | 1,119,212 | 14,202 | 8,909 | 1,124,505 |
| 1960 | 1,124,505 | 59,396 | 9,336 | 1,174,565 |
| 1961 | 1,174,565 | 26,372 | 7,064 | 1,193,873 |
| 1962 | 1,193,873 | 30,056 | 12,692 | 1,211,237 |
| 1963 | 1,211,237 | 23,077 | 11,796 | 1,222,518 |
| 1964 | 1,222,518 | 33,712 | 3,212 | 1,253,018 |
| 1965 | 1,253,018 | 20,951 | 7,595 | 1,266,374 |
| 1966 | 1,266,374 | 182,032 | 20,891 | 1,427,515 |
| 1967 | 1,427,515 | 34,873 | 9,586 | 1,452,802 |
| 1968 | 1,452,802 | 145,125 | 31,979 | 1,565,948 |
| 1969 | 1,565,948 | 89,899 | 22,291 | 1,633,556 |
| 1970 | 1,633,556 | 51,569 | 31,290 | 1,653,835 |
| 1971 | 1,653,835 | 106,688 | 26,295 | 1,734,228 |
| 1972 | 1,734,228 | 69,405 | 31,260 | 1,772,373 |
| 1973 | 1,772,373 | 393,145 | 161,302 | 2,004,216 |
| 1974 | 2,004,216 | 385,711 | 307,693 | 2,082,234 |
| 1975 | 2,082,234 | 293,943 | 151,266 | 2,224,911 |
| 1976 | 2,224,911 | 442,204 | 171,754 | 2,495,361 |
| 1977 | 2,495,361 | 471,591 | 184,740 | 2,782,212 |
| 1978 | 2,782,212 | 609,396 | 123,459 | 3,268,149 |
| 1979 | 3,268,149 | 343,438 | 79,386 | 3,532,201 |
| 1980 | 3,532,201 | 1,032,767 | 121,934 | 4,443,034 |
| 1981 | 4,443,034 | 222,920 | 40,834 | 4,625,120 |
| 1982 | 4,625,120 | 154,763 | 38,420 | 4,741,463 |
| 1983 | 4,741,463 | 250,678 | 50,314 | 4,941,827 |
| 1984 | 4,941,827 | 417,000 | 79,156 | 5,279,671 |
| 1985 | 5,279,671 | 521,674 | 94,009 | 5,707,336 |
| 1986 | 5,707,336 | 474,303 | 78,958 | 6,102,681 |
| 1987 | 6,102,681 | 476,123 | 95,560 | 6,483,244 |
| 1988 | 6,483,244 | 802,802 | 194,843 | 7,091,203 |

Cumberland Valley Electric Company

| Year | Account: Beginning Balance | 365 Additions | Overhead Conductors & Devices Retirements | Ending Balance |
|------|----------------------------------|------------------|--|-------------------|
| 1989 | 7,091,203 | 871,190 | 176,542 | 7,785,851 |
| 1990 | 7,785,851 | 935,871 | 179,941 | 8,541,781 |
| 1991 | 8,541,781 | 467,969 | 77,960 | 8,931,790 |
| 1992 | 8,931,790 | 416,323 | 39,684 | 9,308,429 |
| 1993 | 9,308,429 | 548,366 | 43,532 | 9,813,263 |
| 1994 | 9,813,263 | 717,116 | 98,980 | 10,431,399 |
| 1995 | 10,431,399 | 660,171 | 89,576 | 11,001,994 |
| 1996 | 11,001,994 | 775,216 | 83,243 | 11,693,967 |
| 1997 | 11,693,967 | 601,977 | 81,880 | 12,214,064 |
| 1998 | 12,214,064 | 517,979 | 71,958 | 12,660,085 |
| 1999 | 12,660,085 | 948,150 | 105,027 | 13,503,208 |
| 2000 | 13,503,208 | 593,213 | 52,694 | 14,043,727 |
| 2001 | 14,043,727 | 551,443 | 72,210 | 14,522,960 |
| 2002 | 14,522,960 | 931,512 | 81,200 | 15,373,272 |
| 2003 | 15,373,272 | 800,966 | 82,189 | 16,092,049 |
| 2004 | 16,092,049 | 1,051,191 | 122,956 | 17,020,284 |
| 2005 | 17,020,284 | 1,088,308 | 155,350 | 17,953,242 |
| 2006 | 17,953,242 | 1,383,980 | 126,074 | 19,211,148 |
| 2007 | 19,211,148 | 1,237,683 | 151,911 | 20,296,920 |
| 2008 | 20,296,920 | 1,119,635 | 190,931 | 21,225,624 |
| 2009 | 21,225,624 | 1,411,028 | 222,729 | 22,413,923 |
| 2010 | 22,413,923 | 1,225,758 | 255,681 | 23,384,000 |
| 2011 | 23,384,000 | 1,341,324 | 267,077 | 24,458,247 |
| 2012 | 24,458,247 | 1,496,669 | 390,661 | 25,564,255 |
| 2013 | 25,564,255 | 1,866,170 | 873,094 | 26,557,331 |
| 2014 | 26,557,331 | 1,058,031 | 402,775 | 27,212,587 |

Cumberland Valley Electric Company

| Year | Account: | 367 | | | Underground Conductors & Devi |
|------|-------------------|-----------|-------------|----------------|-------------------------------|
| | Beginning Balance | Additions | Retirements | Ending Balance | |
| 1941 | 0 | | | 0 | |
| 1942 | 0 | | | 0 | |
| 1943 | 0 | | | 0 | |
| 1944 | 0 | | | 0 | |
| 1945 | 0 | | | 0 | |
| 1946 | 0 | | | 0 | |
| 1947 | 0 | | | 0 | |
| 1948 | 0 | | | 0 | |
| 1949 | 0 | | | 0 | |
| 1950 | 0 | | | 0 | |
| 1951 | 0 | | | 0 | |
| 1952 | 0 | | | 0 | |
| 1953 | 0 | | | 0 | |
| 1954 | 0 | | | 0 | |
| 1955 | 0 | | | 0 | |
| 1956 | 0 | | | 0 | |
| 1957 | 0 | | | 0 | |
| 1958 | 0 | | | 0 | |
| 1959 | 0 | | | 0 | |
| 1960 | 0 | | | 0 | |
| 1961 | 0 | | | 0 | |
| 1962 | 0 | | | 0 | |
| 1963 | 0 | | | 0 | |
| 1964 | 0 | | | 0 | |
| 1965 | 0 | | | 0 | |
| 1966 | 0 | | | 0 | |
| 1967 | 0 | | | 0 | |
| 1968 | 0 | 1,410 | 0 | 1,410 | |
| 1969 | 1,410 | 0 | 0 | 1,410 | |
| 1970 | 1,410 | 6,930 | 0 | 8,340 | |
| 1971 | 8,340 | 1,879 | 0 | 10,219 | |
| 1972 | 10,219 | 2,638 | 0 | 12,857 | |
| 1973 | 12,857 | 6,176 | 0 | 19,033 | |
| 1974 | 19,033 | 2,631 | 418 | 21,246 | |
| 1975 | 21,246 | 264 | 0 | 21,510 | |
| 1976 | 21,510 | 170 | 0 | 21,680 | |
| 1977 | 21,680 | 212 | 0 | 21,892 | |
| 1978 | 21,892 | 1,830 | 117 | 23,605 | |
| 1979 | 23,605 | 2,370 | 299 | 25,676 | |
| 1980 | 25,676 | 1,263 | 0 | 26,939 | |
| 1981 | 26,939 | 2,482 | 0 | 29,421 | |
| 1982 | 29,421 | 9,464 | 130 | 38,755 | |
| 1983 | 38,755 | 6,224 | 349 | 44,630 | |
| 1984 | 44,630 | 6,738 | 4,674 | 46,694 | |
| 1985 | 46,694 | 7,809 | 1,172 | 53,331 | |
| 1986 | 53,331 | 11,706 | 0 | 65,037 | |
| 1987 | 65,037 | 31,994 | 201 | 96,830 | |
| 1988 | 96,830 | 40,628 | 670 | 136,788 | |

Cumberland Valley Electric Company

| Year | Account: | 367 | | | Underground Conductors & Devi |
|------|-------------------|-----------|-------------|----------------|-------------------------------|
| | Beginning Balance | Additions | Retirements | Ending Balance | |
| 1989 | 136,788 | 37,742 | 128 | 174,402 | |
| 1990 | 174,402 | 20,031 | 5,405 | 189,028 | |
| 1991 | 189,028 | 26,880 | 2,070 | 213,838 | |
| 1992 | 213,838 | 35,427 | 2,916 | 246,349 | |
| 1993 | 246,349 | 32,508 | 1,190 | 277,667 | |
| 1994 | 277,667 | 35,439 | 907 | 312,199 | |
| 1995 | 312,199 | 72,379 | 1,716 | 382,862 | |
| 1996 | 382,862 | 70,048 | 2,152 | 450,758 | |
| 1997 | 450,758 | 81,658 | 671 | 531,745 | |
| 1998 | 531,745 | 117,901 | 1,753 | 647,893 | |
| 1999 | 647,893 | 178,847 | 4,050 | 822,690 | |
| 2000 | 822,690 | 199,360 | 1,239 | 1,020,811 | |
| 2001 | 1,020,811 | 190,113 | 7,524 | 1,203,400 | |
| 2002 | 1,203,400 | 209,008 | 8,643 | 1,403,765 | |
| 2003 | 1,403,765 | 216,029 | 6,140 | 1,613,654 | |
| 2004 | 1,613,654 | 219,553 | 8,748 | 1,824,459 | |
| 2005 | 1,824,459 | 156,074 | 13,159 | 1,967,374 | |
| 2006 | 1,967,374 | 258,285 | 9,871 | 2,215,788 | |
| 2007 | 2,215,788 | 209,581 | 5,041 | 2,420,328 | |
| 2008 | 2,420,328 | 219,007 | 9,772 | 2,629,563 | |
| 2009 | 2,629,563 | 159,409 | 7,930 | 2,781,042 | |
| 2010 | 2,781,042 | 168,732 | 7,860 | 2,941,914 | |
| 2011 | 2,941,914 | 164,407 | 8,488 | 3,097,833 | |
| 2012 | 3,097,833 | 161,334 | 0 | 3,259,167 | |
| 2013 | 3,259,167 | 448,215 | 70,813 | 3,636,569 | |
| 2014 | 3,636,569 | 178,820 | 78,993 | 3,736,396 | |

Cumberland Valley Electric Company

| Year | Account: | 368 | Line Transformers | | Ending Balance |
|------|----------------------|-----------|-------------------|--|-------------------|
| | Beginning Balance | Additions | Retirements | | |
| 1941 | 0 | 820 | 0 | | 820 |
| 1942 | 820 | 46,803 | 0 | | 47,623 |
| 1943 | 47,623 | 890 | 0 | | 48,513 |
| 1944 | 48,513 | 1,107 | 0 | | 49,620 |
| 1945 | 49,620 | 3,001 | 0 | | 52,621 |
| 1946 | 52,621 | 15,705 | 0 | | 68,326 |
| 1947 | 68,326 | 47,286 | 0 | | 115,612 |
| 1948 | 115,612 | 105,226 | 130 | | 220,708 |
| 1949 | 220,708 | 81,692 | 260 | | 302,140 |
| 1950 | 302,140 | 60,715 | 156 | | 362,699 |
| 1951 | 362,699 | 36,945 | 461 | | 399,183 |
| 1952 | 399,183 | 87,398 | 0 | | 486,581 |
| 1953 | 486,581 | 22,636 | 190 | | 509,027 |
| 1954 | 509,027 | 27,723 | 24 | | 536,726 |
| 1955 | 536,726 | 45,707 | 3,270 | | 579,163 |
| 1956 | 579,163 | 39,865 | 0 | | 619,028 |
| 1957 | 619,028 | 55,153 | 6,881 | | 667,300 |
| 1958 | 667,300 | 65,306 | 11,232 | | 721,374 |
| 1959 | 721,374 | 70,060 | 9,192 | | 782,242 |
| 1960 | 782,242 | 75,536 | 6,109 | | 851,669 |
| 1961 | 851,669 | 49,188 | 7,762 | | 893,095 |
| 1962 | 893,095 | 54,974 | 6,453 | | 941,616 |
| 1963 | 941,616 | 41,926 | 2,653 | | 980,889 |
| 1964 | 980,889 | 33,723 | 7,856 | | 1,006,756 |
| 1965 | 1,006,756 | 43,270 | 13,752 | | 1,036,274 |
| 1966 | 1,036,274 | 81,605 | 2,114 | | 1,115,765 |
| 1967 | 1,115,765 | 41,185 | 7,528 | | 1,149,422 |
| 1968 | 1,149,422 | 86,529 | 19,938 | | 1,216,013 |
| 1969 | 1,216,013 | 63,924 | 18,890 | | 1,261,047 |
| 1970 | 1,261,047 | 95,075 | 15,740 | | 1,340,382 |
| 1971 | 1,340,382 | 106,357 | 24,129 | | 1,422,610 |
| 1972 | 1,422,610 | 163,775 | 27,521 | | 1,558,864 |
| 1973 | 1,558,864 | 245,156 | 18,913 | | 1,785,107 |
| 1974 | 1,785,107 | 226,238 | 35,046 | | 1,976,299 |
| 1975 | 1,976,299 | 235,583 | 91,101 | | 2,120,781 |
| 1976 | 2,120,781 | 301,647 | 156,166 | | 2,266,262 |
| 1977 | 2,266,262 | 417,800 | 36,213 | | 2,647,849 |
| 1978 | 2,647,849 | 287,679 | 141,768 | | 2,793,760 |
| 1979 | 2,793,760 | 301,667 | 55,361 | | 3,040,066 |
| 1980 | 3,040,066 | 528,429 | 23,507 | | 3,544,988 |
| 1981 | 3,544,988 | 293,387 | 112,160 | | 3,726,215 |
| 1982 | 3,726,215 | 142,426 | 57,930 | | 3,810,711 |
| 1983 | 3,810,711 | 179,581 | 147,141 | | 3,843,151 |
| 1984 | 3,843,151 | 341,552 | 154,517 | | 4,030,186 |
| 1985 | 4,030,186 | 251,415 | 64,536 | | 4,217,065 |
| 1986 | 4,217,065 | 313,350 | 71,922 | | 4,458,493 |
| 1987 | 4,458,493 | 310,776 | 81,983 | | 4,687,286 |
| 1988 | 4,687,286 | 195,594 | 43,061 | | 4,839,819 |

Cumberland Valley Electric Company

| Year | Account: | 368 | | Line Transformers | Ending Balance |
|------|----------------------|-----------|-------------|-------------------|-------------------|
| | Beginning Balance | Additions | Retirements | | |
| 1989 | 4,839,819 | 205,496 | 36,002 | | 5,009,313 |
| 1990 | 5,009,313 | 116,417 | 33,523 | | 5,092,207 |
| 1991 | 5,092,207 | 139,079 | 36,762 | | 5,194,524 |
| 1992 | 5,194,524 | 191,530 | 32,488 | | 5,353,566 |
| 1993 | 5,353,566 | 239,521 | 28,514 | | 5,564,573 |
| 1994 | 5,564,573 | 260,252 | 15,236 | | 5,809,589 |
| 1995 | 5,809,589 | 279,663 | 34,419 | | 6,054,833 |
| 1996 | 6,054,833 | 295,075 | 51,178 | | 6,298,730 |
| 1997 | 6,298,730 | 284,829 | 15,026 | | 6,568,533 |
| 1998 | 6,568,533 | 315,194 | 18,953 | | 6,864,774 |
| 1999 | 6,864,774 | 224,389 | 0 | | 7,089,163 |
| 2000 | 7,089,163 | 285,006 | 0 | | 7,374,169 |
| 2001 | 7,374,169 | 245,572 | 95,876 | | 7,523,865 |
| 2002 | 7,523,865 | 302,452 | 17,749 | | 7,808,568 |
| 2003 | 7,808,568 | 225,043 | | | 8,033,611 |
| 2004 | 8,033,611 | 245,058 | 131,485 | | 8,147,184 |
| 2005 | 8,147,184 | 221,032 | 71,508 | | 8,296,708 |
| 2006 | 8,296,708 | 288,198 | 58,125 | | 8,526,781 |
| 2007 | 8,526,781 | 371,439 | 74,987 | | 8,823,233 |
| 2008 | 8,823,233 | 412,540 | 51,238 | | 9,184,535 |
| 2009 | 9,184,535 | 302,102 | 129,456 | | 9,357,181 |
| 2010 | 9,357,181 | 295,989 | 95,938 | | 9,557,232 |
| 2011 | 9,557,232 | 136,071 | 91,510 | | 9,601,793 |
| 2012 | 9,601,793 | 335,785 | 105,635 | | 9,831,943 |
| 2013 | 9,831,943 | 275,026 | 34,898 | | 10,072,071 |
| 2014 | 10,072,071 | 209,151 | 77,867 | | 10,203,355 |

Cumberland Valley Electric Company

| Year | Account: | 369 | | Service (Pole-to-House) | Ending Balance |
|------|-------------------|-----------|-------------|-------------------------|----------------|
| | Beginning Balance | Additions | Retirements | | |
| 1941 | 0 | | | | 0 |
| 1942 | 0 | 17,811 | 0 | | 17,811 |
| 1943 | 17,811 | 254 | 0 | | 18,065 |
| 1944 | 18,065 | 3 | 0 | | 18,068 |
| 1945 | 18,068 | 0 | 0 | | 18,068 |
| 1946 | 18,068 | 7,967 | 0 | | 26,035 |
| 1947 | 26,035 | 5,534 | 6 | | 31,563 |
| 1948 | 31,563 | 15,977 | 69 | | 47,471 |
| 1949 | 47,471 | 38,234 | 67 | | 85,638 |
| 1950 | 85,638 | 18,975 | 59 | | 104,554 |
| 1951 | 104,554 | 11,637 | 433 | | 115,758 |
| 1952 | 115,758 | 41,808 | 1,048 | | 156,518 |
| 1953 | 156,518 | 14,221 | 1,794 | | 168,945 |
| 1954 | 168,945 | 17,345 | 1,153 | | 185,137 |
| 1955 | 185,137 | 9,568 | 1,639 | | 193,066 |
| 1956 | 193,066 | 15,108 | 3,913 | | 204,261 |
| 1957 | 204,261 | 11,112 | 3,657 | | 211,716 |
| 1958 | 211,716 | 16,083 | 6,885 | | 220,914 |
| 1959 | 220,914 | 5,208 | 5,949 | | 220,173 |
| 1960 | 220,173 | 17,997 | 5,826 | | 232,344 |
| 1961 | 232,344 | 15,036 | 6,011 | | 241,369 |
| 1962 | 241,369 | 20,970 | 8,974 | | 253,365 |
| 1963 | 253,365 | 14,760 | 7,857 | | 260,268 |
| 1964 | 260,268 | 24,229 | 4,075 | | 280,422 |
| 1965 | 280,422 | 12,509 | 4,262 | | 288,669 |
| 1966 | 288,669 | 30,817 | 7,020 | | 312,466 |
| 1967 | 312,466 | 25,318 | 6,314 | | 331,470 |
| 1968 | 331,470 | 28,451 | 8,053 | | 351,868 |
| 1969 | 351,868 | 32,427 | 8,957 | | 375,338 |
| 1970 | 375,338 | 58,323 | 11,044 | | 422,617 |
| 1971 | 422,617 | 62,728 | 11,035 | | 474,310 |
| 1972 | 474,310 | 55,624 | 17,822 | | 512,112 |
| 1973 | 512,112 | 75,901 | 23,694 | | 564,319 |
| 1974 | 564,319 | 109,352 | 33,196 | | 640,475 |
| 1975 | 640,475 | 131,772 | 23,390 | | 748,857 |
| 1976 | 748,857 | 130,756 | 30,592 | | 849,021 |
| 1977 | 849,021 | 151,251 | 43,402 | | 956,870 |
| 1978 | 956,870 | 190,706 | 31,057 | | 1,116,519 |
| 1979 | 1,116,519 | 138,912 | 28,704 | | 1,226,727 |
| 1980 | 1,226,727 | 178,615 | 42,936 | | 1,362,406 |
| 1981 | 1,362,406 | 158,401 | 39,767 | | 1,481,040 |
| 1982 | 1,481,040 | 147,913 | 48,103 | | 1,580,850 |
| 1983 | 1,580,850 | 158,066 | 56,123 | | 1,682,793 |
| 1984 | 1,682,793 | 195,344 | 55,504 | | 1,822,633 |
| 1985 | 1,822,633 | 174,136 | 54,595 | | 1,942,174 |
| 1986 | 1,942,174 | 184,266 | 51,854 | | 2,074,586 |
| 1987 | 2,074,586 | 189,118 | 53,966 | | 2,209,738 |
| 1988 | 2,209,738 | 199,546 | 67,832 | | 2,341,452 |

Cumberland Valley Electric Company

| Year | Account: | 369 | | Service (Pole-to-House) | Ending Balance |
|------|----------------------|-----------|-------------|-------------------------|-------------------|
| | Beginning Balance | Additions | Retirements | | |
| 1989 | 2,341,452 | 190,032 | 61,121 | | 2,470,363 |
| 1990 | 2,470,363 | 210,496 | 66,543 | | 2,614,316 |
| 1991 | 2,614,316 | 239,474 | 63,833 | | 2,789,957 |
| 1992 | 2,789,957 | 247,041 | 58,697 | | 2,978,301 |
| 1993 | 2,978,301 | 251,249 | 63,528 | | 3,166,022 |
| 1994 | 3,166,022 | 287,784 | 73,889 | | 3,379,917 |
| 1995 | 3,379,917 | 362,345 | 68,523 | | 3,673,739 |
| 1996 | 3,673,739 | 362,789 | 71,169 | | 3,965,359 |
| 1997 | 3,965,359 | 307,313 | 85,068 | | 4,187,604 |
| 1998 | 4,187,604 | 305,455 | 70,650 | | 4,422,409 |
| 1999 | 4,422,409 | 277,390 | 93,213 | | 4,606,586 |
| 2000 | 4,606,586 | 301,627 | 79,811 | | 4,828,402 |
| 2001 | 4,828,402 | 294,614 | 98,653 | | 5,024,363 |
| 2002 | 5,024,363 | 285,262 | 73,931 | | 5,235,694 |
| 2003 | 5,235,694 | 308,328 | 87,123 | | 5,456,899 |
| 2004 | 5,456,899 | 289,702 | 97,643 | | 5,648,958 |
| 2005 | 5,648,958 | 291,624 | 84,951 | | 5,855,631 |
| 2006 | 5,855,631 | 329,139 | 87,834 | | 6,096,936 |
| 2007 | 6,096,936 | 357,744 | 94,176 | | 6,360,504 |
| 2008 | 6,360,504 | 386,766 | 101,813 | | 6,645,457 |
| 2009 | 6,645,457 | 317,003 | 82,624 | | 6,879,836 |
| 2010 | 6,879,836 | 397,903 | 117,195 | | 7,160,544 |
| 2011 | 7,160,544 | 391,450 | 186,222 | | 7,365,772 |
| 2012 | 7,365,772 | 436,535 | 100,786 | | 7,701,521 |
| 2013 | 7,701,521 | 409,186 | 100,393 | | 8,010,314 |
| 2014 | 8,010,314 | 399,847 | 155,929 | | 8,254,232 |

Cumberland Valley Electric Company

| Year | Account: | 370 Meters | | Ending Balance |
|------|-------------------|------------|-------------|----------------|
| | Beginning Balance | Additions | Retirements | |
| 1941 | 0 | | | 0 |
| 1942 | 0 | 16,624 | 0 | 16,624 |
| 1943 | 16,624 | 0 | 0 | 16,624 |
| 1944 | 16,624 | 612 | 0 | 17,236 |
| 1945 | 17,236 | 4,915 | 0 | 22,151 |
| 1946 | 22,151 | 18,033 | 0 | 40,184 |
| 1947 | 40,184 | 9,327 | 215 | 49,296 |
| 1948 | 49,296 | 14,350 | 0 | 63,646 |
| 1949 | 63,646 | 30,353 | 0 | 93,999 |
| 1950 | 93,999 | 9,133 | 21 | 103,111 |
| 1951 | 103,111 | 14,810 | 25 | 117,896 |
| 1952 | 117,896 | 8,587 | 0 | 126,483 |
| 1953 | 126,483 | 5,115 | 136 | 131,462 |
| 1954 | 131,462 | 8,601 | 0 | 140,063 |
| 1955 | 140,063 | 9,547 | 5,061 | 144,549 |
| 1956 | 144,549 | 10,425 | 1,012 | 153,962 |
| 1957 | 153,962 | 15,649 | 975 | 168,636 |
| 1958 | 168,636 | 6,517 | 2,093 | 173,060 |
| 1959 | 173,060 | 9,765 | 0 | 182,825 |
| 1960 | 182,825 | 10,248 | 0 | 193,073 |
| 1961 | 193,073 | 9,292 | 7 | 202,358 |
| 1962 | 202,358 | 8,260 | 1,119 | 209,499 |
| 1963 | 209,499 | 4,434 | 528 | 213,405 |
| 1964 | 213,405 | 13,744 | 5,100 | 222,049 |
| 1965 | 222,049 | 10,219 | 3,431 | 228,837 |
| 1966 | 228,837 | 13,965 | 344 | 242,458 |
| 1967 | 242,458 | 7,399 | 225 | 249,632 |
| 1968 | 249,632 | 18,685 | 6,538 | 261,779 |
| 1969 | 261,779 | 11,086 | 3,233 | 269,632 |
| 1970 | 269,632 | 9,532 | 822 | 278,342 |
| 1971 | 278,342 | 24,836 | 9,152 | 294,026 |
| 1972 | 294,026 | 27,975 | 11,302 | 310,699 |
| 1973 | 310,699 | 39,805 | 560 | 349,944 |
| 1974 | 349,944 | 20,913 | 560 | 370,297 |
| 1975 | 370,297 | 38,899 | 1,073 | 408,123 |
| 1976 | 408,123 | 48,170 | 1,833 | 454,460 |
| 1977 | 454,460 | 84,043 | 0 | 538,503 |
| 1978 | 538,503 | 94,013 | 21,767 | 610,749 |
| 1979 | 610,749 | 56,442 | 0 | 667,191 |
| 1980 | 667,191 | 27,350 | 0 | 694,541 |
| 1981 | 694,541 | 70,899 | 30,554 | 734,886 |
| 1982 | 734,886 | 60,056 | 19,344 | 775,598 |
| 1983 | 775,598 | 38,185 | 17,079 | 796,704 |
| 1984 | 796,704 | 82,207 | 15,205 | 863,706 |
| 1985 | 863,706 | 48,200 | 11,451 | 900,455 |
| 1986 | 900,455 | 46,178 | 404 | 946,229 |
| 1987 | 946,229 | 60,097 | 24,120 | 982,206 |
| 1988 | 982,206 | 47,597 | 26,130 | 1,003,673 |

Cumberland Valley Electric Company

| Year | Account: Beginning Balance | 370 Additions | Meters Retirements | Ending Balance |
|------|----------------------------------|------------------|-----------------------|-------------------|
| 1989 | 1,003,673 | 69,893 | 20,361 | 1,053,205 |
| 1990 | 1,053,205 | 40,213 | 18,776 | 1,074,642 |
| 1991 | 1,074,642 | 23,725 | 9,951 | 1,088,416 |
| 1992 | 1,088,416 | 47,614 | 6,750 | 1,129,280 |
| 1993 | 1,129,280 | 26,324 | 6,497 | 1,149,107 |
| 1994 | 1,149,107 | 53,199 | 0 | 1,202,306 |
| 1995 | 1,202,306 | 91,444 | 11,086 | 1,282,664 |
| 1996 | 1,282,664 | 44,422 | 5,430 | 1,321,656 |
| 1997 | 1,321,656 | 60,713 | 0 | 1,382,369 |
| 1998 | 1,382,369 | 94,326 | | 1,476,695 |
| 1999 | 1,476,695 | 139,698 | 61,738 | 1,554,655 |
| 2000 | 1,554,655 | 147,017 | 51,684 | 1,649,988 |
| 2001 | 1,649,988 | 29,870 | 62,721 | 1,617,137 |
| 2002 | 1,617,137 | 84,855 | 89,385 | 1,612,607 |
| 2003 | 1,612,607 | 65,534 | 0 | 1,678,141 |
| 2004 | 1,678,141 | 96,309 | 6,221 | 1,768,229 |
| 2005 | 1,768,229 | 41,437 | 6,594 | 1,803,072 |
| 2006 | 1,803,072 | 73,161 | 1,796 | 1,874,437 |
| 2007 | 1,874,437 | 36,427 | 15,721 | 1,895,143 |
| 2008 | 1,895,143 | 116,588 | 42,704 | 1,969,027 |
| 2009 | 1,969,027 | 75,467 | 18,560 | 2,025,934 |
| 2010 | 2,025,934 | 22,663 | 16,897 | 2,031,700 |
| 2011 | 2,031,700 | 224,835 | 28,797 | 2,227,738 |
| 2012 | 2,227,738 | 196,405 | 113,888 | 2,310,255 |
| 2013 | 2,310,255 | 2,593 | 100,962 | 2,211,886 |
| 2014 | 2,211,886 | 54,093 | 671,263 | 1,594,716 |

Cumberland Valley Electric Company

| Year | Account: Beginning Balance | 371 Additions | Installations on Customers' Prem Retirements | Ending Balance |
|------|----------------------------------|------------------|---|-------------------|
| 1941 | 0 | | | 0 |
| 1942 | 0 | | | 0 |
| 1943 | 0 | | | 0 |
| 1944 | 0 | | | 0 |
| 1945 | 0 | | | 0 |
| 1946 | 0 | | | 0 |
| 1947 | 0 | | | 0 |
| 1948 | 0 | | | 0 |
| 1949 | 0 | | | 0 |
| 1950 | 0 | | | 0 |
| 1951 | 0 | | | 0 |
| 1952 | 0 | | | 0 |
| 1953 | 0 | | | 0 |
| 1954 | 0 | | | 0 |
| 1955 | 0 | | | 0 |
| 1956 | 0 | | | 0 |
| 1957 | 0 | | | 0 |
| 1958 | 0 | | | 0 |
| 1959 | 0 | | | 0 |
| 1960 | 0 | | | 0 |
| 1961 | 0 | | | 0 |
| 1962 | 0 | 15,589 | 4,912 | 10,677 |
| 1963 | 10,677 | 8,608 | 744 | 18,541 |
| 1964 | 18,541 | 29,297 | 3,135 | 44,703 |
| 1965 | 44,703 | 7,933 | 2,270 | 50,366 |
| 1966 | 50,366 | 12,581 | 2,387 | 60,560 |
| 1967 | 60,560 | 12,480 | 4,656 | 68,384 |
| 1968 | 68,384 | 28,253 | 3,939 | 92,698 |
| 1969 | 92,698 | 42,772 | 3,470 | 132,000 |
| 1970 | 132,000 | 44,175 | 3,650 | 172,525 |
| 1971 | 172,525 | 34,638 | 7,094 | 200,069 |
| 1972 | 200,069 | 64,789 | 8,373 | 256,485 |
| 1973 | 256,485 | 74,844 | 9,375 | 321,954 |
| 1974 | 321,954 | 45,283 | 17,255 | 349,982 |
| 1975 | 349,982 | 41,839 | 8,618 | 383,203 |
| 1976 | 383,203 | 63,532 | 9,404 | 437,331 |
| 1977 | 437,331 | 28,189 | 12,836 | 452,684 |
| 1978 | 452,684 | 28,203 | 13,615 | 467,272 |
| 1979 | 467,272 | 28,628 | 13,063 | 482,837 |
| 1980 | 482,837 | 45,332 | 13,026 | 515,143 |
| 1981 | 515,143 | 36,779 | 12,539 | 539,383 |
| 1982 | 539,383 | 38,105 | 10,512 | 566,976 |
| 1983 | 566,976 | 54,366 | 15,627 | 605,715 |
| 1984 | 605,715 | 62,431 | 11,991 | 656,155 |
| 1985 | 656,155 | 53,718 | 14,607 | 695,266 |
| 1986 | 695,266 | 63,505 | 12,624 | 746,147 |
| 1987 | 746,147 | 82,758 | 12,042 | 816,863 |
| 1988 | 816,863 | 64,615 | 15,743 | 865,735 |