

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

1. Reference Cumberland Valley's response to AG 1-6. Provide a full copy of the wage and salary study performed by Intandem Consulting.

Response:

See Application Exhibit 19 Pages 1-16 for the wage and salary plan. See Item 14 Pages 3-23 of the Commission Staff's Third Request for Information for the most recent annual market update of the compensation plan.

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2. Reference Cumberland Valley's response to AG 1-8. According to the Company, the rate increase request is due to increased cost of power, materials, equipment, labor, taxes, and other fixed and variable costs. Cumberland Valley's response is inadequate and does not answer the question posed. As originally requested, provide a detailed explanation and breakdown of each specific cost that has risen, and a succinct chart/table that provides a complete breakdown by item/account of the \$1,998,262 rate increase.

Response:

Provided below is a summary of the principal categories of expense, revenue and margins and their test year increases/decreases which result in the requested rate increase.

BASIS FOR REQUESTED INCREASE.		
		Increase
		(Decrease)
		<u>Amount</u>
Wages & Salaries		40,010
Payroll Taxes		4,278
Depreciation		214,741
Interest		397,503
Retirement & R&S		17,849
Advertising		(1,144)
Donations		(12,632)
Professional Fees		(17,712)
Directors Fees		(68,173)
Miscellaneous Expenses		(2,169)
Rate Case		35,000
Remote Connect/Disconnect		23,498
Margins		1,365,807
Total		1,996,856

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3. Reference Cumberland Valley's response to AG 1-9. Explain in complete detail why Cumberland Valley's Board of Directors refused to discuss alternatives to filing a rate increase such as freezing/reducing wage and salary increases, raises, and/or bonuses, increasing employee contributions for benefits such as health insurance, etc.

Response:

Cost cutting measures are evaluated and discussed by Cumberland Valley management and board of directors on an ongoing basis. No level of reasonable cost reduction alternatives from wages and benefits would offset the need for a rate increase brought on by substantial revenue loss directly attributable to the unprecedented decline of the coal industry in Cumberland Valley's territory. The substantial decline in large power revenue has been devastating to Cumberland Valley's net margins. Cost cutting measures such as those mentioned in Attorney General's First Request for Information Item 35(b) have been deployed by Cumberland Valley. It is imperative that Cumberland Valley retain as many of its highly skilled current employees as possible in order to continue to provide safe and reliable service to its remaining customer base. Therefore, Cumberland Valley does not believe it would be prudent to reduce wages and benefits. However, going forward Cumberland Valley intends to scrutinize wage and benefit increases by following the recommendations of the Intandem report.

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4. Reference Cumberland Valley's response to AG 1-11 (c) to answer the following questions:
- a. Provide a detailed financial breakdown of each of the Board of Directors' health, dental, and director life benefits, along with an explanation of what each benefit covers. Include the total monetary amount of each benefit per director per year.

Response:

Cumberland Valley has provided a financial breakdown of Directors health dental and director's life benefits on page 2 of 2 of this item. Below is a description of what each benefit covers:

Health – Coverage under the Health Insurance Plan

Dental – Coverage under the Dental Insurance Plan

Director's Life – \$25,000 Life Insurance Policy

Director's AD&D – \$100,000 Accidental Death & Dismemberment Policy

- b. Provide the monetary amount and description of the "modest" Christmas gifts given to each member of the Board of Directors for each of the last five (5) years.

Response:

Cumberland Valley has provided the amount and description of Directors Christmas gifts on page 2 of 2 of this item.

Board of Directors Health, Dental, Life Benefits & Christmas Gifts 2011-2015

Board of Directors Dental Insurance

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Chester Davis	\$1,254.60	\$1,276.08	\$1,368.84	\$1,390.92	\$1,347.60
Roger Vanover	\$1,254.60	\$1,276.08	\$1,368.84	\$1,390.92	\$1,347.60
Vernon Shelley	\$1,254.60	\$1,276.08	\$1,368.84	\$1,390.92	\$1,347.60
Elbert Hampton	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Lansford Lay	\$1,254.60	\$1,276.08	\$1,368.84	\$1,390.92	\$1,347.60
Kermit Creech	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Kevin Moses	\$1,254.60	\$1,276.08	\$1,368.84	\$1,390.92	\$1,347.60

Board of Directors Health Insurance

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Chester Davis	\$12,433.92	\$11,572.85	\$931.44	\$0.00	\$0.00
Roger Vanover	\$16,838.76	\$15,645.84	\$14,129.92	\$16,102.58	\$12,417.53
Vernon Shelley	\$12,433.92	\$11,572.85	\$931.44	\$0.00	\$0.00
Elbert Hampton	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Lansford Lay	\$16,838.76	\$15,645.83	\$14,129.92	\$16,102.58	\$16,822.37
Kermit Creech	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Kevin Moses	\$16,838.76	\$15,645.83	\$14,129.92	\$16,102.58	\$16,822.37

Board of Directors Life/AD&D Benefits

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Chester Davis	\$227.40	\$235.56	\$232.80	\$232.56	\$233.64
Roger Vanover	\$505.20	\$523.56	\$528.60	\$533.76	\$536.16
Vernon Shelley	\$465.36	\$452.52	\$423.36	\$398.40	\$358.20
Elbert Hampton	\$430.56	\$419.40	\$388.80	\$356.52	\$333.84
Lansford Lay	\$505.20	\$523.56	\$528.60	\$533.76	\$536.16
Kermit Creech	\$505.20	\$523.56	\$528.60	\$495.00	\$463.20
Kevin Moses	\$505.20	\$523.56	\$528.60	\$533.76	\$536.16

Board of Directors Christmas Gifts

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Description	Gift Card	Gift Card	Gift Card	Gift Card	Gift Card
Chester Davis	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Roger Vanover	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Vernon Shelley	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Elbert Hampton	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Lansford Lay	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Kermit Creech	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Kevin Moses	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00

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5. Reference Cumberland Valley's response to AG 1-11(a), (b), and (d). The answers are inadequate and do not respond to the questions originally posed. Provide a detailed list for all Cumberland Valley employees, including the President and CEO, that provides the total yearly salaries or yearly wages, overtime if any, percent pay increase for each of the past five years, and include all benefits, bonuses, awards, etc. For example, if a Christmas bonus was received, provide the monetary amount of the Christmas bonus for each employee.

Response:

Cumberland Valley has attached the requested information as pages 2 – 7 of this item.

The company furnishes some health and safety items referenced in the union contract that are not considered benefits.

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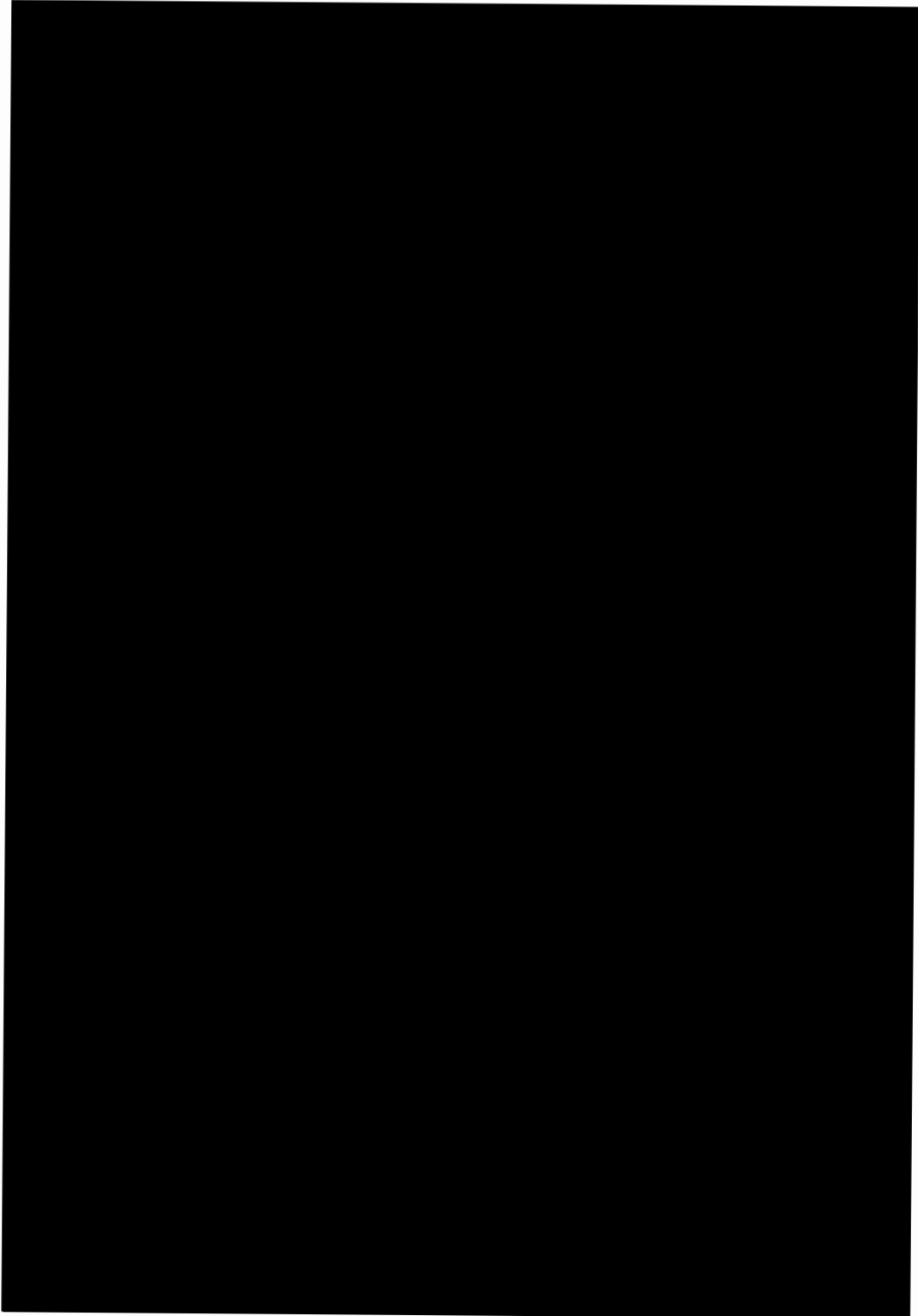
Salary/Wage, Benefits, Bonus Annual Amount

Employee

2011

Regular Overtime Health Benefits Dental Benefits Life Ins. 401(k) R&S Christmas Bonus

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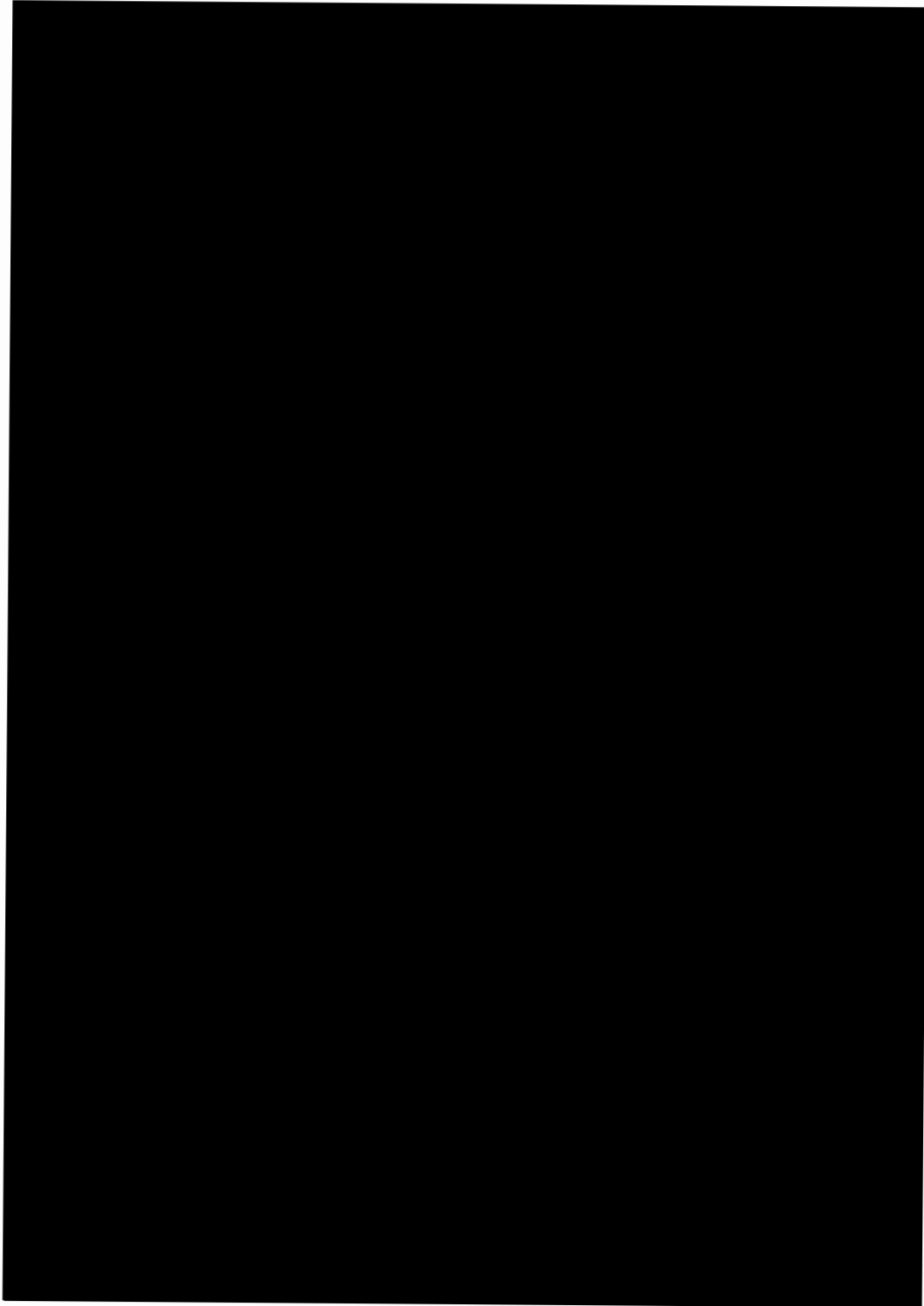
Salary/Wage, Benefits, Bonus Annual Amount

Employee

2012

Regular Overtime Health Benefits Dental Benefits Life Ins. 401(k) R&S Christmas Bonus

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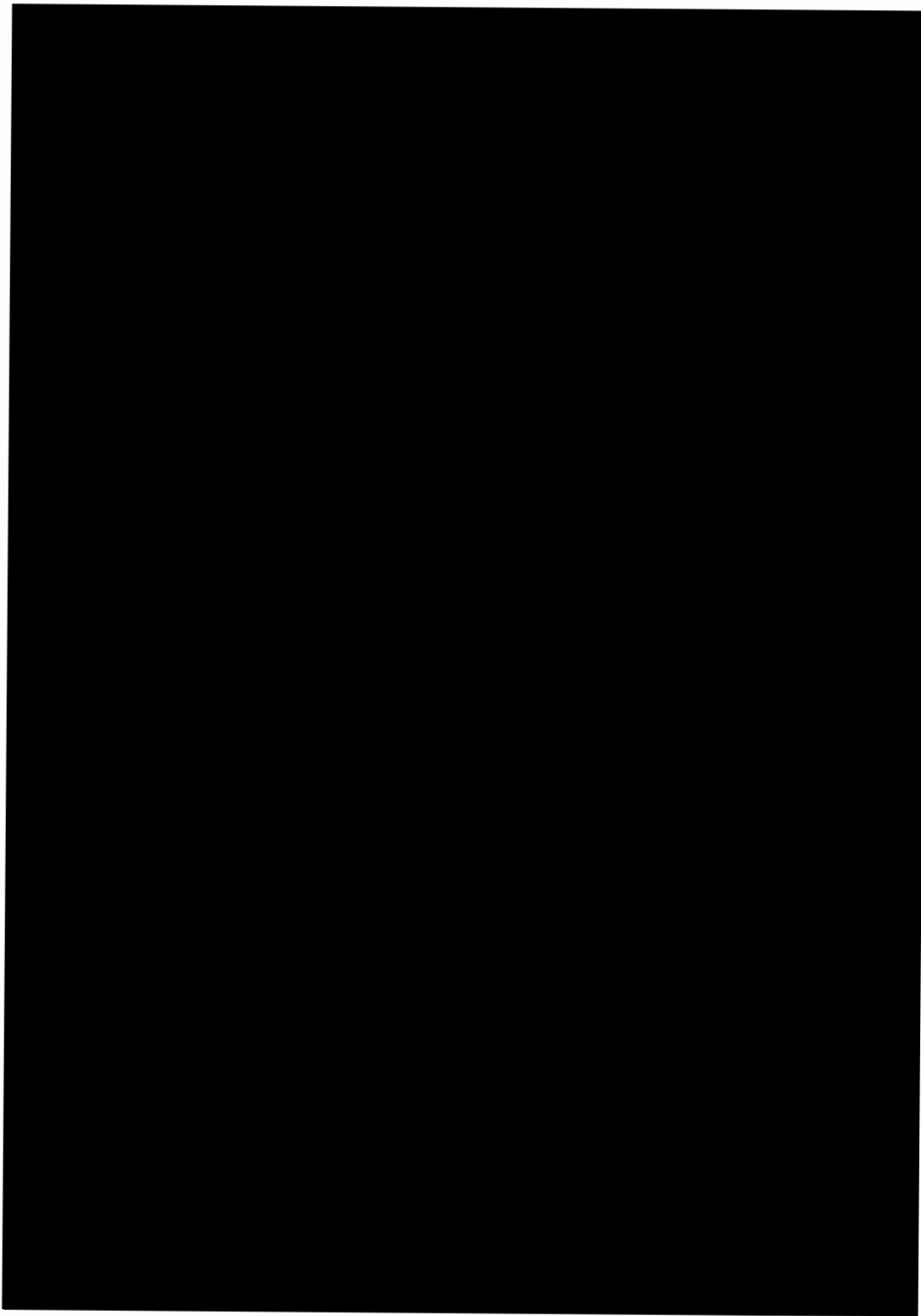
Salary/Wage, Benefits, Bonus Annual Amount

Employee

2013

Regular Overtime Health Benefits Dental Benefits Life Ins. 401(k) R&S Christmas Bonus

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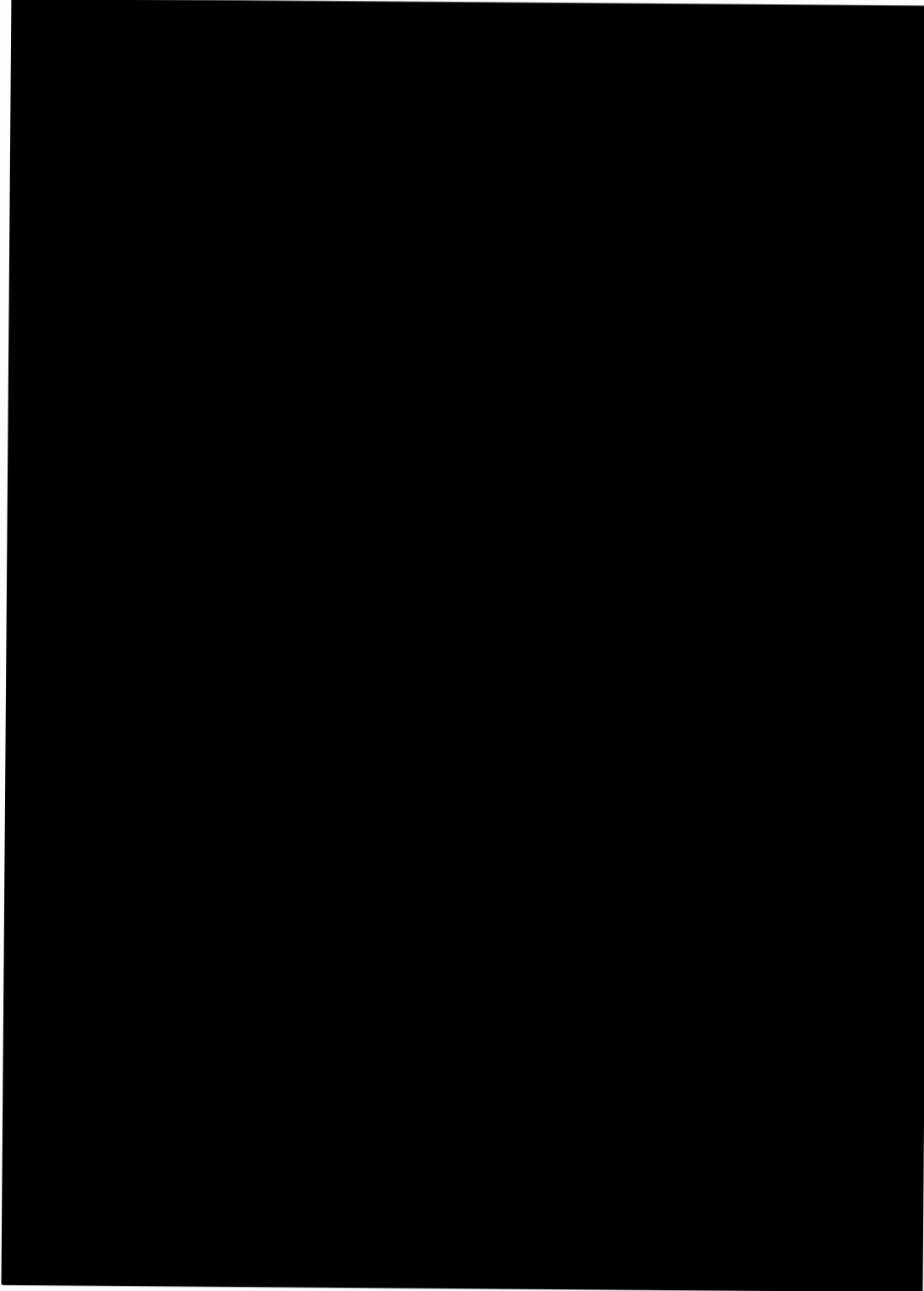


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Salary/Wage, Benefits, Bonus Annual Amount

Employee	2014						
	Regular	Overtime	Health Benefits	Dental Benefits	Life Ins.	401(k)	R&S

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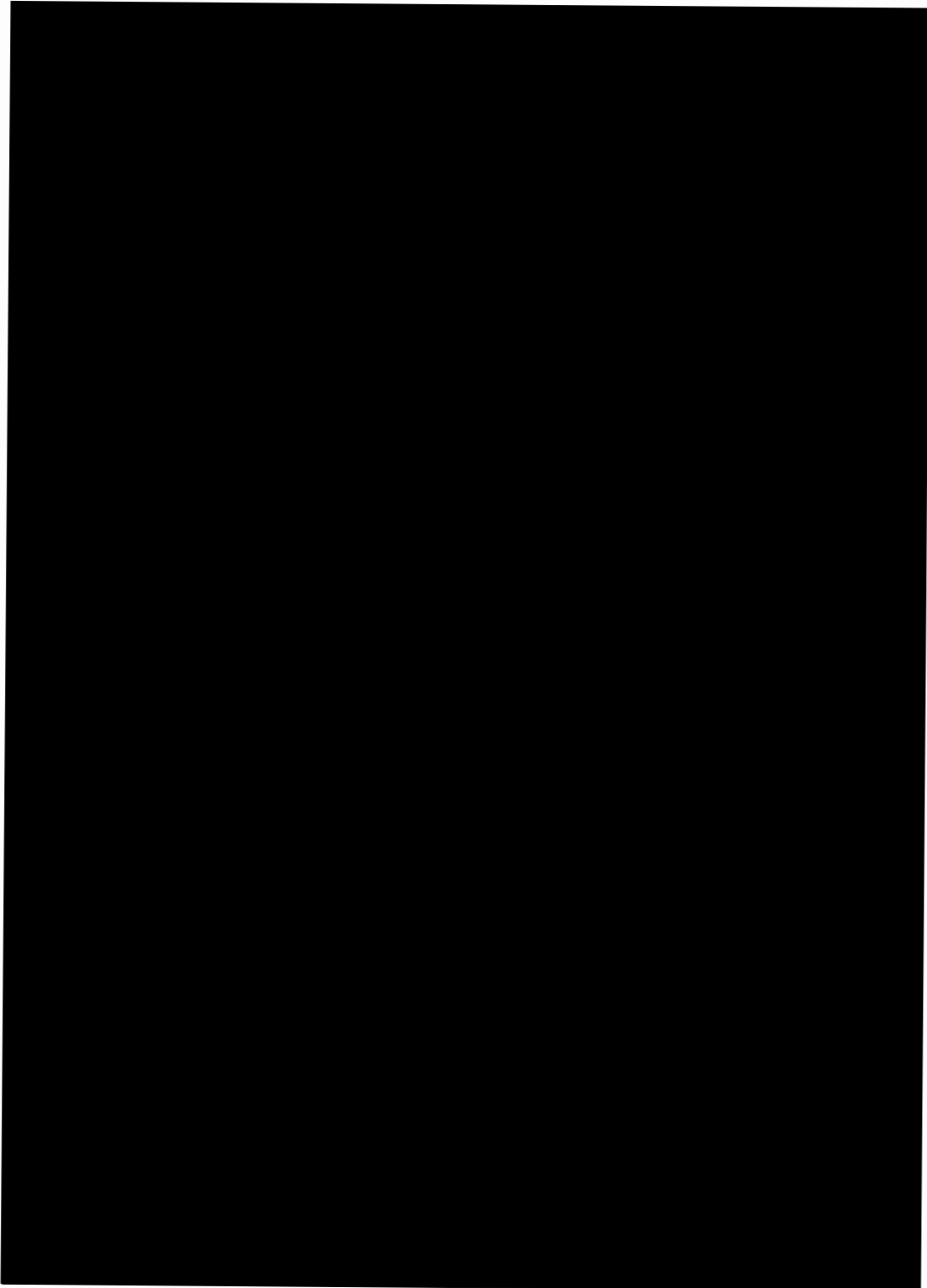
Salary/Wage, Benefits, Bonus Annual Amount

Employee

2015

Regular Overtime Health Benefits Dental Benefits Life Ins. 401(k) R&S Christmas Bonus

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Employee	Percent Increase				
	<u>9/1/11</u>	<u>9/1/12</u>	<u>9/1/13</u>	<u>9/1/14</u>	<u>9/1/15</u>
1	3.5%	3.0%	3.0%	3.5%	3.5%
2	3.5%	3.0%	3.0%	3.5%	3.5%
3	7.1%	3.0%	3.0%	3.5%	3.5%
4	3.5%	3.0%	3.0%	3.5%	3.5%
5	20.8%	3.0%	3.0%	3.5%	3.5%
6	3.5%	3.0%	3.0%	3.5%	3.5%
7	3.5%	3.0%	3.0%	3.5%	3.5%
8	3.5%	3.0%	3.0%	3.5%	3.5%
9	3.5%	3.0%	3.0%	3.5%	3.5%
10	3.5%	3.0%	3.0%	3.5%	3.5%
11	6.9%	3.0%	3.0%	3.5%	2.5%
12	3.5%	3.0%	3.0%	3.5%	3.5%
13	3.5%	3.0%	3.0%	3.5%	3.5%
14	3.5%	3.0%	3.0%	3.5%	3.5%
15	3.5%	3.0%	3.0%	3.5%	3.5%
16	3.5%	3.0%	3.0%	3.5%	3.5%
17	3.5%	3.0%	3.0%	3.5%	3.5%
18	3.5%	3.0%	3.0%	3.5%	3.5%
19	3.5%	2.2%	3.0%	3.5%	3.5%
20	3.5%	3.0%	3.0%	3.5%	3.5%
21	3.5%	3.0%	3.0%	3.5%	3.5%
22	3.5%	3.0%	3.0%	3.5%	3.5%
23	3.5%	3.0%	3.0%	3.5%	3.5%
24	3.5%	3.0%	3.0%	3.5%	3.5%
25	3.5%	1.3%	3.0%	3.5%	3.5%
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27	3.5%	4.7%	3.0%	3.5%	3.5%
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35	3.5%	3.0%	3.0%	7.9%	3.5%
36	3.5%	3.0%	3.0%	3.5%	3.5%
37	3.5%	3.0%	3.0%	3.5%	3.5%
38	3.5%	3.0%	3.0%	3.5%	3.5%
39	3.5%	3.0%	3.0%	3.5%	3.5%
40	3.5%	3.0%	3.0%	3.5%	3.5%
41	3.5%	3.0%	3.0%	3.5%	3.5%
42	3.5%	3.0%	4.7%	3.5%	3.5%
43	3.5%	3.0%	3.0%	3.5%	18.9%
44	3.5%	3.0%	3.0%	3.5%	3.5%
45	3.5%	3.0%	3.0%	3.5%	3.5%
46	15.2%	3.0%	3.0%	8.3%	3.5%
47	n/a	0.0%	21.7%	18.9%	3.5%
48	n/a	n/a	3.0%	3.5%	3.5%
49	n/a	n/a	n/a	3.5%	3.5%

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6. Reference Cumberland Valley's response to AG 1-14. Confirm that since the last rate case, there has continued to be a direct correlation between union and non-union employee wage and salary increases.

Response:

See response to Commission Staff's Third Request for Information Item 14 c.

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7. Reference Cumberland Valley's response to AG 1-15.
 - a. Why does Cumberland Valley not have a formal wage and salary policy for nonunion employees? Explain the answer in full detail.

Response:

See response to Commission Staff's Third Request for Information Item 14 c and Item 36.

- b. Why is there not a direct correlation between job performance evaluations and a wage/salary increase? Explain the answer in full detail.

Response:

The wage and salary plan to be implemented in 2016 will have a performance review and appraisal component which will provide the correlation referenced in this question.

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8. Reference Cumberland Valley's response to AG 1-16. The response is inadequate and does not answer the question posed. The Company responded that there are currently no raises or bonuses that salaried employees are entitled to; however, per the application salaried employees are at least entitled to the general raise given each year. Furthermore, throughout the Application "Christmas Bonuses" are also mentioned, but not listed in the response. Provide a detailed list of each and every raise or bonus that any and all Company employee is entitled to, and whether or not a performance evaluation is the basis for each. If a performance evaluation is not the basis for any noted raises or bonuses, provide the basis or justification for each of those raises or bonuses.

Response:

Historically, wage adjustments to non-union employees were given across the board by a percentage increase. This increase was usually the same increase as negotiated with the union employees. Information provided to the board and CEO for consideration were cost of living information or CPI index and informal surveys of other cooperatives and utilities in Kentucky. Written performance evaluation was not a component for this wage adjustment. Christmas Bonuses would have to be approved by the board on a yearly basis. Christmas Bonuses were also given across the board and not performance based. Christmas Bonuses were historically \$200 or less.

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9. Reference Cumberland Valley's response to AG 1-17.
- a. Provide the total monetary amount that Cumberland Valley pays per month in health insurance premiums for the test year period.

Response:

Cumberland Valley has provided the requested information on page 6 of this item.

- b. Provide an explanation and justification as to why Cumberland Valley finds it reasonable to pay 100% of the health insurance premium costs of its employees/retirees.

Response:

See response to Commission Staff's Third Request for Information Item 27.

- c. In order to keep costs down, why has Cumberland Valley not implemented an employee/retiree contribution for health insurance premiums?

Response:

See response to Commission Staff's Third Request for Information Item 27.

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- d. Provide the total monetary amount that Cumberland Valley pays per month in dental insurance premiums for the test year period.

Response:

Cumberland Valley has provided the request information on page 6 of this item.

- e. Provide an explanation and justification as to why Cumberland Valley finds it reasonable to pay 100% of the dental insurance premium for an employee, and roughly 66% of the dental insurance premium for an employee and spouse, employee and children, and employee and family.

Response:

See response to Commission Staff's Third Request for Information Item 27.

- f. In order to keep costs down, why has Cumberland Valley not raised the employee contribution for dental insurance premiums?

Response:

See response to Commission Staff's Third Request for Information Item 27.

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- g. Provide an explanation and justification as to why Cumberland Valley finds it reasonable to pay 100% of the life insurance premium costs of its employees.

Response:

See response to Commission Staff's Third Request for Information Item 27.

- h. Provide an explanation and justification as to why Cumberland Valley finds it reasonable to pay 100% of the long term disability insurance premium costs of its employees/retirees.

Response:

See response to Commission Staff's Third Request for Information Item 27.

- i. Provide a detailed description of the R&S Retirement plan and an explanation of how the plan operates. Include Cumberland Valley's monetary contribution for each employee per month, employee contributions per month, how Cumberland Valley determines the amount of the contribution, etc.

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Response:

CVE participates in the NRECA sponsored plan. Refer to Exhibit N, pages 13-14 of the Application for an explanation of the Plan. NRECA determines the amount of contributions. Cumberland Valley has provided the requested monetary contribution per month on page 7 of this item. The plan is not designed to require any employee contribution.

- j. Provide an explanation and justification as to why Cumberland Valley finds it reasonable to pay 100% of the R&S Retirement costs of its employees/retirees.

Response:

See response to Commission Staff's Third Request for Information Item 27 and Attorney General's Second Request for Information Item 9 i.

- k. Provide an explanation and justification for Cumberland Valley to pay 100% of the 401 (k) fees for its employees.

Response:

See response to Commission Staff's Third Request for Information Item 27.

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1. Provide a detailed description of the 401(k) plan and an explanation of how the plan operates. Be sure to include Cumberland Valley's monetary contribution for each employee per month, employee contributions per month, how Cumberland Valley determines the amount of the contribution, etc.

Response:

Cumberland Valley participates in the NRECA sponsored plan. Refer to Exhibit N, page 14 of the Application for an explanation of the Plan. The employee is not required to contribute but has the option to contribute to his/her 401(k). Cumberland Valley's monetary contributions are provided on pages 8-9 of this item.

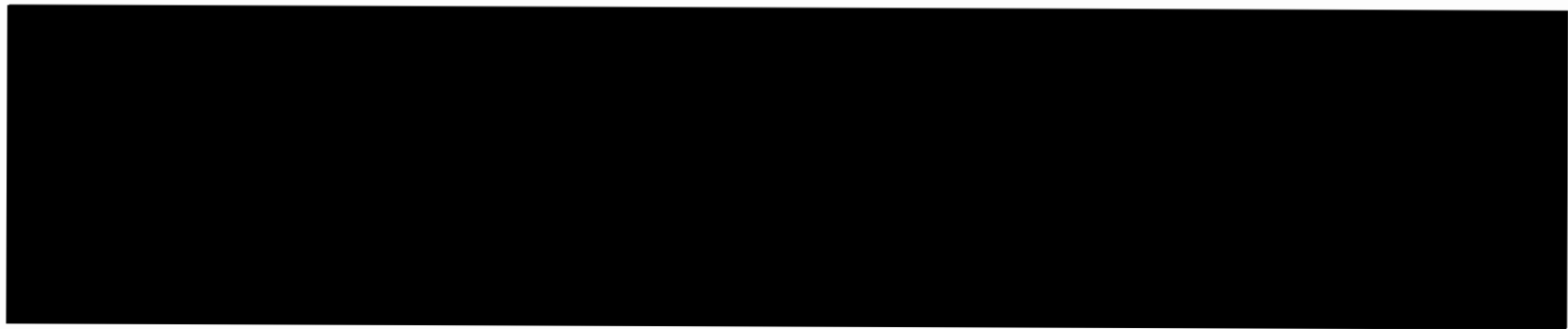
Cumberland Valley Electric, Inc.
Dec. 2014 - Nov. 2015
Monthly Health & Dental Insurance Premiums Paid

<u>Month</u>	<u>Health Ins.</u>	<u>Dental Ins.</u>
Dec-14	\$74,430.99	\$5,099.35
Jan-15	\$73,630.23	\$4,942.62
Feb-15	\$73,474.28	\$4,942.62
Mar-15	\$73,287.66	\$4,942.62
Apr-15	\$72,919.47	\$4,980.54
May-15	\$73,286.54	\$4,755.94
Jun-15	\$72,709.15	\$4,868.24
Jul-15	\$71,674.04	\$4,681.56
Aug-15	\$71,192.84	\$4,793.86
Sep-15	\$71,192.84	\$4,793.86
Oct-15	\$70,679.52	\$4,793.86
Nov-15	\$70,312.45	\$4,793.86

R&S Retirement Plan Dec. 2014 - Nov. 2015

<u>Employee</u>	<u>Dec. 2014</u> <u>CVE</u> <u>Contribution</u>	<u>Jan. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Feb. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Mar. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Apr. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>May. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Jun. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Jul. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Aug. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Sept. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Oct. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Nov. 2015</u> <u>CVE</u> <u>Contribution</u>
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401(k) Dec. 2014 - Nov. 2015

Employee	<u>Dec. 2014</u> <u>Contribution</u>	<u>Jan. 2015</u> <u>Contribution</u>	<u>Feb. 2015</u> <u>Contribution</u>	<u>Mar. 2015</u> <u>Contribution</u>	<u>Apr. 2015</u> <u>Contribution</u>	<u>May. 2015</u> <u>Contribution</u>	<u>Jun. 2015</u> <u>Contribution</u>	<u>Jul. 2015</u> <u>Contribution</u>	<u>Aug. 2015</u> <u>Contribution</u>	<u>Sept. 2015</u> <u>Contribution</u>	<u>Oct. 2015</u> <u>Contribution</u>	<u>Nov. 2015</u> <u>Contribution</u>
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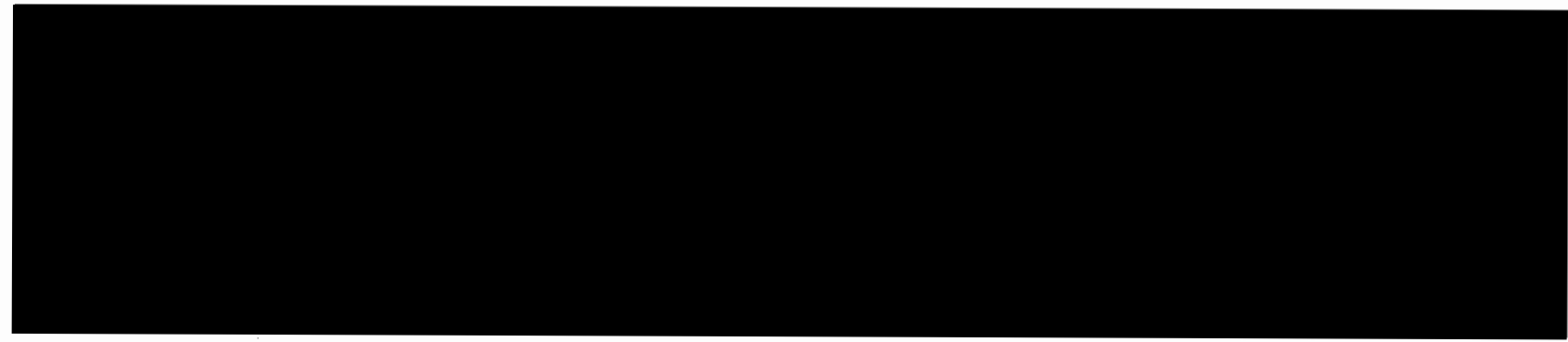
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401(k) Dec. 2014 - Nov. 2015

<u>Employee</u>	<u>Dec. 2014</u> <u>CVE</u> <u>Contribution</u>	<u>Jan. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Feb. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Mar. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Apr. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>May. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Jun. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Jul. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Aug. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Sept. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Oct. 2015</u> <u>CVE</u> <u>Contribution</u>	<u>Nov. 2015</u> <u>CVE</u> <u>Contribution</u>
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Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

10. Reference Cumberland Valley's response to AG 1-18.

- a. Provide a detailed explanation of the relationship between Cumberland Valley and Kentucky Rural Electric Cooperative in regards to the Kentucky Rural Electric Cooperative Employers Benefit Plan. For example, does Cumberland Valley enter a contract for these services, what are the payments made for the services, etc. If a contract is entered, then provide a copy of the same.

Response:

Cumberland Valley Electric is one of 15 cooperatives that participate in the Kentucky Rural Electric Cooperative Employers Benefit Plan. This plan is a self-funded health insurance plan. There is an adoption agreement and it is attached to this response as Exhibit 10 pages 3 thru 10. All plan expenses are funded through monthly contributions for each employee, dependent or retiree. See response to Commission Staff's Second Request for Information Item No. 28 Page 4 of 4 for premium amounts.

- b. Does Cumberland Valley have the ability to raise employee insurance premiums or co-pays for doctor visits and/or pharmacy prescriptions in order to keep insurance cost as low as possible, or does it have to implement the plan provided by the Kentucky Rural Electric Cooperative group?

Cumberland Valley Electric, Inc.
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Response:

The group as a whole sets co-pays, pharmacy benefits, deductibles, etc. Each cooperative individually would have their own policies addressing how much of the premium the employee or employer paid.

- c. Provide a list of other cooperatives that participate in the Kentucky Rural Electric Cooperative Employers Benefit Plan.

Response:

See Section 1.3 of Item 10 page 3 of this response for a listing of the participating cooperatives.

KENTUCKY RURAL ELECTRIC COOPERATIVE EMPLOYERS BENEFIT PLAN

This is the Kentucky Rural Electric Cooperative Employers Benefit Plan, originally effective as of January 1, 1981, last revised as of June 1, 2002, and now amended and restated as of January 1, 2016.

SECTION 1 - DEFINITIONS

1.1 "Administrator" means the Kentucky Rural Electric Cooperative Employers Benefit Plan Group (also referred to as the "Group"), which consists of one representative of each Employer, or such person or committee as may be appointed by the Group to administer the Plan.

1.2 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.3 "Employer" means one of the following corporations:

1. Big Sandy Rural Electric Cooperative Corporation
2. Blue Grass Energy Cooperative Corporation
3. Clark Energy Cooperative, Inc.
4. Cumberland Valley Rural Electric Cooperative Corporation
5. East Kentucky Power Cooperative, Inc.
6. Fleming-Mason Energy
7. Inter-County Energy Cooperative Corporation
8. Jackson Energy Cooperative Corporation
9. Kenergy Corp.
10. Meade County Rural Electric Cooperative Corporation
11. Nolin Rural Electric Cooperative Corporation
12. Owen Electric Cooperative, Inc.
13. Salt River Rural Electric Cooperative Corporation
14. Shelby Energy Cooperative, Inc.
15. Farmers Rural Electric Cooperation

and such other cooperatives that join the Plan as a participating employer in accordance with the Administrative Procedures adopted from time to time by the Administrator.

1.4 "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

1.5 "Participant" has the same meaning as "Covered Person" in the Summary Plan Description.

1.6 "Plan" means this Kentucky Rural Electric Cooperative Employers Benefit Plan.

1.7 "Plan Year" means the 12-month period beginning each January 1 and ending on the following December 31.

1.8 "Privacy Regulations" shall mean the privacy regulations promulgated by the Department of Health and Human Services pursuant to HIPAA.

1.9 "Protected Health Information" ("PHI") shall mean individually identifiable information about an individual's past, present or future physical or mental health condition, the provision of health care to an individual, or the past, present or future payment of health care that is created or received in connection with the establishment or administration of the Plan. Protected health information does not include employment records maintained by an Employer. Electronic protected health information is protected health information that is transmitted by or maintained in electronic media. Please see the Employer's health plan privacy and security policy for more detailed information about the Employer's privacy and security compliance guidelines and systems.

1.10 "Summary Plan Description" ("SPD") means, for each Employer, the Summary Plan Description(s) describing the benefits to be provided to the Employer's employees and any updated versions of those SPDs in effect from time to time, which shall include certain of the Employers' administrative policies regarding coverage for specific groups of such employees.

SECTION 2 – INCORPORATION BY REFERENCE

The SPDs are hereby incorporated by reference in their entirety. The SPDs contain the terms of the Plan regarding eligibility requirements and benefits provided.

SECTION 3 – BENEFIT PAYMENTS

The Plan will pay benefits provided under the Plan out of contributions from the general assets of Participating Employers (including employee contributions determined by each Employer from time to time), and through insurance coverage in effect from time to time.

SECTION 4 – ADMINISTRATION

4.1 Administrator. The Administrator of the Plan is responsible for the operation and administration of the Plan. The Administrator may delegate its duties as provided in Section 5 below. The Administrator has delegated to each of the Employers the power and responsibility to designate an employee of the Employer to address employee questions, concerns and issues with regard to the Plan (the "Benefits Administrator"). The Administrator has also delegated to each of the Employers responsibility for accommodating individuals who exercise their individual rights with regard to privacy for Plan protected health information, as described in the Plan's privacy notice and in the Employer's Participation Agreement and the responsibility for all required disclosures. The Administrator has also delegated to each of the Employers responsibility for deciding claims for enrollment in the Plan for the Employer's employees and their dependents (and former employees and their dependents), and for providing all required notices and taking other compliance steps under HIPAA, COBRA and other applicable laws.

4.2 Powers and Duties. The Administrator, and each Employer with respect to their obligations as described in Section 4.1, shall have complete control of the administration of the Plan, with all powers necessary to enable it to properly carry out its duties in this respect. Specifically, the Administrator and each Employer with respect to their delegated powers shall have the power to (a) conclusively and finally determine, but only in accordance with the Plan, the claims of Participants and beneficiaries for benefits under the Plan; (b) adopt and amend from time to time policies, rules and regulations for the administration of the Plan; and (c) interpret and construe the Plan, and the Administrator's interpretation and construction in good faith shall be conclusive, final and binding on any Participant or other person claiming benefits under the Plan.

SECTION 5 – FIDUCIARY RESPONSIBILITIES

5.1 Named Fiduciaries. The control, management and administration of the Plan shall be controlled by the following fiduciaries (individually, a "Named Fiduciary" and collectively, the "Named Fiduciaries"): Each participating Employer and the Administrator.

5.2 Powers and Responsibilities. Each Named Fiduciary has only such powers and responsibilities as are expressed in the Plan. Any power or responsibility for the control, management or administration of the Plan which is not expressly allocated to a Named Fiduciary is deemed allocated to the Administrator. Each Named Fiduciary has no responsibility to inquire into the accounts and omissions of any other Named Fiduciary in the exercise of powers or the discharge of responsibilities assigned to such other Named Fiduciary by the Plan. This provision is intended to allocate to each Named Fiduciary the individual responsibility for the prudent execution of the functions assigned to that Named Fiduciary, and none of such responsibilities or any other responsibility may be shared by two or more Named Fiduciaries unless such sharing is provided for by a specific provision of the Plan. If one Named Fiduciary is required by the Plan to follow the directions of another Named Fiduciary, the two Named Fiduciaries are not deemed to have been assigned a shared responsibility, but the Named Fiduciary giving the directions is solely responsible for those directions.

5.3 Allocation of Responsibilities. Any of the Named Fiduciaries may by agreement among themselves allocate to one or more other Named Fiduciaries any responsibility or duty assigned to a Named Fiduciary by the Plan; provided, however, that any agreement respecting such allocation must be in writing and must be filed by the Administrator with the records of the Plan. No such agreement will be effective as to any Named Fiduciary which is not a party to the agreement until such Named Fiduciary has received written notice of the agreement from the Named Fiduciaries who are parties to the agreement. Any Named Fiduciary may, by written instrument filed by the Administrator with the records of the Plan, designate a person who is not a Named Fiduciary to carry out any of the Named Fiduciary's responsibilities under the Plan; provided, however, that no such designation will be effective as to any other Named Fiduciary until such other Named Fiduciary has received notice of that designation.

5.4 Advisors. Any Named Fiduciary may employ one or more persons to render advice with respect to any responsibility such Named Fiduciary has under the Plan or such person has because of such designation.

SECTION 6 – CLAIMS PROCEDURE

Any claim for benefits shall be submitted in writing following the occurrence of any loss in accordance with the procedures in the SPDs. Claim forms are available from the Administrator for this purpose. Each of the Employers will determine claims related to enrollment in the Plan. Claims for benefits may be submitted to the Administrator's Appeals Committee for review.

SECTION 7 – HIPAA PRIVACY PROVISIONS

7.1 Use and Disclosure of Protected Health Information by the Group and the Employer of Employees Covered by the Plan. Subject to the provisions of this Section, the Group may use and disclose PHI to carry out Plan administrative functions, including the determination of claims appeals. Subject to the provisions of this Section, each Employer may use and disclose PHI to carry out Plan administrative functions in connection with its employees exercise of their rights under the HIPAA privacy rules, and shall otherwise only use and disclose PHI pursuant to a compliant individual authorization.

7.2 Privacy Protections. In order to obtain PHI from the Plan, the Group and each Employer of Employees covered by the Plan hereby agrees as follows:

(a) The Group and each Employer will not use or disclose protected health information other than as permitted or required by this Plan or as required by law.

(b) The Group and each Employer will require any agents or subcontractors to whom it provides protected health information to agree to the same restrictions that apply to the Employer with respect to such information.

(c) The Group and each Employer will not use or disclose protected health information for employment-related actions or decisions or in connection with any other employee benefit of the Employer.

(d) The Group and each Employer will create a report documenting any uses of protected health information it becomes aware of that are inconsistent with the privacy requirements for protected health information stated in this Plan or under the law, will maintain that report in the Plan's records, and will distribute that report to the Plan's third-party administrator and any other interested parties as required by law.

(e) The Group and each Employer will make an individual's protected health information available to the individual for as long as it is maintained in the Plan's records, other than psychotherapy notes. The Group and each Employer also reserves the right to restrict access to protected health information where required or permitted by applicable privacy laws

and regulations.

(f) The Group and each Employer will permit individuals to amend their own protected health information or other information maintained with protected health information. A request for amendment to protected health information may be denied if the information was not created by the Group or the Employer, unless the creator of that information is no longer available to implement such an amendment, if the protected health information is not part of the Plan's records, if the information is not information that is required to be disclosed to the individual, or if the information is determined by the Group or the Employer to be accurate and complete.

Any request for amendment of protected health information must be in writing and include a detailed reason supporting the requested amendment. The Group or the Employer will respond to any such request within 60 days by amending the information maintained by the Group or the Employer or providing a written denial of the request. The 60 days period may be extended for no more than 30 days provided that a written statement of the reason for the delay and the expected date of action on the request is provided to the individual within the initial 60 day period. The Employer must also inform the individual that the amendment is being made and notify all other health plan providers that may have that protected health information in their records of the amendment if those other providers may have relied or could reasonably rely on such information to the detriment of the individual.

Any denial must be written in plain language and explain the basis for the denial, the individual's right to submit a statement disagreeing with the denial, and a statement that the individual may request that the Group and the Employer provide the individual's request for amendment and the denial with any future disclosures of the protected health information that was requested to be amended, and information about how the individual may utilize complaint procedures to complain to the Employer's HIPAA Information and Complaint Official or to the Secretary of the U.S. Department of Health and Human Services (HHS), including the name, title and telephone number of the Information and Complaint Official.

(g) The Group and each Employer will ensure that the electronic protected health information of Plan Participants is reasonably and adequately safeguarded as provided in this paragraph:

- (i) The Group and each Employer will implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic protected health information that it creates, receives, maintains or transmits on behalf of the Plan.
- (ii) The Group and each Employer will ensure that the separation of functions with respect to the Plan from its other employment-related functions, as provided in Section 7.3(j) below, is supported by reasonable and adequate security measures.

- (iii) The Group and each Employer will require any agents or subcontractors to whom it provides electronic protected health information to agree to implement reasonable and necessary security measures to protect the information.

(h) The Group and each Employer will create a report documenting any of the following of which it becomes aware: the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system. The Group and each Employer will maintain that report in the Plan's records and will distribute that report to the appropriate third-party administrator of the Plan and to any other interested party as required by law. The Group and each Employer will account for disclosures of protected health information, as follows:

- (i) The Group and each Employer will maintain a list of disclosures of protected health information, as required.
- (ii) The Group and each Employer will make its practices and records regarding the use and disclosure of protected health information received from the Plan available to the Secretary of HHS for purposes of determining the Employer's compliance with applicable rules.

(i) The Group and each Employer will, to the extent possible, return or destroy all protected health information that the Group and each Employer maintains when no longer needed for the purpose for which disclosure was made.

(j) The Group and each Employer will ensure that it adequately separates its functions with respect to the group health plan from its other employment related functions.

(k) The Group and each Employer will notify individuals, the media, and the Secretary of Health and Human Services following the discovery of a breach of unsecured PHI in accordance with the HIPAA breach notification regulations.

The employees designated by the Group and each Employer as able to access protected health information may have access to protected health information as needed for Plan administrative functions. The Group and each Employer will endeavor to only obtain the minimum necessary protected health information when protected health information must be obtained by those individuals. In the event any individual believes that the Group or an Employer or one of its Employees has violated the rules of this section of the Plan, that individual should immediately report such concern to the HIPAA Information and Complaint Official.

7.3 Complaint Mechanism. Any individual who believes that his or her protected health information has or may have been used in violation of this policy or applicable privacy laws may make a written complaint detailing the alleged misuse to the Employer's HIPAA Information and Complaint Official. The Information and Complaint Official will investigate the complaint. If there was an improper use or disclosure by a member of the Employer's workforce, the Information and Complaint Official will take appropriate steps to prevent future

impermissible disclosures and to take any steps that are practicable to reverse or eliminate any harmful effect from the prohibited use or disclosure of protected health information. Finally, no individual shall be subjected to retaliatory acts, including intimidation, threats, coercion, discrimination or other acts, due to the exercise of any rights available to the individual under the privacy rules, including but not limited to filing a complaint with respect to a prohibited use or disclosure of protected information.

7.4 Plan Separation. The Administrator shall ensure that adequate separation exists between the Plan and Employers. Only Members of the Group and other specifically authorized employees of the Employer (as set out in the Plan and Employer's privacy policies from time to time) may access PHI from the Plan, unless a valid authorization has been signed by a participant. Employees who access PHI contrary to the provision of the Plan and Employer privacy policies shall be disciplined pursuant to the Employer's HIPAA Sanction Policy.

SECTION 8 – AMENDMENT AND TERMINATION

8.1 Amendment. The Group reserves the right in its sole and final discretion to amend or modify the Plan in any respect at any time and from time to time to any extent it may deem desirable on behalf of the participating Employers, and any amendment may be effective as of any date (including a date that precedes the date of adoption). Any amendment is made by the Group not as Administrator, but on behalf of the participating Employers. The Administrator must provide the Employers and Participants with reasonable notification of any amendments.

8.2 Termination. The Group may, in its sole and absolute discretion and on behalf of the participating Employers, terminate or partially terminate the Plan at any time. Each Employer may terminate its participation in the Plan at any time in accordance with the Kentucky Rural Electric Cooperative Employers Benefit Plan Administrative Procedures adopted by the Administrator from time to time. An Employer must give notice to its employees in advance of the effective date of termination. If an Employer terminates its employees' rights to benefits under the Plan, the Employer must either make arrangements acceptable to the Administrator for the Administrator to continue to process claims incurred before the termination date or arrange for payment of claims incurred prior to the termination date under its new plan. The Employer will have the sole responsibility for claims incurred before the termination.

SECTION 9 - MISCELLANEOUS PROVISIONS

9.1 Construction. The masculine gender, where used in this Plan, includes the feminine. The singular includes the plural, and the plural the singular, wherever appropriate for the proper interpretation of this Plan. The headings in this Plan appear solely for ease of reference and may not be considered in the interpretation or construction of this Plan.

9.2 Indemnification of Employees. Either directly or through insurance coverage or through some combination of these methods, each Employer shall indemnify and hold harmless its employees, officers and directors and the Administrator against all claims, damages and liabilities, in respect of any claim or liability which may be asserted against any of them because of any act or omission in the administration of the Plan, except in the case of any fraud or willful

wrongdoing by the person seeking to be indemnified and held harmless. If any liability is asserted against the indemnitee with respect to which the indemnitee is entitled to indemnity under this Section, the indemnitee must give the Employer prompt written notice of the assertion of the liability. The Employer will then take charge of the disposition of the asserted liability, including compromise or the conduct of litigation, at the Employer's expense, including counsel fees. The indemnitee may at the indemnitee's own expense retain his own counsel and share in the conduct of any such litigation but any failure by the indemnitee to do so will not adversely affect the indemnitee's right to indemnity under this Section.

9.3 Status of Participants. Neither the establishment or any amendment of the Plan, nor the payment of any benefits, may be construed as giving to any Participant or other person any legal or equitable right against the Employer or the Administrator except as expressly provided herein, and the Plan does not constitute a contract of employment or right to continued employment.

9.4 Funding. The benefits provided hereunder will be paid solely from the general assets of the participating Employers. Nothing herein will be construed to require the Group or an Employer to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or any other person shall have any claim against, right to, or security or other interest in any fund, account or assets held by participating Employers or on behalf of participating Employers by the Group related to the payment of Plan benefits.

9.5 Discretionary Acts. Any discretionary acts to be taken, or policies to be adopted, under the terms and provisions of this Plan by the Administrator must be uniform in their nature and application to all those similarly situated.

9.6 Nondiscriminatory Testing. Each Employer's Plan shall be considered a separate Plan solely for purposes of discrimination testing under Code Section 105(h).

IN WITNESS WHEREOF, the Employer has adopted this Plan as of the effective date, but actually on the date set forth below.

KENTUCKY RURAL ELECTRIC COOPERATIVE

By: Ted W. Langston

Title: manager

Date: 9-15-15

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

11. Reference Cumberland Valley's response to AG 1-19. The response is inadequate and does not answer the question posed.

- a. Provide the mathematical equation used to arrive at the TIER including G&T capital credits, as well as the TIER excluding G&T capital credits. This equation should include the numerator and denominator and what page and line in the Application those figures are provided. If the specific numbers used in the mathematical equation to arrive at TIER are not themselves noted in the Application, but are sums or differences between other amounts, provide the amounts and the location of the page and line those figures appear in the Application.

Response:

See Application Exhibit K, page 6 of 7

TIER, excluding G&T = (Line 11 + Line 12)/Line 12

TIER, including G&T = (Line 16 + Line 17)/Line 17

- b. Provide an explanation and justification as to why Cumberland Valley should be permitted to use the TIER excluding G&T capital credits, instead of using the higher TIER including G&T capital credits.

Cumberland Valley Electric, Inc.
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Response:

This Commission has historically not allowed G&T capital credits to be used for rate-making purposes since the G&T has never actually paid capital credits to the distribution cooperatives.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

12. Reference Cumberland Valley's response to AG 1-20. The response is inadequate and does not answer the question posed. Provide the mathematical equation used to arrive at the OTIER. This equation should include the numerator and denominator and what page and line in the Application those figures are provided. If the specific numbers used in the mathematical equation to arrive at OTIER are not themselves noted in the Application but are sums or differences between other amounts, provide the amounts and the location of the page and line those figures appear in the Application.

Response:

Please reference PSC Second Request Item #2 and apply the following formula to calculate

OTIER:

$(\text{Operating Margins} + \text{Interest on Long Term debt}) / \text{Interest on Long Term Debt}$.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

13. Reference Cumberland Valley's response to AG 1-21. The response is inadequate and does not answer the question posed. Provide the Net TIER for the last three years, and the mathematical equation used to calculate the same. This equation should include the numerator and denominator and what page and line in the Application those figures are provided. If the specific numbers used in the mathematical equation to arrive at Net TIER are not themselves noted in the Application but are sums or differences between other amounts, provide the amounts and the location of the page and line those figures appear in the Application.

Response:

Refer to Exhibit K, page 6 of 7 of the Application Line 18 for the Net TIER information for the test year and the last 5 calendar years.

The formula for Net TIER is as follows:

$(\text{Line 16} + \text{Line 17}) / \text{Line 17}$

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

14. Reference Cumberland Valley's response to AG 1-24(a). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Depreciation increase adjustment of \$219,610. Additionally, provide the current depreciation rates and the proposed depreciation rates for any account not included in the chart located in Mr. Tolliver's testimony on page 5 of 8.

Response:

The detailed explanation is on page 1 of 6 of Exhibit 3 of the Application. The detailed breakdown is listed on page 2 of 6 of Exhibit 3 of the Application as Line 12 minus Line 17.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

15. Reference Cumberland Valley's response to AG 1-24(b). The response is inadequate and does not answer the question posed. Provide an explanation of what the Deferred Debits and Net Change in Assets adjustment of (\$824,847) is comprised of, and provide further explanation of what the net effect on assets represents. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

The patronage capital adjustment of (\$1,044,457) is calculated as follows:

Column T, Line 48 of Page 3 of 4 Exhibit S of the Application	(3,042,718)
Column G, Line 17 of page 4, Exhibit S of Application	1,998,262
Net of above	(1,044,456)
Column E, Line 13 of page 1 of Application	219,610
Net of the 2 above	(824,846)

Effect on net adjustments will be to either cash, receivables, or payables, depending upon the adjustment. It is not known what the exact amount would be to any of these, so the adjustment is made to Net Assets. A general description of each adjustment is included with Exhibits 1 thru 15, which are the normal rate-making adjustments to normalize/remove/include revenues and expenses in the test year.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

16. Reference Cumberland Valley's response to AG 1-24(c) to answer the following questions:

- a. Provide a detailed explanation of the Patronage capital adjustment of (\$1,044,457).

Response:

See the response to Attorney General's Second Request for Information Item 15.

- b. Confirm whether Cumberland Valley issued \$1,044,457 in patronage capital to its ratepayers. If so, explain why Cumberland Valley made the decision to issue patronage capital if it could not financially afford to do so.

Response:

Cumberland Valley did not issue patronage capital in the amount of \$1,044,457. These adjustments are to normalize the test year and are not recorded on the books and records of Cumberland Valley.

- c. Provide Cumberland Valley's policy and procedure that governs patronage capital refunds. If none exists, explain why not?

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

Response:

See Exhibit 18 Pages 2 thru 3 of the Application for Cumberland Valley's Equity Management Plan, and Exhibit U of the Application Pages 2 thru 5 Article VIII Section 2 of the Bylaws. Both these documents address Cumberland Valley's policy and procedure for patronage capital retirements.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

17. Reference Cumberland Valley's response to AG 1-24(d). The response is inadequate and does not answer the question posed. Provide a complete detailed breakdown and explanation of the Operating Revenues Base Rates normalized adjustment of \$151,522. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

The adjustment of \$151,522 is a normalizing of revenue based on current rates and usages of Cumberland Valley. A complete breakdown of this entry is provided in the Application Exhibit J Page 1 of 11.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

18. Reference Cumberland Valley's response to AG 1-24(e). The response is inadequate and does not answer the question posed. Provide a complete detailed breakdown and explanation of the Operating Revenue, Other Electric Revenue normalized adjustment of (\$25,925), and the proposed increase adjustment of \$22,450. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

The (\$25,925) is derived from customer changes during the test year. Refer to Page 2 of Exhibit 15 of the Application, Line 48.

The \$22,450 is the increase requested for remote disconnect/reconnects. The proposed increase is \$5 times 4,490 occurrences. Refer to PSC #3, Question 17.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

19. Reference Cumberland Valley's response to AG 1-24(f). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Operating Expenses, Cost of Power for Base Rates normalized adjustment of (\$17,184). Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

Purchased Power Expense – base rates have been normalized based on the test year end amounts for metering point amounts, numbers of substation and the actual demand and energy purchased during the test year with these valued at the actual wholesale power rates for the test year. There was not change in the wholesale power base rates during the test year. This adjustment represents a decrease in normalized base purchased power costs for the test year. It is the result of Cumberland Valley no longer being billed by East Kentucky Power Cooperative (“EKPC”) for one substation and one metering point charge during the test year. The reduction for the substation amounts to \$16,460 and \$724 for the metering point charge.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

20. Reference Cumberland Valley's response to AG I-24(g). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Operating Expenses, Distribution- Operations normalized adjustment of \$5,571. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

Refer to Revised Exhibit S, Page 3 of 4. This is the summary of the adjustments for wages, payroll taxes, and R&S that are allocated through payroll, plus the adjustment for depreciation of transportation that is allocated to Operating Expenses, Distribution- Operations. Refer to Exhibit 1, page 2, line 18, plus Exhibit 2, page 1, line 34, plus Exhibit 3, page 2, line 9, plus Exhibit 5, page 1, line 33. Each of these Exhibits contains a detailed narrative and supporting information for the proposed adjustment.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

21. Reference Cumberland Valley's response to AG 1-24(h). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Operating Expenses, Distribution-Maintenance normalized adjustment of \$19,491. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

Refer to Revised Exhibit S Page 3 of 4, Line 22 for a summary of adjustments. Refer to Exhibit 1, Exhibit 2, Exhibit 3 and Exhibit 5 of the Application. Each of these Exhibits contains a detailed narrative and supporting information for the proposed adjustment.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

22. Reference Cumberland Valley's response to AG 1-24(i). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Operating Expenses, Consumer Accounts normalized adjustment of \$18,312. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

Refer to Revised Exhibit S Page 3 of 4, Line 23 for a summary of adjustments. Refer to Exhibit 1, Exhibit 2, Exhibit 3 and Exhibit 5 of the Application. Each of these Exhibits contains a detailed narrative and supporting information for the proposed adjustment.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

23. Reference Cumberland Valley's response to AG 1-24(j). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Operating Expenses, Customer Service normalized adjustment of \$1,213. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

Refer to Revised Exhibit S Page 3 of 4, Line 24 for a summary of adjustments. Refer to Exhibit 1, Exhibit 2, Exhibit 3 and Exhibit 5 of the Application. Each of these Exhibits contains a detailed narrative and supporting information for the proposed adjustment.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

24. Reference Cumberland Valley's response to AG I-24(k). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Operating Expenses, Administrative General normalized adjustment of (\$41,017). Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

Refer to Revised Exhibit S Page 3 of 4, Line 26 for a summary of adjustments. Refer to Exhibit 1, Exhibit 2, Exhibit 3 and Exhibit 5 of the Application. In addition, refer to Application, Exhibit 6, line 31, Exhibit 8, line 59, Exhibit 9, line 190, Exhibit 10, line 40, and Exhibit 11, line 20. Each of these Exhibits contains a detailed narrative and supporting information for the proposed adjustment.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

25. Reference Cumberland Valley's response to AG 1-24(1). The response is inadequate and does not answer the question posed. Provide a detailed breakdown and explanation of the Operating Expenses, Interest on Long-Term Debt normalized adjustment of \$334,521. Include a general description of what each adjustment consists of in addition to the detailed breakdown of the amounts.

Response:

Refer to Exhibit 4, page 2 of 2, line 24 of the Application. This adjustment is for the difference from actual test year interest to interest normalized for end of test year loan balances and rates.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

26. Reference Cumberland Valley's response to AG 1-25 to answer the following questions:
- a. Provide copies of all articles, advertisements, etc. that Cumberland Valley paid to appear in the Kentucky Living Magazine.

Response:

One of the seven cooperative principles encompasses education, training and information. Cooperatives provide education and training for members, managers and employees so they may contribute to the effectiveness of the development of the cooperative. Members also inform the general public about the nature of cooperatives. Cumberland Valley fulfills a part of this principle through the use of the Kentucky Living Magazine. Cumberland Valley has found this means to be a very effective tool to accomplish this part of its mission.

Attached you will find a copy of the inserts to this magazine for the test period specific to Cumberland Valley.

- b. Provide a detailed explanation and justification as to why the Company's ratepayers should be forced to pay for Cumberland Valley to, " ... remain in touch, educate, and provide information on current news and trends [sic] with its member owners" through Kentucky Living magazine, when Cumberland Valley

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

could accomplish these goals via bill inserts, newsletters, emails, member meetings, etc.

Response:

KAEC has a staff of employees who research and write articles in the Kentucky Living Magazine regarding the electric industry, its history, trends, new developments, cost saving tips, energy efficiency of various appliances, safety measures, and others for both the state of Kentucky, and an on a national level. KAEC also has the equipment and capabilities to print and deliver the Ky Living Magazine to CVE's members on a monthly basis. This cost is shared by the other cooperatives. Should CVE perform the above functions, it would be necessary to hire a staff of people, plus the equipment to accomplish the above stated goals.



Season's meanings It's the time of year to celebrate your traditions

This time of the year has special significance for us.

Sometimes things seem to slow down, other times they speed up.

Just after our national Thanksgiving holiday we're heading into a time in ways that are similar for many of us. But they can affect many of us differently.

For many of us, we look forward to Christmas and its meaning for our faith and the time we spend in our church community. At the same time, we plan annual traditions of decorating and gathering with friends and family.

It's a season of comfort and joy, and also to remember those in difficult circumstances, or struggling with emotional holiday memories.

The weather changes. We exchange different greetings, and send cards to stay in touch with each other.

Time crawls for children who can't wait to open presents. For some of us, time seems to be speeding by as we approach the end of another year.

All of us who work at your local

electric co-op share this mixture of feelings.

Our job, of course, is to make sure the electricity keeps flowing for the lights, the cooking, heat, and everything that makes our modern lives possible this season, as well as the rest of the year.

We're proud of that contribution to our quality of life. I personally would like to thank all those who make sure we have that electricity day and night, week in and month out. That gratitude includes a special thank-you to our linemen who may be out repairing lines and restoring power when the weather turns bad.

Another bit of electric business worth mentioning is to stay safe.



You might have a lot of new things on your mind as your routines change for the next few weeks. But remember that electricity is still dangerous when you don't take precautions. Stick to safe habits you practice all year.

I wish you a time of year that creates wonderful memories.

Always use emergency generators with care

Frequent, more severe fall and winter storms over the past few years have led more homeowners to invest in emergency backup generators that can run a couple of appliances or keep the lights on when wind, rain, and falling tree branches knock the electricity out.

Like any electric appliances, it's important to follow the manufacturer's safety instructions that came with your generator so nobody in your family gets hurt while using it. But unlike other appliances, an improperly operated generator can harm or even kill a member of a line crew who's working on a downed wire in your neighborhood.



Here are some generator safety tips:

- **Generators can produce carbon monoxide, an invisible, odorless, and deadly gas.** Never power up a generator indoors. And place carbon-monoxide alarms in the rooms of your house that are near the location where you operate your generator.
- **Never plug your generator into**

an electrical outlet. Instead, use extension cords to connect the appliance you want to run directly to the generator.

- **Do not connect the generator to any of your home's electrical circuits.** This requires a transfer switch and installing a transfer switch requires a licensed electrician.

Prevent decorating mishaps: hire a pro to do the climbing

One of the smartest things you can do this holiday season as you decorate your house for Christmas is ask someone to hold onto the ladder for you while you climb it.

The U.S. Consumer Product Safety Commission estimates that more than 5,000 people wind up in hospital emergency rooms every November and December after they fall off of ladders while they're hanging lights and other

decorations.

Another 10,000 have other decorating-related accidents.

Keep your holidays hazard-free this year: let someone else do the decorating.

If you're not comfortable climbing a ladder or walking on your roof—and few people are—hire someone who is. Roofers, landscapers, and other professional contractors with small businesses don't have a lot of work to do around the

holidays, so they'll give you a deal. It only takes a couple of hours for someone like that to decorate the outside of a house, so it won't cost you nearly as much as an emergency-room bill will.

If you must do it yourself, secure your ladder on even ground or use leg levelers. Do the work during daylight. And don't even think of climbing on the roof if you've been drinking alcohol.

The *Old Farmer's Almanac* is forecasting a teeth-chattering cold winter again this year.

Editor Janice Stillman is predicting another arctic blast with above normal snowfall for this part of the country. We all know that heating your home is usually the biggest part of your winter utilities bill. Here at Cumberland Valley, we are always thinking about ensuring your family is warm for the Christmas Holidays and suggesting ways you can save energy and money. That's a gift your family can enjoy long after the decorations are packed away.

Contact us to learn more about:

Energy audits—this is a free source that can help to improve the energy efficiency of your home. An energy advisor will visit your home and recommend changes that can lower your energy bill. You can also conduct an energy audit online in the comfort of your home by visiting our Web site at www.cumberlandvalley.coop and clicking on our new Billing Insights tool.

Button Up—this is a program that makes your home more comfortable by adding insulation and taking energy-efficiency steps. Plus we'll pay a rebate for qualifying member owners.

HVAC duct sealing—this program can help identify leaks in your home and gives you an incentive to seal leaking duct work.

Heat Pump Retrofit—this program pays a rebate for replacing your



existing heat source with a high-efficiency heat pump.

Simple Saver—this program provides bill credits to those who volunteer to help reduce electric demand at peak times. To sign up simply call (800) 305-5493 or go to www.simplesaver.coop.

Budget Billing—keeps your bills consistent no matter what the weather does outside.

Brand new programs—we now offer Prepay, an option that saves you many fees and makes you much more aware of how much electricity is used. Most families see more than a 10 percent decrease in their electric usage. We are also implementing new programs for purchas-

ing ENERGY STAR appliances and recycling older inefficient refrigerators and freezers.

We are in the process of offering a new program if you are buying a newly manufactured home that will allow you to upgrade to a more energy-efficient home without any additional cost to you.

We are also looking at adding more demand side management programs, including low-income assistance through local Community Action Agencies.

Keep visiting the Web site or our Facebook page for details on how we can help you and your family or give us a call at (800) 513-2677.

Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

Automatic Bank Draft—Have your electric bill automatically drafted from your checking account each month. You still receive your bill in the mail each month but no longer have to write a check to make a payment. Utilize our E-Bill system along with bank draft and have your electric bill e-mailed to you each month. Call our office at (800) 513-2677 and ask to sign up on bank draft, or check out our E-Bill system at www.cumberlandvalley.coop.

Credit/Debit Cards—Pay your electric bill with VISA or MASTERCARD branded cards at our offices, by phone, or at our Web site at www.cumberlandvalley.coop. These payments can be set up to occur automatically each month.

Money Orders/Checks—You can purchase money orders or write a check and use the envelope provided to return payment. Save time and trouble by using our Web site at www.cumberlandvalley.coop.

You can also pay your bill at our two office locations listed below.

Cumberland Valley Electric

6219 North U.S. Hwy 25E
Gray, KY 40734

Cumberland Valley Electric

15997 North U.S. Hwy 119
Cumberland, KY 40823

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Thank You,

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2. Check with your nearest neighbors to see if they have power. Consumers served from the same transformer should all have power at the same time.

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A BETTER LIFE

Four resolution ideas for a safe and efficient year

New Year's resolutions are easy to make and hard to keep.

We make those resolutions because we believe we can improve. I always take it as a hopeful sign. And in my experience, every now and then we're able to actually follow through on one of those resolutions.

So in that spirit of optimism for a new start, here are four ideas for energy resolutions from your local electric co-op.

1 Use space heaters safely and wisely. Space heaters are a very inefficient form of heat, especially compared to a heat pump. But they can be handy for a quick warming of a small area. They can also pose safety hazards if not used correctly: read and follow the directions, keep them away from flammable materials, where children and pets might touch them, and make sure the cord is in good shape.

2 Follow the rules for standby generators. Every year people die from misusing portable genera-

tors during power outages. Follow the instructions exactly. Keep them away from the house and even a garage where fumes can cause a hazard. There should be nothing plugged into the generator when you turn it on.

3 Make a storm kit. Winter weather can come without much warning. Be prepared for the cold and power outages. Gather what you would need for an extended time without electricity: a flashlight and extra batteries, a battery radio, first aid kit, medications, water.

4 Save money by saving energy. If you're like most Kentuckians, you can take some simple steps that will help you use electricity more

efficiently in a way that will make a difference on your bill. Sealing leaks around windows and lowering the temperature setting on your water heater are just two of many ideas. Call Cumberland Valley Electric for more. You can also find a lot of tips in *Kentucky Living's* annual energy guide—at KentuckyLiving.com click on the "Energy Guide" link.





New Year's resolutions to help your home run smoother

This year, make New Year's resolutions that are not only easy to keep, but benefit your home and your family in a big way. Here are five to consider:

Clean every appliance in your house. Your refrigerator's coils can get dusty and clogged, which makes it work harder—and that's an unnecessary waste of energy. The inside of your microwave oven should be spotless; if it's not, the machine is using energy to "cook" leftover food particles that nobody's going to eat. Even your

dishwasher and washing machine need cleaning—inside and out—to prevent mold and clogs.

Snake your clothes dryer's vent. Do this at least twice a year to rid it of lint and debris, which can catch on fire if it clogs the vent and prevents airflow.

Clear the area around your water heater and your outdoor air-conditioning unit. Appliances give off heat and take in air. If you've got boxes, suitcases, Christmas decorations, or plants stacked up against them, they can't do

their jobs efficiently.

Have your heating and air-conditioning systems checked out by an HVAC professional, who can tell you if they need repairs. Ask the tech to check your filters and change them if they're clogged with dust.

Change the batteries in all of your home's smoke alarms and carbon monoxide detectors. If you don't have those devices, move this item to the top of your list of resolutions and install them today.

Official Notice of Tariff Filings

Pursuant to the Kentucky Public Service Commission's ("Commission") regulation 807 KAR 5:011, Section 8, Cumberland Valley Electric gives notice requesting approval to implement an Appliance Recycling Program, Energy Star Appliance Program, and changes to the Envirowatts Renewable Energy Program. This filing will be submitted to the Commission on January 6, 2015. If Cumberland Valley's request is approved, the tariffs will be effective February 6, 2015, at which time qualified residential end-use members of Cumberland Valley Electric will be able to receive a \$50 incentive to recycle old, energy-inefficient refrigerators and freezers, incentives for qualifying Energy Star Appliance purchases, and purchase a variety of renewable energy including solar, wind, hydroelectric, and land-fill gas types of renewable resources, subject to detailed eligibility requirements. A person may examine the tariff filings at Cumberland Valley Electric's office located at 6219 North U.S. Hwy 25E Gray, KY. A person may also examine the tariff filings at the Commission's office located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's website at <http://psc.ky.gov>. Comments regarding the tariff filings may be submitted to the Commission through its website at <http://psc.ky.gov>, or by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. The incentives contained in the tariff filings are the incentives proposed by Cumberland Valley Electric, but the Commission may order incentives that differ from the proposed incentives contained in the tariff filings. A person may submit a timely written request for intervention in the tariff filings to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party. If the commission does not receive a written request for intervention within thirty (30) days of this notice, the Commission may take final action on the tariff filings.

8 ways to make your home more sustainable

Adding energy-efficient features is among the most popular remodeling projects among homeowners.

In its latest Home Design Trends Survey, the American Institute of Architects identified eight environmentally friendly features that are most popular with homeowners. Here's how you can incorporate them into your home next time you want to spruce it up:

1 Replace your old incandescent light bulbs—in fixtures on ceilings, walls, and in table lamps—with LED lights. If you replace the whole fixture, the lights are integrated, so you'll never have to change a bulb again.

2 Install a programmable thermostat—and then program it so it lowers the heat (or turns up the a/c) when you leave for work or go to sleep, and then moves the temperature back to normal

for times when the family is awake and at home.

3 Choose new products that are low-maintenance. You'll use less electricity, water, and cleaning chemicals if surfaces like countertops, floors, and patios are easy to sweep up or sponge off. You'll save paint and time if you choose composite products with a factory finish that never requires painting.

4 Invest in energy efficiency. Wasting electricity isn't the right thing to do for the environment, your family, or your pocketbook. Energy-efficient kitchen appliances, double-pane windows, and high-efficiency heating and air-conditioning equipment can help you make the difference you want to make in the world.

5 Try a tankless water heater. Not only does this kind of water heater use less energy, it delivers hot water the second

you turn on the spigot.

6 Buy ENERGY STAR appliances when it's time to replace your old ones. Besides using less energy and lowering your electric bill, newer appliances come with many convenient gadgets that your old ones don't have.

7 Save water. The Environmental Protection Agency has a WaterSense rating for plumbing fixtures like faucets, shower heads, and toilets that indicate which ones use the least water. Water shortages are a concern worldwide; do your part to conserve it.

8 Reuse household materials and products instead of throwing them away. Or donate them to an organization like Habitat for Humanity, which can sell your used appliances and fixtures for money to help build homes for deserving families.

TOGETHERWESAVEKY

Set Your Thermostat, Then Leave It Alone

Here's a great way to save if you heat with an electric heat pump: leave your thermostat alone.

If you move your thermostat down at night, expensive auxiliary/emergency heat will come on the next morning if you move the thermostat up more than 2 degrees.

It's better to set the thermostat around 68 degrees, and leave it alone. The auxiliary heat costs three times more than average heat pump costs. And those costs add up fast.

Learn more at

WWW.TOGETHERWESAVEKY.COM



Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

Automatic Bank Draft—Have your electric bill automatically drafted from your checking account each month. You still receive your bill in the mail each month but no longer have to write a check to make a payment. Utilize our E-Bill system along with bank draft and have your electric bill e-mailed to you each month. Call our office at (800) 513-2677 and ask to sign up on bank draft, or check out our E-Bill system at www.cumberlandvalley.coop.

Credit/Debit Cards—Pay your electric bill with VISA or MASTERCARD branded cards at our offices, by phone, or at our Web site at www.cumberlandvalley.coop. These payments can be set up to occur automatically each month.

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Cumberland Valley Electric

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Cumberland, KY 40823

If you have any questions about any of the options listed above please call our office at (800) 513-2677.

Thank You,

Cumberland Valley Electric



What To Do When The Lights Go Out

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FUELING YOUR ELECTRICITY

A mix of fuels provides the power

Energy is at the top of the news these days, and what's in the headlines can affect the cost and reliability of your electricity.

A lot of factors go into making your electricity. One of the key factors is the kind of fuel used to produce that power. Cumberland Valley Electric is committed to using a variety of fuels to deliver safe, reliable, and affordable electricity to your home and business.

Here's an update on the major fuels for that electricity.

Coal. Nearly all the electricity produced in Kentucky comes by burning coal in power plants. In the past several years, pressures from costs and environmental regulations have made operating those plants more difficult and expensive.

Natural gas. New drilling technology is among the reasons for a huge increase in the supply of natural gas, and a resulting drop in prices during the past several years. With these



RENEWABLE ENERGY



NATURAL GAS



NUCLEAR POWER



CLEAN COAL

lower prices, natural gas has been used increasingly to replace coal generation. One concern is that over the past decades, natural gas price and supply has shown large and sudden increases and decreases.

Hydro. Falling water at hydroelectric dams generates a significant share of the nation's electricity. This supply can decrease during extended dry weather.

Nuclear. Nuclear power also produces a significant share of the nation's electricity. Nuclear power plants are currently not allowed in Kentucky by state law.

Renewable. Fuels like solar, wind, and biomass produce a very small but

growing share of the nation's electricity. Renewable fuels tend to be more expensive than other sources, and solar and wind are not available at night or when the wind doesn't blow.

Efficiency. Huge potential exists for making more efficient use of our energy. Cumberland Valley Electric can tell you about many ways you can make the wisest use of electricity, and save money in the process.

Cumberland Valley Electric believes we should use all of these fuels to assure you the best service possible.

5 trends to check out before you buy your next TV

If you didn't get a new TV for Christmas—the biggest time of year for TV sales—there's still time to replace your old model before Super Bowl Sunday on Feb. 1.

Before you go shopping, you might want to learn about what's new—because the latest TVs have a lot more bells and whistles than the one you've been watching.

Here are five TV trends for 2015:

1 Smart TVs. Manufacturers are tripping over themselves to get Internet-based TV into American living

rooms—and they're getting support from content providers like Netflix and telecommunications companies that offer fiber optics. Smart TVs let the viewer "watch" the Internet—movies, TV shows, videos, games, and anything else they could watch on a computer screen—on big-screen TVs mounted to their living room walls. Throughout the year, watch for more and more models to appear.



2 "4K." This is industry-speak for ultra-high definition—also called UHD TV. If you already have an HDTV, it's not like these. 4K televisions have four times the resolution of a typical high-def television. That lends to a much sharper, clearer picture.

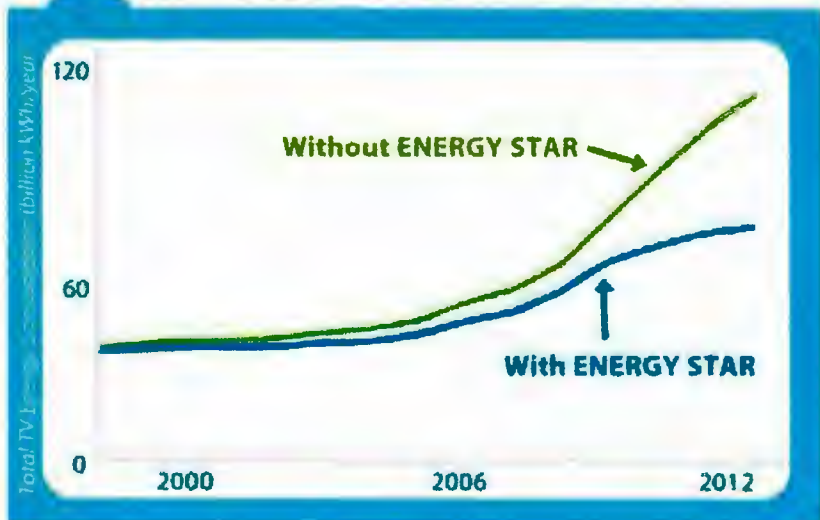
3 Curved TVs. A couple of the big manufacturers have introduced TVs that are slightly bent—like the screen in a movie theater. A curved screen gives the impression of a deeper viewing area, and offers up more of a movie theater experience.

4 OLED displays. Organic light-emitting diodes serve as their own light source, so the TV needs no backlighting—and no room to hide that lighting. The result is the thinnest TV on the market. These models also have superior color contrast and are more energy efficient than most other TVs.

5 Big screens and small screens. While the typical man cave in the home of a sports fan has at least one TV screen that's so big it barely fits on the wall, many teenagers and young adults are eschewing the big-screen experience and watching the big game—and everything else—on their smartphones and tablets.

The ENERGY STAR Difference: Televisions

TV sales and sizes have increased dramatically in the U.S. over the past 20 years—an estimated 40 million sets, with an average screen size of 50 inches, left store shelves in 2012. Under the ENERGY STAR energy efficiency rating program for consumer products, TV electricity use averages 36 billion kWh per year less than if it didn't exist.



Source: U.S. Environmental Protection Agency, 2012

Unintended 'phantom' energy use can add to your electric bill

Between the price of the phone and the cost of the service, a smart-phone is a pretty big investment. Don't add to the cost by wasting electricity while you charge it up.

If your phone is plugged into a charger that's plugged into the wall, it's using electricity. If the phone is fully charged and it's still plugged in, it's still using electricity.

If you unplug your phone but leave the charger plugged into the wall, that charger is still using electricity.

Charging your phone—or even leaving the charger plugged in without the phone—wastes very little energy. In fact, the U.S. Department of Energy estimates that the average home wastes about \$100 a year on "phantom energy" from electronic devices that

remain plugged in when not in use.

But why waste and pay for energy that you're not using? Simply plug chargers and other digital equipment into power strips, and unplug the power strip when you're not using the devices.

Save money, energy by wasting less hot water

Every drop of hot water you conserve could add up to savings on your energy bill.

Think about how often you run the hot water faucet or an appliance that uses hot water—when you could either turn it off or use cold water instead.

Here are six ways to use less hot water:

1 Swap your old shower head for a low-flow model that's cleared to use the Environmental Protection Agency's WaterSense label. Typical shower heads deliver 2.5 gallons of water per minute; WaterSense models spray out no more than 2 gallons per minute. Much of that is hot water.

2 Set a timer for five minutes, and turn the shower off when the alarm rings. Turn the water off while you lather up your hair and

turn it back on to rinse the soap out.

3 Plug the sink while you're shaving instead of running the water the whole time so you can rinse your razor under the spigot. You could save up to 300 gallons of water a month.

4 Soak pots and pans instead of scraping them under running water. They'll clean up quicker, and you'll save water and energy.

5 Fix a leaky hot water faucet. Often, it's a simple repair, but even replacing it will cost less than you'll pay for the wasted water and energy that escapes through a leaky tap.

6 Wait until you have a full load in the dishwasher before you run it.



Payment options

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Automatic Bank Draft—Have your electric bill automatically drafted from your checking account each month. You still receive your bill in the mail each month but no longer have to write a check to make a payment. Utilize our E-Bill system along with bank draft and have your electric bill e-mailed to you each month. Call our office at (800) 513-2677 and ask to sign up on bank draft, or check out our E-Bill system at www.cumberlandvalley.coop.

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

CUMBERLAND VALLEY ELECTRIC

ARTICLE II
MEETINGS OF MEMBERS

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

ARTICLE I
MEMBERS

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

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

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

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

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

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

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

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

SECTION 7. Transfer and Termination of Membership.

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

ARTICLE III
DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Should the committee on nominations nominate only one candidate to run for the office of director to fill each vacancy caused by the expiration of a director's term, and should no candidate be nominated from the membership by written petition as set forth in Article III, Section 5, of the bylaws, then the secretary of the Board shall certify to the Board that no petition has been filed pursuant to the bylaws, and that the candidates nominated by the committee on nominations are therefore officially without opposition; thereupon, 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 nominations for directors. (But 500 or more members may make other nominations in writing, over their signatures, not less than ninety (90) days prior to the meeting, and the Secretary shall post the nominations made by petition, if any at the same place where the nominations committee's list of nominations is posted. However, no write-in votes shall be permitted in the election of members of the Board of Directors.

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

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

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

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

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

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

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

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

ARTICLE IV
MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw immediately after, and at the same place as the annual meeting of the members. 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 of and be subject to all the restrictions upon the President and shall perform such other duties as from time-to-time may be assigned to him by the Board of Directors.

SECTION 7. Secretary. The Secretary shall:

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

SECTION 8. Treasurer. The Treasurer shall:

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

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

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

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

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

ARTICLE VI
CONTRACTS, CHECKS AND DEPOSITS

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

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

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

ARTICLE VII
MEMBERSHIP CERTIFICATES

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

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

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

ARTICLE VIII
NON-PROFIT OPERATION

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

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

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

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

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that Cumberland Valley Electric should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of cost and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be 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 to a copy of the proposal which Cumberland Valley Electric has already received and copies of the respective reports of the three appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
3. If the Board then determines that favorable consideration shall be given to the initial or any subsequent proposal which has been submitted to it, it shall first adopt by the affirmative vote of 3/4 of all directors a resolution recommending the transaction and directing the submission of the proposal to a vote of not less than a (majority) of the total members and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety (90) days after the giving of such notice to the members; PROVIDED,

that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such Annual Meeting is held not sooner than ninety (90) days after the giving of such notice.

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

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

**ARTICLE XI
FISCAL YEAR**

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

**ARTICLE XII
MEMBERSHIP IN OTHER ORGANIZATION**

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

**ARTICLE XIII
SEAL**

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

**ARTICLE XIV
AMENDMENTS**

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

Rural Utilities Service Statement of Nondiscrimination

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

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

Adjustment of Deposits

Cumberland Valley Electric requires residential customers to pay equal deposits in the amount of \$200. This equal deposit is based on the usage of the average customer and is equal to 2/12th of the average annual bill. All other customers' deposits are based on 2/12th of the average annual bill and are calculated based on historical usage at the service location.

In order to assure that these deposits are in line with your annual usage, Cumberland Valley Electric will upon your request recalculate your deposit after you have been on service at least 18 months. If the deposit on the account differs by more than 10 dollars (\$10.00) for residential customers, or by more than ten (10) percent for nonresidential customers from the deposit calculated, Cumberland Valley Electric shall refund any excess and may collect any underpayment subject to the following conditions:

1. Your bill is not delinquent.
2. You have been on the service for at least 18 months.

These conditions are in compliance with the rules of the Kentucky Public Service Commission. Please contact our office at (800) 513-2677 if you meet the above qualifications.

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



Delivering your power at the lowest possible cost

Delivering your power at the lowest possible cost

One of the benefits of living in the country is elbow room, giving us lots of space to enjoy things like farms, vegetable gardens, hunting, fishing and adventures in the great outdoors.

But when it comes to the electricity distributed by Cumberland Valley, that elbow room means we serve an average of (insert figure for your system) members per mile. The national average for co-ops is eight members per mile.

The big utilities that serve cities have far more people living on every mile of power line, and they receive a national average of five times more revenue per mile served than electric co-ops. That suits the main goal of the large investor-owned utilities: profit.

Our goal at Cumberland Valley is quite different: We exist to serve our members at the lowest possible cost.

And even though we receive much less revenue per mile than other utilities, we're proud to serve rural communities across (insert number of counties) Kentucky counties.

At Cumberland Valley, we take great pride in being careful stewards of our resources, and we work hard to

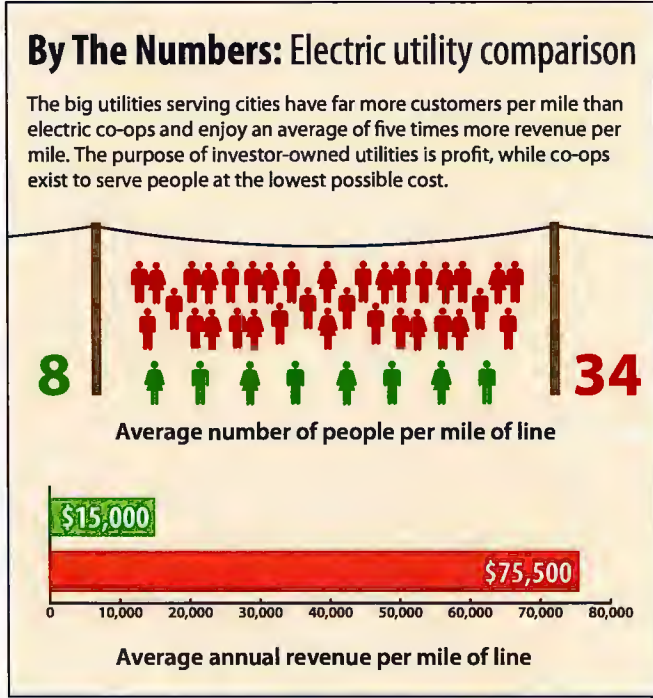
save our members' money. (Insert the figure for your co-op) cents of every dollar of revenue that we receive buys electricity from our wholesale power supplier, and the rest goes toward operations, maintenance, interest and other normal costs of doing business.

We're also proud that we provide programs to help you reduce energy consumption to lower your bills. For instance, our Button-Up Program provides assistance to achieve a warmer, more energy-efficient home. Our new appliance recycling program offers free disposal of old, power-sucking appliances. SimpleSaver is another program that controls rising energy costs and provides you with bill credits.


We want you to learn more about these and other energy-saving pro-

grams on our website. Any time you have questions, call our office.

Just like you, we love the elbow room of our rural communities. So, here is our ongoing promise to you: We'll do everything we can to help you save, while continuing to provide you with affordable, reliable power.



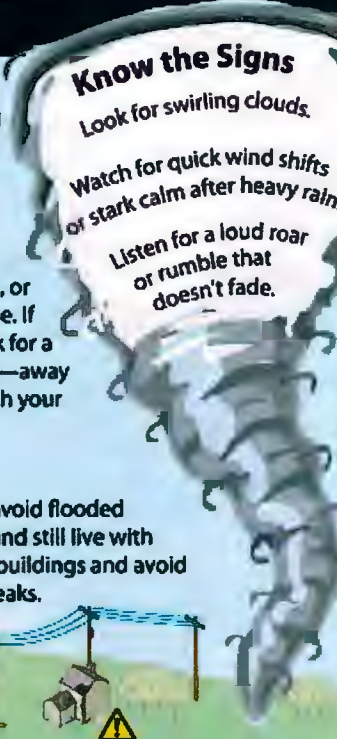
■ IOUs (For Profit) ■ Co-ops (Not-For-Profit)
SOURCE: National Rural Electric Cooperative Association and Energy Information Administration



Linemen know the meaning of service.

**APRIL 13, 2015
NATIONAL LINEMEN
APPRECIATION DAY**

Tornado Safety Tips



Know the Signs
Look for swirling clouds.
Watch for quick wind shifts or stark calm after heavy rain.
Listen for a loud roar or rumble that doesn't fade.

Practice and Prepare
Know where you'll meet your family during the tornado (and after). Practice a tornado drill annually. Keep a weather radio in your storm shelter, along with safety supplies.

Seek Shelter
Go to your basement, a small interior room, or under stairs on the lowest floor of the house. If you live in a mobile home, get out and look for a stable building. If outside, find low ground—away from trees and cars—and lie face down with your arms protecting your head.

After the Storm
Stay away from downed power lines, and avoid flooded areas—power lines could be submerged and still live with electricity. Don't enter seriously damaged buildings and avoid using matches and lighters in case of gas leaks.

Source: National Oceanic and Atmospheric Administration and Funnel, Inc.

Stay away from wet appliances when water gets inside house

It's the soggy season, and that means water could find its way into your home. If it does, you'll need to take special care around your washer, dryer and other appliances that might have gotten wet.

Before you start bailing water, turn your home's electricity off. Don't unplug an appliance or even touch it until you have powered down the house.

Then:

- Unplug all appliances in any room that got even a little bit wet.
- Open the appliances. Use dry towels or cloths to clean and dry them.
- Allow all of the water to drain out of a wet appliance. This will most likely take three to seven days.
- Call a licensed electrician to come over and inspect the appliances that got wet. Water can cause electrical damage that might not be visible.
- Follow the same process for your electrical system. Wipe down outlets that got wet and have them inspected.
- Don't use any appliance until it has been cleaned, dried and inspected.



Upgrade lighting to make home safer as you age

If your eyesight isn't what it used to be—and whose is?—consider upgrading the lighting in your home.

Better—and more—lights on the inside and outside of your house could make it possible for you to live there longer as you age.

Start in the bathroom. If you have a strip of lights above your vanity and sink, that might not be enough to stay safe in a room whose floor is often wet. Plus, the placement of those lights doesn't allow for your best reflection in the mirror as you shave or apply makeup while you're getting ready for your day.

Add some lights to each side of the

mirror. Wall sconces reflect light onto your face at a better angle.

Consider adding some overhead lighting as well. A single fixture isn't as efficient as several ceiling-hung lights.

Another light on the ceiling of the shower will help you see better in a spot of the bathroom that's often used but usually a bit dark.

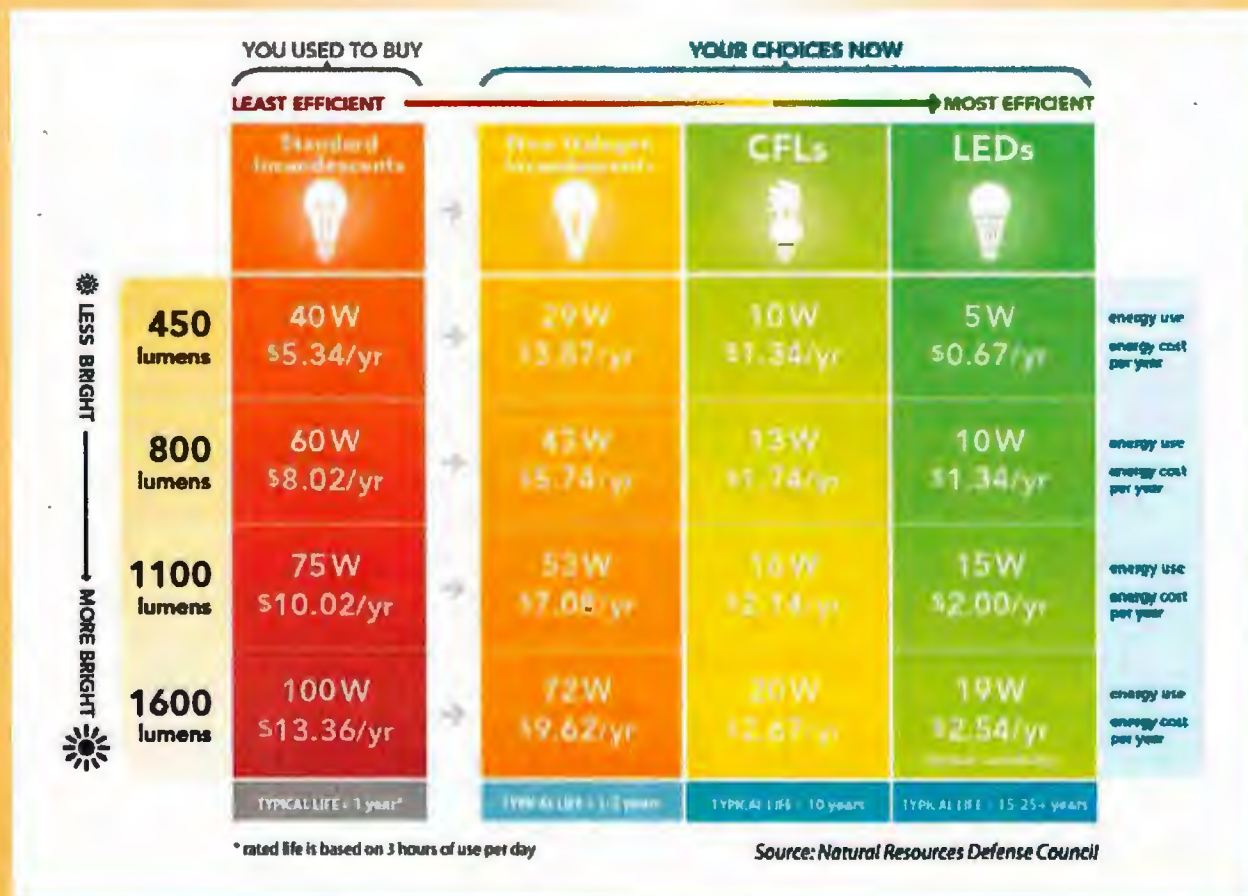
Next, add more lights in the kitchen. Install task lighting under cabinets so it shines on the counters where you cut up vegetables and handle hot food.

And think about enlarging your windows—or minimizing window coverings—so natural light can wash over the

space and brighten it up.

Other ideas:

- Place lights on staircases indoors and out.
- Add dimmer switches in room where you might need bright light while cleaning or working, but prefer something not as bright while you're watching TV or eating dinner.
- Install a motion sensor on outdoor security lights so they always come on as you approach the house. A bonus: The light will use a fraction of the energy as one that stays on all of the time.



Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

Automatic Bank Draft—Have your electric bill automatically drafted from your checking account each month. You still receive your bill in the mail each month but no longer have to write a check to make a payment. Utilize our E-Bill system along with bank draft and have your electric bill e-mailed to you each month. Call our office at (800) 513-2677 and ask to sign up on bank draft, or check out our E-Bill system at www.cumberlandvalley.coop.

Credit/Debit Cards—Pay your electric bill with VISA or MASTERCARD branded cards at our offices, by phone, or at our Web site at www.cumberlandvalley.coop. These payments can be set up to occur automatically each month.

Money Orders/Checks—You can purchase money orders or write a check and use the envelope provided to return payment. Save time and trouble by using our Web site at www.cumberlandvalley.coop.

You can also pay your bill at our two office locations listed below.

Cumberland Valley Electric

6219 North U.S. Hwy 25E
Gray, KY 40734

Cumberland Valley Electric

15997 North U.S. Hwy 119
Cumberland, KY 40823

If you have any questions about any of the options listed above please call our office at (800) 513-2677.

Thank You,

Cumberland Valley Electric



What To Do When The Lights Go Out

Before Calling Cumberland Valley Electric...

1. Check your breaker box, reset any tripped breakers.
2. Check with your nearest neighbors to see if they have power. Consumers served from the same transformer should all have power at the same time.

If you determine that your power is off and need to report a power outage, call the number below at any time:

1-800-513-2677

Please have your account number ready when calling to report power interruptions. Your account number can be found on your billing statement. Record the account number below and retain this sheet for future reference.

ACCOUNT NUMBER:



A Serious Celebration

By Paul Wesslund

THE MEANING BEHIND YOUR CO-OP ANNUAL MEETING

Something amazing will happen across Kentucky this summer and you'll be a part of it.

From May and into July, folks will gather as communities of people who own their electric utility for their co-op annual meeting. Some of these get-togethers will be a lot like the meeting held by Cumberland Valley Electric. Others will be different.

But whether these meetings take place under a tent or in an auditorium, they all have a lot in common.

There are 24 electric co-ops like Cumberland Valley Electric across the state. And they each have ways to meet with their members that make the most sense for their community.

They all hold a business session. That's the core reason for the meeting. Electric co-ops are businesses organized in a way in which the users own the utility. They are organized as not-for-profit, which still means they need sound finances, with income that covers expenses. The business session provides the basic information to those who use and own the co-op.

Being not-for-profit also means the co-op is not in business to produce

a profit for shareholders, but only to produce the best combination of cost and service for the members. For electric co-ops, that means providing reliable and affordable electricity.

And one more thing electric co-ops have in common is they are local, and always will be. Since all of the customers, and all of the owners, of Cumberland Valley Electric are a part of this community, it only makes sense that the business will be a strong and permanent part of our

hometowns.

What all this adds up to is that this summer, there will be a series of celebrations across Kentucky. They will be serious—reporting on the attention co-ops give to running a good business.

Those meetings will also be symbols of the pride of ownership and local control.

Come to Cumberland Valley Electric's Annual Meeting for a serious celebration.



How old are your major appliances?

If your home is full of appliances that qualify as “relics,” you’re beating the odds.

The National Association of Home Builders estimates that the average lifespan of your major household appliances is 10 years.

That’s not as long as they used to last. For example, new clothes dryers and refrigerators 20 years ago were expected to last 13 years. But trash compactors back then were supposed to last for only six years, and microwaves and dishwashers, for nine years.

That’s not to say the warranty on those appliances lasts as long. Most appliances come with warranties of just one year. And the more you use an appliance, of course, the quicker it can wear out.

Plus, most homeowners replace

their appliances before a decade has passed. At some point, in fact, you might find that it’s cheaper to replace an appliance than to continually repair it.

If you’re feeling lucky because your refrigerator, washing machine, or water heater has lasted longer than you expected, you might not be as lucky as you think. The older an appliance gets, the less energy efficient it is, as its seals wear out and its motor winds down.

Plus, newer versions of those appliances have been designed to comply with updated regulations for energy and water efficiency, so they use less energy—which

could lower your monthly power bill. A brand-new refrigerator, for example, could save you up to \$100 a year, compared with a 20-year-old device, even though it’s still running well.



MORE SAVINGS, MORE SPRINGTIME.

A photograph of a person lying on their back in a lush green field. Their feet are raised in the air, and they are holding a daisy flower. The background is a soft-focus green field.

The one card that does it all.
Connections COOP

A membership card for Connections COOP. The card features the organization's logo and the text "The one card that does it all." and "Connections COOP".

Trichone Energy Cooperative

Make 1 “green” change per year

If you’re ready to “go green,” you have a lot of choices, from switching to energy-efficient light bulbs to buying a “net zero” home that produces as much energy as it uses.

Making just one change each year can do wonders for your energy bills—and help you do your part to make your home more efficient so it uses fewer natural resources. Here are six ideas:

START SMALL. Replace your old incandescent light bulbs with LED light fixtures, which use 75 percent less energy. A bonus: most of them last for around 10 years, so you can stop changing light bulbs.

BUY SMART. If your refrigerator, heating and air-conditioning systems, or washing machine is 10 years old, it’s probably an energy hog. When it’s time to replace a home appliance, choose one with the ENERGY STAR label, which means it meets stringent government standards for energy efficiency.

SAVE WATER. Some households waste more water than they use. You can remedy that by turning off faucets while brushing your teeth and shaving, and by taking shorter showers. Plus, if you install low-flow faucets and toilets, you’ll use less water with every shower and flush.

THINK “GREEN.” Homeowners have lots of opportunities to choose a sustainable or energy-efficient product over one that’s less beneficial to the environment. Keep that top of mind as you select cleaning products and items that come with a lot of packaging that will wind up in a landfill. And if you’re remodeling, consider using durable products that won’t wind up in the trash after a few years, and materials made from renewable sources and grown in sustainable forests.

TAKE CONTROL. There’s no reason to heat or cool your house for maximum comfort when nobody’s home. Install a programmable thermostat that will automatically adjust the temperature to save energy when everyone

leaves the house in the morning and then reset it for comfort just before you get home. New models let you control them using your smartphone, which means if your schedule changes automatically, you can “tell” your house to get ready for your early return.

RISE AND SHINE. One of the quickest ways to lower your home’s energy bills is to generate some power yourself. By adding a modest 3-kilowatt solar array to your roof, you can harness enough sunlight to reduce your energy bill by up to half, according to most estimates. And you’ll increase the value of your home: Recent studies have shown that house hunters are willing to pay extra for a home that has solar.



Mother's Day, May 10, 2015

*Happy
Mother's
Day*

From Cumberland Valley Electric





Cumberland Valley
Electric, Inc.

A Touchstone Energy Cooperative 

RELIABLE

2014

ANNUAL REPORT

& AFFORDABLE



**A HERITAGE OF
MAKING YOUR
POWER THE
TOP PRIORITY**

Reliability and Affordability: a heritage of making your power the top priority

Part of the Cumberland Valley Electric co-op team bringing you reliable and affordable electricity shown here are Linda White, billing supervisor; Rich Prewitt, member services; Ted Hampton, president and CEO (seated); and Barbara Elliott, accounting supervisor. Photo: Tim Webb



Nothing is more important for Cumberland Valley Electric cooperative than making sure you have electricity when you want it, at the most reasonable cost possible.

Reliable and affordable electricity motivated farmers more than 75 years ago, when batteries, generators, or no power at all separated them from the people in town. They organized themselves into user-owned utilities so they could be part of modern American society.

A lot has changed over the decades. But what will never change is Cumberland Valley Electric co-op's mission of making your power the top priority.

This annual report gives you the basics of the past year. For an even better sense of Cumberland Valley Electric cooperative, come to this year's annual meeting for some important business, and an entertaining and fulfilling sense of community.

ON THE COVER: Planning a safe and productive workday at a pre-job "tailgate discussion" are Cumberland Valley Electric co-op linemen Bobby Dunn, Milton Roberts, and Michael Yother. Photo: Tim Webb



Cumberland Valley Electric

A Touchstone Energy Cooperative 

Fuel Factor

Over the past year you've heard a lot from Cumberland Valley Electric co-op about the effects of environmental rules, especially about the Environmental Protection Agency proposals to regulate carbon dioxide emissions from coal-fired power plants.

There's a good reason for that attention: those proposals will affect the reliability and affordability of your electricity.

During the past two winters we've had extended cold spells that required Cumberland Valley Electric co-op to use all its available sources of electricity to allow you to heat your home.

The EPA's proposed regulations make it so difficult to continue to operate coal power plants that some of them are being shut down, even here in Kentucky, where coal provides the fuel for nearly all of our electricity.

Replacing coal with renewable fuels like solar and wind energy would be extremely expensive and difficult, and maybe even impossible. For now, natural gas is currently being used to meet near-term needs.

In other words, the actions of the federal government are threatening the reliability and affordability of your electricity.

Cumberland Valley Electric co-op will continue working with co-ops and other utilities across the state and nation to make any proposed rules as fair as possible to our community. Electric co-op representatives in Frankfort and Washington, D.C., will continue to work with officials at all levels to protect the reliability and affordability of your electricity.



The heritage of electric co-ops' reliable and affordable electricity in America goes back more than 75 years, shown in these photos. Top, death-defying crews built transmission lines in the fast-growth years after World War II. Today, workers follow much stricter safety procedures. Above, workers in the 1930s hard at work installing power lines. But before that could happen, shown at the top of the next page: rural people had to learn about the new technology of electricity, and be persuaded to part with a precious \$5 deposit—a tough decision during The Great Depression. Bottom of the next page, a co-op truck and substation in the 1940s. During World War II the co-op program changed its focus to the "electro-economy," using rural electrification to increase farm productivity for the war effort. Photos: National Rural Electric Cooperative Association

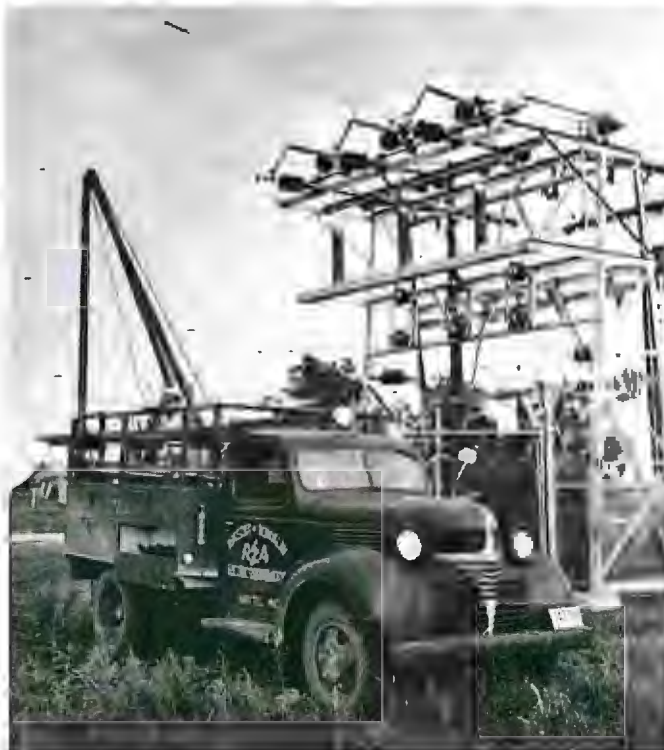


24/7 safety

Cumberland Valley Electric co-op preaches and practices attention to safety around electricity all the time. For employees, especially linemen regularly out in the field, strict procedures are followed. No shortcuts allowed. They regularly attend training and awareness sessions. For you at home, Cumberland Valley Electric co-op uses every means of communication to remind you how to stay safe around electricity. You'll be able to see a live demonstration of the power of electricity at the Cumberland Valley Electric co-op annual meeting this summer, by watching one of the presentations at the co-op electric safety exhibit.

Save energy, save money

Cumberland Valley Electric co-op helps you use your electricity as efficiently as possible through information and incentive programs. It's good business, making the best use of resources, and it's good for your budget. Contact Cumberland Valley Electric co-op for advice on getting the best value from your energy dollar.



Community neighbor

Electricity means more than lights. As your member-owned utility, Cumberland Valley Electric cooperative sees reliable and affordable electricity as an essential part of a strong community. Involvement in economic development, youth and scholarship programs, and other local priorities are part of what makes Cumberland Valley Electric co-op a good neighbor in the community.



Ted Hampton
 President/CEO



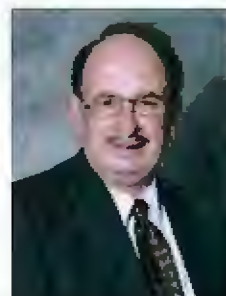
Vernon Shelley
 Chairman



Lansford Lay
 Secretary-Treasurer



Roger Vanover
 Vice Chairman



Chester Davis



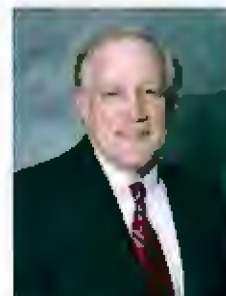
Elbert Hampton



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 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 St. Mauldin
for Kermit Creech
W. Patrick Hauser
Nicholas T. Spangher
Paul Cooke
Delphus 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

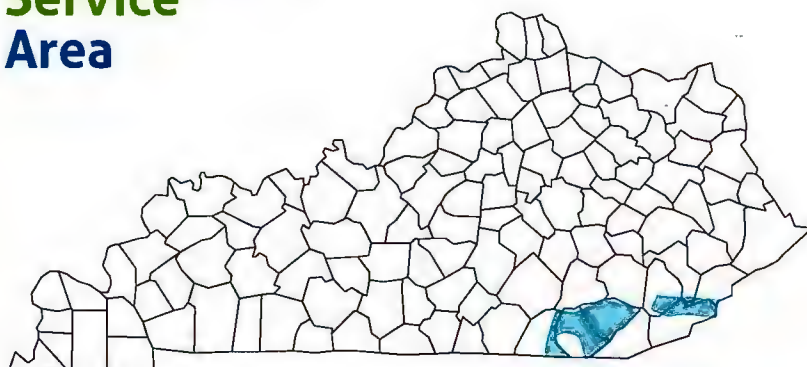
Miles of Line

2014.....2,639.42

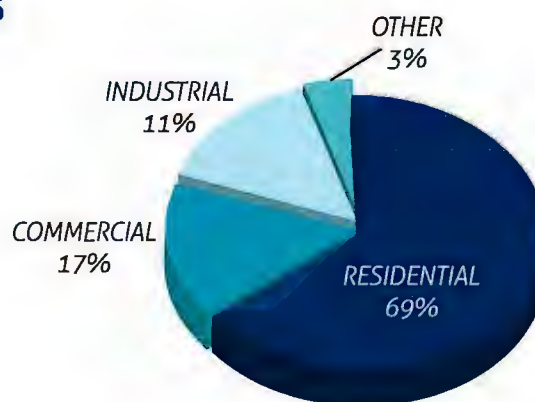
Consumers per Mile

2014.....8.96

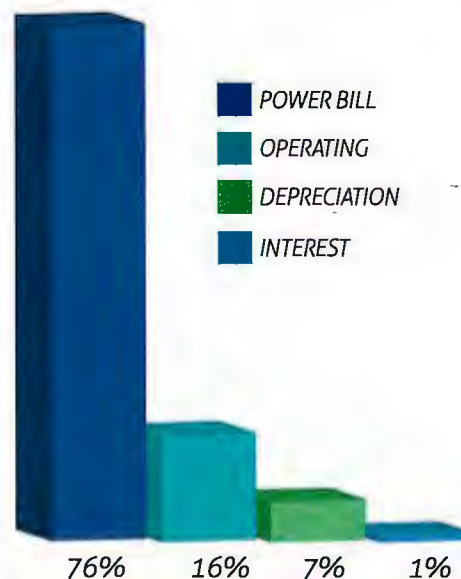
Service Area



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**





Celebrate Baseball, hot dogs, apple pie, and co-ops

By Paul Weslund

The Fourth of July and Cumberland Valley Electric seem to me like closely connected cousins.

An electric utility that is owned by its members and users is cut from the same cloth as the Constitution of our Independence Day nation, which begins, "We, the people..."

That constitution outlines how our democracy operates. An electric co-op operates as a democracy with its member-owners as a result of two authorities: a longstanding set of co-op principles, and state incorporation laws that set the legal framework for all businesses, including cooperatives.

But along with these legal and technical similarities, there's also a similarity of spirit.

Our nation was founded by diverse people working together as communities. Electric co-ops appeared in the last century when neighbors banded together to solve what seemed like an impossible dream—bringing electricity, the engine of progress, from the cities to

their country homes.

That kind of heritage provides a shared perspective, priorities, and purpose that create a community.

It's something to celebrate, as John Adams famously wrote in 1776, with "illuminations from one end of this continent to the other."

There you have it. The Founding Fathers thought fireworks should honor our spirit.

I need to caution, however, in my position at the co-op, that John Adams did not advocate danger or recklessness. Each year thousands of people injure themselves with fireworks. Cumberland Valley Electric wants you to be safe. Ideally, you'll watch fireworks set by experienced and sanctioned experts, safely gathered as a community. Don't risk an accident. Protect yourself and your family.

So be safe.

But do celebrate. Get outside. Eat good food. Gather with family and friends. Play some ball. Make some

noise. Enjoy the day off.

It's all a fitting way to remind ourselves that even the most serious and significant occasions can be honored with a sense of fun.

Happy Fourth of July.



Summertime Rule No.1 Do not mix water & electricity

If you don't want a jolt from your Jacuzzi this summer, remember one thing: it's electric.

Electricity and water don't mix, so when you're sitting in a steamy hot tub out on your deck, do not touch anything electric—including the outlet your spa is plugged into.

And just in case—if the tub's temperature control is right next to the plug and you touch the plug by accident while sitting in the pool—equip every outlet on your patio with a ground-fault circuit interrupter.

A GFCI protects all of the devices that are plugged into it and cuts the electricity to them if they fall into the water. It also protects you if you happen to touch an electrical device while you are wet.

The Consumer Product Safety Commission says 14 people died last year from electrocutions in swimming pools. Wet skin and wet

surfaces combined with electricity increase the chance of electrical shock—and sometimes, those shocks result in death.

Look around your pool, spa, and patio for underwater lights; pool pumps, filters, and vacuums; power cords; extension cords; electrical outlets; switches; radios and TV sets; and overhead power lines.

All are dangerous for you to touch when you are wet and can be deadly if they fall into a pool or hot tub.

If you—or someone else—feels a tingling sensation or can't move all of a sudden, that could be because of an electrical shock. If lights are on when they should be off, or if they are flickering, get everyone out of the water—without climbing a metal ladder. Turn off all power, and call 911.

Keep fireworks away from power lines

Can't wait for the professional fireworks display—the one that the local firefighters supervise so nobody gets hurt? You're taking a huge risk.

Even fireworks that are legal can be dangerous, the U.S. Fire Administration warns. In fact, Fourth of July revelers report 9,300 fireworks-related injuries a year.

The biggest culprit: firecrackers, which are responsible for 1,600 of those injuries. Next-worst are bottle rockets and sparklers, which burn at about 2,000 degrees, according to the administration.

If you must put on your own backyard show, keep it away from power lines. Light your fireworks in open areas so far away from power lines that you can't even see any.

And if any of your fireworks get tangled in an overhead wire or create a spark on one, call 911 and your electric cooperative immediately. Do not try to solve the problem yourself.

Here are some additional safety tips from the U.S. Consumer Product Safety Commission:

- ★ Children should be spectators, not participants, in the show. Never give children fireworks or sparklers.
- ★ Read and carefully follow directions and warning labels. Most injuries result from improper use.
- ★ Keep spectators at least 20 feet away and not downwind from where the fireworks will be set off.
- ★ Light fireworks only on a smooth, flat surface away from all flammable materials, including dry leaves.
- ★ Never try to relight fireworks that don't function.
- ★ Keep a bucket of water nearby in case of fire.

Summer Storm Safety Tip

Strong summer storms can create dangerous situations. Always avoid downed power lines - the wire could be live, which could be deadly for those nearby. Quickly report downed power lines to your local electric cooperative.



America's Electric
Cooperatives



Don't turn thermostat too low

Your house has been closed up all day with the thermostat set to a moderate temperature while everyone was away. Will your warm home cool off quicker if you turn the thermostat down to 50 degrees for a while?

The answer may surprise you: it's "no."

Lowering the thermostat beyond the temperature you want for your house will force your air conditioner to run longer, not faster. And that means you could pay more money for a house that's too chilly.

Instead, set the device to the desired temperature, and give it a chance to cool your home off slowly.

Here are a few other smart-money, summer-cooling tips:

- **Install a programmable thermostat**, which lets you set the thermostat higher for hours when the house is empty, but lower during your at-home hours. Program it to crank back on about an hour before you're due home, and your place will feel comfortable by the time you walk through the door.
- **Set the thermostat at 78 degrees**. You'll save about 15 percent on your cooling bill over a 72-degree setting, while remaining comfortable.
- **Move lamps, TVs, and appliances away from the thermostat**. The heat they produce can

trick your air-conditioning system into "thinking" the air is warmer than it really is, and it will keep running even when the rest of the house is cool enough.

- **Open shades and blinds on cloudy days, but close them when the sun is shining**. That will keep the sun from overheating your house and forcing your a/c to work overtime.
- **Check the seal around your room air conditioners for air leaks**. If they don't fit snugly enough into window frames, they can let hot air into the house—undoing the cooling benefits of the unit.



As temperatures rise, there's plenty of things you can do to save energy and trim your electric bill.

Raise your thermostat a couple of degrees—78° is the most efficient setting. Ceiling fans are a great way to move air around the house, and you can shade your electric bill by planting trees on the south side of your home.

Don't sweat summer electric bills—check out www.EnergySavers.gov for more ways to save!

Brought to you by



Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

Automatic Bank Draft—Have your electric bill automatically drafted from your checking account each month. You still receive your bill in the mail each month but no longer have to write a check to make a payment. Utilize our E-Bill system along with bank draft and have your electric bill e-mailed to you each month. Call our office at (800) 513-2677 and ask to sign up on bank draft, or check out our E-Bill system at www.cumberlandvalley.coop.

Credit/Debit Cards—Pay your electric bill with VISA or MASTERCARD branded cards at our offices, by phone, or at our Web site at www.cumberlandvalley.coop. These payments can be set up to occur automatically each month.

Money Orders/Checks—You can purchase money orders or write a check and use the envelope provided to return payment. Save time and trouble by using our Web site at www.cumberlandvalley.coop.

You can also pay your bill at our two office locations listed below.

Cumberland Valley Electric

6219 North U.S. Hwy 25E
Gray, KY 40734

Cumberland Valley Electric

15997 North U.S. Hwy 119
Cumberland, KY 40823

If you have any questions about any of the options listed above please call our office at (800) 513-2677.

Thank You,

Cumberland Valley Electric



What To Do When The Lights Go Out

Before Calling Cumberland Valley Electric...

1. Check your breaker box, reset any tripped breakers.
2. Check with your nearest neighbors to see if they have power. Consumers served from the same transformer should all have power at the same time.

If you determine that your power is off and need to report a power outage, call the number below at any time:

1-800-513-2677

Please have your account number ready when calling to report power interruptions. Your account number can be found on your billing statement. Record the account number below and retain this sheet for future reference.

ACCOUNT NUMBER:



A little change can add up to a big savings

When it comes to energy efficiency in the home, sometimes small changes can make a big impact. A small, unglamorous task like changing the filters on your HVAC system makes your unit run more efficiently—keeping your house cooler in the summer and warmer in the winter. It also saves money.

The lowdown on dirt

As you move around your home, you drive dust into the air from carpets, furniture, and drapes. Dust and dirt trapped in a system's air filter leads to several problems, including:

- Reduced airflow in the home and up to 15 percent higher operating costs
- Costly duct cleaning or replacement
- Lowered system efficiency

Making the switch

Many HVAC professionals recommend you clean or change the filter on your air conditioner or furnace monthly. It's simple and easy and usually only takes a few minutes.

Filters are available in a variety of types and efficiencies, rated by a

Minimum Efficiency Reporting Value (MERV). MERV, a method developed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers, tests filter effectiveness. The higher the MERV number, the higher the filter's effectiveness at keeping dust out of your system. While most types of filters must be replaced, some filters are reusable. And don't forget about the winter months. Your heating system needs to work as efficiently as possible to keep you warm and a clean air filter helps do that.

Heating and cooling professionals recommend turning your system off before changing the air filter. Make sure that the arrow on the filter—which indicates the direction of the airflow—is pointing toward the blower motor.

When you've made the change, turn your system back on.

A teachable moment

Beyond saving money and improving the air quality in your home, changing your air filter is a great opportunity to teach your family more about energy efficiency. Consider getting everyone involved, and the entire family will learn how simple changes can make a big difference.



NRECA

If you have a refrigerator in the garage...

It's convenient to have an extra refrigerator in the house for overflow food storage during holidays and parties. But the garage isn't necessarily the best place to put it.

Unless your garage is air-conditioned or insulated, it gets awfully hot in there during the summer, and that can force the refrigerator to work overtime to keep the food cold. You'll see the cost of that hard work on your electric bill.

If you must put a fridge in the garage, keep a few things in mind:

- It's not just the heat that stresses out a garage-based refrigerator: manufacturers don't recommend placing one in a space whose temperature dips below 55 degrees in the winter. In an unheated garage, the fridge can actually warm up frozen food if the room temperature dips below freezing.

- Have an electrician upgrade the electrical circuits in your garage before you plug in a refrigerator. If the appliance overtaxes the circuit, you could

wind up with a lot of smelly, spoiled food.

- Plug your refrigerator only into a grounded wall outlet.

- Avoid plugging the appliance into an outlet that's controlled by a switch. Someone could accidentally turn the switch off and cut power to the fridge.

- Clean a garage-based refrigerator more often than the one in the kitchen. The garage gets a lot dirtier than the house does.

- Don't stack items around the refrigerator or lean anything against it. Like any appliance, it needs room to "breathe" or it won't operate efficiently.

- If your garage refrigerator used to be your kitchen refrigerator, it's probably pretty old and very inefficient. You're better off buying a small, new refrigerator and recycling the old one so you won't waste energy and unnecessarily run up your electric bill.



Ceiling fans make rooms feel cooler

You can save energy by turning your air conditioner up just a few degrees this summer. And if you use your ceiling fans, you'll never notice the difference in temperature.

Ceiling fans circulate the air, so you can feel a sort of breeze on your skin. A fan doesn't actually cool the room, but it makes you feel cooler while you're in it.

Don't have ceiling fans? Here are some guidelines for choosing them:

- The bigger the room, the longer the fan's blades should be. A rule of thumb: for a room smaller than 100 square feet, like a bathroom, buy a fan with 32- to 36-inch blades. For a medium-sized bedroom or kitchen—up to about 225 square feet—you'll need blades measuring 42 to 48 inches. Large master bedrooms and dining rooms up to 485 square feet require 50- to 56-inch blades. Rooms larger than 600 square feet will need blades measuring 60 inches or more.

- Install the fan seven to eight feet from the floor.

- If your room has high ceilings, buy an extension "downrod" to lower the fan. For short ceilings, some manufacturers offer "close mount" fans.

- Don't mess with hard-to-reach cords. Connect your fan and/or light to a wall light switch or remote control.



SUMMER ENERGY EFFICIENCY: *Myth vs. Fact*

Myth #1: When I'm not home, keeping my air conditioner at a lower temperature throughout the day means it doesn't have to run harder to cool my home when I return.

FACT: To save energy, set your thermostat to a higher temperature during the day, and lower it when you return home.

Myth #2: Closing vents on my central air conditioning system will boost efficiency.

FACT: Closing vents can cause the compressor to cycle too frequently and the heat pump to overload. You'll also use more energy.

Myth #3: Time of day doesn't matter when it comes to running my appliances.

FACT: Time of day does matter when running electrical loads. For example, take advantage of the delay setting and run your dishwasher at night to avoid peak times of use and save energy.

Myth #4: Bigger is always better when it comes to cooling equipment.

FACT: Too often, cooling equipment isn't sized properly and leads to higher electric bills. A unit that's too large for your home will not cool evenly and might produce higher humidity indoors.

Official Notice of Tariff Filing

Pursuant to the Kentucky Public Service Commission's ("Commission") regulation 807 KAR 5:011, Section 8, Cumberland Valley Electric Inc. gives notice requesting approval to modify its outdoor lighting tariff to include light emitting diode (LED) lighting options. This filing will be submitted to the Commission on August 1, 2015. If Cumberland Valley Electric's request is approved, the tariff will be effective September 1, 2015. The LED lighting option will be available to all customer classifications. A person may examine the tariff filing at Cumberland Valley Electric's office

located at 6219 North U.S. Hwy 25E Gray, KY. A person may also examine the tariff filing at the Commission's office located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8 a.m. to 4:30 p.m., or through the Commission's Web site at <http://psc.ky.gov>. Comments regarding the tariff filing may be submitted to the Commission through its Web site at <http://psc.ky.gov>, or by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. The recommendations contained in this tariff filing are the recommendations proposed by Cumberland Valley

Electric Inc., but the Commission may order recommendations that differ from the proposed recommendations in the tariff filing. A person may submit a timely written request for intervention in the tariff filing to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of the notice, the Commission may take final action on the tariff filing.

Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

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Thank You,

Cumberland Valley Electric



What To Do When The Lights Go Out

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ACCOUNT NUMBER:



Your Co-op's Employees

Skilled individuals keep the lights on

Today's electric cooperative system is a complex one. That's why it takes highly trained and skilled employees to work at your electric cooperative. And I'm proud to say these are the employees we have here at Cumberland Valley Electric.

Your first encounter with employees at your electric co-op is probably with the Customer Service reps at the front counter or over the phone. Training makes for an effective representative who gets the proper information to

you—our member.

You also see our linemen out in the field updating the system or restoring power after an outage. These skilled individuals receive constant education, both in the areas of line construction and, more importantly, safety, ensuring our members' lights stay on.

But so much more goes on at your co-op with other tasks that require skill and knowledge. Keeping the financials in order takes professionals who have degrees in understanding the fiscal

responsibilities of your cooperative.

Dispatch personnel need to know the system inside and out to ensure your power stays flowing and to get linemen to a precise outage area to begin maintenance in a timely manner.

Our engineers receive continual training and updates to mold the complex electric system. Our energy advisors constantly gather and distribute information to our members that can help them with electric bills.

Operations personnel build out the system using state-of-the-art technology that keeps the lights on with less outage time.

Even our custodians are part of the process by maintaining the grounds and office buildings so all employees work in an environment conducive to providing our members the electricity they need.

Keeping the lights on...that's the motto among your cooperative employees. Fortunately, our diverse group of employees is exceptionally trained to follow through on that motto.

So next time you see one of your electric co-op employees, tell them—thanks for keeping the lights on.



Organized garage is safer for power and lawn tools



Is your garage so full of junk that there's no room in it for your car? You're not alone: a homeowner survey from Gladiator GarageWorks says one in four Americans can't park their cars in their cluttered garages.

To get organized, the garage organization manufacturer suggests dividing the space into zones. For example, in one zone, you'll store all of your lawn and garden equipment; in another, your power tools;

in a third, the family's bikes and sports equipment; and in a fourth, the barbecue grill and patio furniture.

Throw away or donate what you don't want to keep, and then drive your car in and park it.

The "zone" system not only helps make room for your car; it organizes the things you store in the garage that you actually use occasionally. More important, however, is that it makes space for the proper storage of electric tools and machines like your leaf blower, hedge trimmer, and drills.

That equipment should never be carelessly tossed into a pile; that can lead to damaged parts and cords, which can shorten the life of the device and also pose a fire hazard.



Storm headed your way?

Storms seem to be increasing in frequency and severity, and that can lead to more power outages.

To avoid disaster, plan your response to a sudden storm. Here are a few tips:

- As soon as the power goes out, unplug all major electrical appliances and your expensive electronics. This could prevent an electrical surge from damaging the motors of those appliances when the power is restored.
- Unplug basement appliances if you expect flooding.
- If water gets into the house, turn off the electricity to those areas before stepping into a wet room. Stepping in water—even just a puddle—that is touching plugged-in appliances will electrocute you.
- Before turning wet appliances back on, have an electrician inspect them.
- Keep the refrigerator door closed during a power outage. Food will stay good for four to six hours in an unopened refrigerator.
- Keep a refrigerator thermometer on hand to check the temperature when power is restored. If food is below 40 degrees, it's safe to eat.
- Find out ahead of time where you can get dry ice if the power is off for more than four hours. And keep ready-to-eat, nonperishable food—and a manual can opener—on hand.
- If someone in the house is on life-support or relies on any electric medical device, make a plan for where to take the person in case of a power outage. Your local hospital can help you with the plan.

Think about electricity

Cumberland Valley to sponsor Honor Flight this month

As John Robbins caught his first glimpse of the U.S. Marine Corps War Memorial in Arlington, Va., the memories came flooding back.

In a flash, he was again a 19-year-old petty officer aboard a Navy landing craft in the Pacific Ocean. He could hear the artillery fire as Marines fiercely fought to take the island of Iwo Jima from the Japanese Imperial Army. He was watching through binoculars as soldiers raised the American flag on Mount Suribachi while hundreds of American ships sounded their horns to celebrate.

"Everyone cheered," the 90-year-old World War II veteran recalled about the moment troops captured a key position. "It was like the Fourth of July."

As John and other veterans participating in the Honor Flight in 2012 circled the 110-foot bronze memorial, he also remembered the bespectacled photographer he'd seen on his ship. He was Joe Rosenthal, who only hours later would photograph the iconic flag-raising scene that inspired the statue.

John's recollection is just one of many touching moments experienced by those who have participated in the Honor Flight sponsored by Cumberland Valley Electric and Kentucky's Touchstone Energy Cooperatives. On Saturday, Sept. 26, more memories will be made as a record 72 Kentucky veterans participate in the one-day trip. Eighteen veterans will be sponsored by Kentucky's Touchstone Energy Cooperatives, with the remainder hosted by Honor Flight Bluegrass Chapter and an anonymous donor.

This will be the fifth year that we've partnered with Honor Flight Bluegrass

Chapter to take veterans, free of charge, to visit memorials in and near Washington, D.C. The trip culminates with a wreath-laying ceremony at the Tomb of the Unknown Soldier in Arlington National Cemetery.

Cumberland Valley is pleased to play a role in honoring our military heroes by sponsoring local veteran Heskell Roaden, 91, from Corbin, KY. He served in the Army during World War II.

You, too, can show your admiration for these veterans by helping to welcome them home from their trip. The Honor Flight is scheduled to land at the Bluegrass Airport in Lexington shortly after 10 p.m. on Sept. 26. We invite you to be on hand for this very special occasion.



John Robbins stands with guardian Althea Burns at the World War II Memorial during the Honor Flight in 2012. Mr. Robbins served aboard a Navy landing craft during the battle of Iwo Jima.

Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

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Gray, KY 40734

Cumberland Valley Electric

15997 North U.S. Hwy 119
Cumberland, KY 40823

If you have any questions about any of the options listed above please call our office at (800) 513-2677.

Thank You,

Cumberland Valley Electric



What To Do When The Lights Go Out

Before Calling Cumberland Valley Electric...

1. Check your breaker box, reset any tripped breakers.
2. Check with your nearest neighbors to see if they have power. Consumers served from the same transformer should all have power at the same time.

If you determine that your power is off and need to report a power outage, call the number below at any time:

1-800-513-2677

Please have your account number ready when calling to report power interruptions. Your account number can be found on your billing statement. Record the account number below and retain this sheet for future reference.

ACCOUNT NUMBER:



Celebrating Our Uniqueness This Cooperative Month

You flip the switch and you get light. You probably don't even think about it. But getting that light to you, as well as the electricity that powers all the important things in your life, comes from an entity that's not like other places that provide that service because Cumberland Valley Electric is a cooperative.

Each October we celebrate that fact.

Cooperative businesses adhere to their own set of principles. They even have a name: the 7 Cooperative Principles.

But at Cumberland Valley Electric we actually practice those principles all year. They are:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

All the principles are important but the last one really hits home: Concern for Community.

Our employees live and work in your community and we like to give back. We volunteer at agencies like United Way or



Relay For Life. We provide scholarships to students as well as electric safety demonstrations to young and old alike.

One of the other principles—Education, Training, and Information—is also important. This newsletter you are reading is one way we educate our members about their cooperative. Our employees, no matter where they work at the co-op, receive vital training throughout the year that makes for an efficient electric cooperative and one that provides reliable and affordable power to you, our members.

There are many other cooperative

businesses you may have heard of and they all follow the seven principles from above. Many local newspapers are filled with stories from the Associated Press. That juice you just bought at the grocery—Sunkist, Ocean Spray, or Florida's Natural. Maybe the butter is Land-O-Lakes or processed by a Dairy Farmers of America co-op. The local hardware store may be an Ace, True Value, or Do-It-Best—all cooperative businesses.

These seven principles are the glue that holds the some 29,000 cooperative businesses together in the U.S. That's definitely cause for celebration.

The best device for a safe Halloween: your front porch light

One of the best ways to make sure your kids and everyone in the neighborhood has a fun and safe Halloween is to turn on your porch light.

You know how to keep your kids safe on Oct. 31: dress them in bright costumes, keep them in your sight as they visit the neighbors' homes, and check their candy before they eat it.

But you also need to make your yard and home safe for the little goblins and angels who will be ringing your doorbell on Fright Night. Here's how to prep your house for their arrival. Start a week before the big night:

- ◆ Replace your porch light so there's no chance it will burn out in the middle of the fun.
- ◆ Keep the light turned on until you run out of candy. The light lets trick-or-treaters know they are welcome and keeps your porch or steps illuminated to prevent falls.
- ◆ Use the holiday as a good excuse to place some security lighting or outdoor lighting around the house. Proper lighting will scare off pranksters and keep visitors safe.
- ◆ If you decorate for Halloween, choose lighted decorations that are certified by a product safety organization like UL, which has standards for safety and performance.
- ◆ Connect no more than three strands of decorative lights together. Inspect them first for damaged cords and always unplug them before replacing bulbs.
- ◆ Use outdoor, heavy-duty extension cords for outdoor lighting jobs, and don't overload them.
- ◆ Move cords out of the way of the home's entrance so your scary little friends won't trip over them as they rush to your front door in the dark.



How's the air in there?

Some days, the air inside your house is just about as polluted as the air outdoors.

You can change that—and you should. After all, most of us spend 90 percent of our time indoors.

Clear up the air inside your home, especially if family members have headaches or suffer from allergies. Here's how to start:

- If your house is pretty new, chances are, your builder made it airtight so your air-conditioning and heating systems would work more efficiently. If that's the case, the house needs proper ventilation to keep the air circulating, which will help prevent indoor air pollution. If your indoor air smells "stale" or if you or your family suddenly feels uncomfortable because of it, have your ventilation system checked.
- Furnaces and stoves should be directly vented to remove moisture and combustion byproducts from your home. Bathrooms should have exhaust fans to pull moisture outside. Clothes dryers should be vented to the outdoors.
- Seal cracks and insulate walls in the basement to prevent pollutants from soil—like radon—from entering the house. Use cement grout or caulk to seal visible cracks in foundation walls or floors.
- Check and clean your furnace every year to prevent damaged heat exchangers or blocked flues from spewing pollutants into indoor air.
- Change furnace filters frequently. The filters not only protect the furnace equipment, but high-quality filters can also trap pollutants.
- Install a carbon monoxide detector in your home. Unlike some other pollutants, you won't know when carbon monoxide is in the air until it's too late because it is colorless and odorless.
- Paints, solvents, household cleaners, and air fresheners can contain pollutants. Use them with windows open and exhaust fans on.
- If you need to remove lead paint from your home's walls and ceilings, call a professional. The removal process can cause serious health risks if not done properly.

THINKSTOCK/STOCKBYTE/THINKSTOCK



Is solar right for your home?

Adding solar panels to your roof could save you a bundle of money on your energy bills every year. But they're not for everyone.

Before you invest in rooftop photovoltaics, consider:

- How long do you expect to live in your home? You can buy solar panels for your home, or you can lease them.
- Most leases last for at least 20 years. If you sell your house before the lease expires, the family that buys it will have to take over the lease. If the new owners don't want the panels, you might have to "buy out" the remainder of the lease, which can be expensive, depending on your contract with the vendor.
- If the new owners don't want the leased panels, you'll have to give them back to the company you're leasing them from. Removing solar panels and the brackets that hold them in place could damage your roof. Reroofing is also expensive.
- You might think solar would be a selling point, but not everyone is as "green" as you are.
- The cost of solar continues to fall, so you might be able to buy the panels instead of leasing them. That would save you from having to convince anyone to take over a lease—or from having to reroof the house before the sale.

Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

Automatic Bank Draft—Have your electric bill automatically drafted from your checking account each month. You still receive your bill in the mail each month but no longer have to write a check to make a payment. Utilize our E-Bill system along with bank draft and have your electric bill e-mailed to you each month. Call our office at (800) 513-2677 and ask to sign up on bank draft, or check out our E-Bill system at www.cumberlandvalley.coop.

Credit/Debit Cards—Pay your electric bill with VISA or MASTERCARD branded cards at our offices, by phone, or at our Web site at www.cumberlandvalley.coop. These payments can be set up to occur automatically each month.

Money Orders/Checks—You can purchase money orders or write a check and use the envelope provided to return payment. Save time and trouble by using our Web site at www.cumberlandvalley.coop.

You can also pay your bill at our two office locations listed below.

Cumberland Valley Electric

6219 North U.S. Hwy 25E

Gray, KY 40734

Cumberland Valley Electric

15997 North U.S. Hwy 119

Cumberland, KY 40823


If you have any questions about any of the options listed above please call our office at (800) 513-2677.

Thank You,

Cumberland Valley Electric



Cumberland Valley Electric

A Touchstone Energy Cooperative 

What To Do When The Lights Go Out

Before Calling Cumberland Valley Electric...

1. Check your breaker box, reset any tripped breakers.
2. Check with your nearest neighbors to see if they have power. Consumers served from the same transformer should all have power at the same time.

If you determine that your power is off and need to report a power outage, call the number below at any time:

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Please have your account number ready when calling to report power interruptions. Your account number can be found on your billing statement. Record the account number below and retain this sheet for future reference.

ACCOUNT NUMBER:



Everyone can be energy efficient: get the whole family involved

It's almost time for Thanksgiving, a time when visitors and folks congregate around the house. So it's not uncommon during the holidays to see your energy bill increase. But there are things you can do to lower your energy bill before the holiday arrives—and throughout the year.

How many times have your children come home from school and “taught” you something after someone from Cumberland Valley Electric presented a program about electricity? You may think you're up on all the energy-efficiency information that can help lower your electric bill, but “out of the mouths of babes” as they say. When the kids get involved the whole family gets involved.

Involve all family members in these energy-efficient tips and start saving:

- Plug electronic devices such as cable boxes, printers, and TVs into power strips and have the kids switch those off before a long vacation or long periods without use.
- Make it a game and get the kids to find lights that burn more than one hour per day and then have everyone replace the bulb with a light-emitting diode (LED) bulb.
- Time for hide-and-seek: find things outside like telephone, electrical, and cable lines, gas, water spigots, dryer vents, etc., and have everyone caulk around them.
- Have everyone see if the water heater temperature is set no higher than the recommended 120°F.
- Make someone the Official Garage Door Closer and keep the garage door down—a warmer garage in winter and cooler garage in summer will save energy.
- Have a family member use a calendar and mark a date each month to indicate it's time to change HVAC filters. Your children can continue with the education at CumberlandValley.coop or Touchstone Energy's KidsEnergyZone.com. Touchstone Energy also has a great site for you with lots of energy saving information: TogetherWeSave.com.

Here's to the many thankful times our cooperative family hopes you will have with your family and friends on Thanksgiving Day.



Teach kids about cooking... let them help in the kitchen

Thanksgiving is equal parts family time and cooking—but the two often compete.

This year, don't shoo your kids out of the kitchen as you bake the pies, roast the turkey, and mash the potatoes. Instead, get them involved in preparing the family meal.

Here are just a few of the benefits of cooking with your kids:

- As you give your children age-appropriate tasks, you'll be teaching them how to work safely around a hot stove and oven, and with knives and other kitchen tools. Although you'll want to give your small children jobs that don't involve cutting with sharp blades or touching hot pots or appliances, you can talk about and demonstrate their safe use.
- If you assign your young helpers the job of preparing salads and veggies to serve

alongside the creamy gravy and rich desserts, they'll be more likely to want to eat those healthy selections.

- Cooking and baking are valuable skills that your children—both boys and girls—will rely on for the rest of their lives. Teach them how.
- Children who help with meal planning,

food shopping, and cooking tend to learn more about food, calories, and portion control.

When the family sits down to eat the Turkey Day feast, take a few moments to thank the young cooks for their contribution so the whole family can congratulate them.



In a holiday rush? Don't skimp on safety!

It's almost time to unpack the holiday lights and dress the house up for Christmas.

Between Thanksgiving, Christmas shopping, party planning, school concerts, and work, however, you might be tempted to deck your halls in a hurry.

Slow down. The winter holidays can be the best time of the year—as long as you and your family stay safe.

No matter how busy you are, take care to protect your home from the risk of fire during the holidays. A third of all residential fires occur during the winter, according to the National Fire Protection Agency. Don't let your home become a statistic because you didn't take time for safety.



Pay attention to:

- **Overloaded outlets and electrical cords.** Invest in a high-quality power strip, where you can plug extra lights, appliances, and decorations.
- **Hidden electrical cords.** Never

run cords under rugs or in high-traffic areas. People can trip over them, and the rug can cause wear on a cord. That can make it vulnerable to overheating and starting a fire.

- **Cracked or frayed wire on a cord.** If you see one that's damaged, throw it away.
- **Extension cords.** After the holidays are over, pack them up and store them with your decorations.

Extension cords are not designed for permanent use.

- **Smoke alarms.** Keep your smoke detector and carbon monoxide alarm batteries fresh. Change them before company arrives.

Tis the season for saving with your Co-op Connections Card

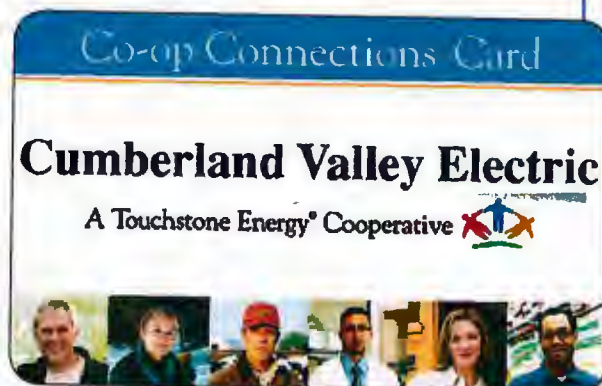
Holiday spending can put a dent in anyone's budget. Use your Cumberland Valley Electric Co-op Connections Card and save this season by taking advantage of these offerings or visit www.connections.coop for a complete discount listing.

CASH BACK MALL: You can earn cash back on your online purchases on more than 300,000,000 products from more than 4,000 leading online merchants with Cumberland Valley's Co-op Connections. It's the same sites you're already shopping, but now you get more for your money. Download and use the free Shopping Assistant for your browser to make it even easier at www.connections.coop and click on Cash Back Mall. You can even take your savings on the go by downloading the mobile app in your app store, by searching for "Touchstone Shopping Assistant."

OUTLET SHOPPES OF THE BLUEGRASS IN SIMPSONVILLE, KY:

Receive a VIP coupon book (valued at \$5) when you show your Co-op Connections Card at Guest Services in the food court. The coupon book features discounts of more than \$300 at the stores.

PERSONALCREATIONS.COM: Save 20 percent on personalized gifts at <http://tinyurl.com/pkarwvn>. Choose from a massive collection of customizable, one-of-a-kind items, designed exclusively for you. With more than 100 gifts under \$20, you are sure to find the perfect gift for any budget.



TARIFF NOTICE

Pursuant to the Kentucky Public Service Commission's ("Commission") regulation 807 KAR 5:011, Section 8, Cumberland Valley Electric gives notice that a tariff requesting approval to implement a low income weatherization assistance program called Community Assistance Resources for Energy Savings ("CARES") Program will be submitted to the Commission on November 1, 2015. If Cumberland Valley Electric's request is approved, the tariff will be effective December 1, 2015, at which time qualified residential end-use members of Cumberland Valley Electric receiving efficiency upgrades from their local Community Action Agency ("CAA") weatherization program will be able to receive up to \$2,000 in weatherization assistance provided through the CAA, subject to detailed eligibility requirements. A person may examine this tariff filing at Cumberland Valley Electric offices located at 6219 North U.S. Hwy 25E Gray, Kentucky.

A person may also examine this tariff filing at the Commission's office located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Commission's Web site at <http://psc.ky.gov>. Comments regarding this tariff filing may be submitted to the Commission through its Web site at <http://psc.ky.gov>, or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. The incentive contained in this tariff filing is the incentive proposed by Cumberland Valley Electric, but the Commission may order an incentive that differs from the proposed incentive contained in this tariff filing.

A person may submit a timely written request for intervention in this tariff filing to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the person requesting intervention. If the Commission does not receive a written request for intervention within thirty (30) days of this notice, the Commission may take final action on the tariff filing.

Did You Know?

Electric cooperatives own and operate more than 2.5 million miles of distribution lines. That's enough line to circle the equator more than 100 times!



Source: NASA, NRECA

Payment options

E-Bill/Web Site—Log onto our Web site and create a user name and password to your electric account. You can pay your bill with Visa and MasterCard branded credit and debit cards. You can also use electronic checks. Choose to receive your bill via e-mail each month. Log on today at www.cumberlandvalley.coop.

Automatic Bank Draft—Have your electric bill automatically drafted from your checking account each month. You still receive your bill in the mail each month but no longer have to write a check to make a payment. Utilize our E-Bill system along with bank draft and have your electric bill e-mailed to you each month. Call our office at (800) 513-2677 and ask to sign up on bank draft, or check out our E-Bill system at www.cumberlandvalley.coop.

Credit/Debit Cards—Pay your electric bill with VISA or MASTERCARD branded cards at our offices, by phone, or at our Web site at www.cumberlandvalley.coop. These payments can be set up to occur automatically each month.

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Cumberland Valley Electric



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ACCOUNT NUMBER:

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

27. Reference Cumberland Valley's response to AG 1-26. Provide a detailed explanation of what the \$900 monthly retainer fee for Attorney Hauser covers. Provide invoices for the past twenty-four (24) months with a description of the work performed, what portion, if any, is covered by the \$900 monthly retainer, hourly rate, and total monetary amount paid.

Response:

As previously stated by Cumberland Valley in response to AG 1-26, the \$900 monthly retainer fee covers board meeting preparation and attendance in addition to advising and consulting Cumberland Valley's staff on a wide variety of legal matters on a regular basis. Legal matters that fall outside the scope of this description are billed separately by Mr. Hauser. Cumberland Valley has attached the past 24 months of invoices from Mr. Hauser for legal work performed outside of the scope of the monthly retainer.

LAW OFFICES

W. PATRICK HAUSER, P.S.C.

*OK
JPH*

W. PATRICK HAUSER
E-MAIL phauser@barbourville.com
DEBORAH DAY, Paralegal
E-MAIL ddd@barbourville.com

P.O. BOX 1900
200 KNOX STREET
BARBOURVILLE, KENTUCKY 40906
Telephone: (606)-546-3811
Telefax: (606) 546-3050

May 27, 2016

Mr. Ted Hampton
Cumberland Valley Electric
P.O. Box 440
Gray, KY 40734

Re: Collett & Smith Logging – Claim #70 16 295006
Sandra Wilson – Claim #17 4B68 299

Dear Ted:

Please find enclosed my statement for legal services provided to Cumberland Valley Electric regarding the above.

Should you have any questions, please do not hesitate to contact my office.

Very truly yours

[Handwritten Signature]
W. Patrick Hauser

WPH/tg

Enclosures

Keyed

621629

CUMBERLAND VALLEY RECC
Vend # 12125
By PO # —
App. By & Date BPC 6/2/16
DATE JUN 02 2016
REC'D
Date Paid 6-2-16
Check # 69207
Account # 923.00 - 1,290.00
Acct. Date 5/31/16
Due Date 6/2/16

W. Patrick Hauser, P.S.C.
P.O. Box 1900
Barbourville, KY 40906

Invoice submitted to:
Mr. Ted Hampton
Cumberland Valley Electric
P.O. Box 440
Gray, KY 40734

May 27, 2016

In Reference To: Collections
Claim #70 16 295006 Collett & Smith Logging
Claim #17 4B68 299 Sandra Wilson

Invoice #2100

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
3/14/2016 Letter to Deb Mathewson with National Indemnity Company with the executed Release regarding settlement of Collett & Smith Logging damages.	1.00 150.00/hr	150.00
Letter to Abraham Panduro with State Farm Insurance with executed Release regarding the settlement of Sandra Wilson damages.	1.00 150.00/hr	150.00
3/11/2016 Reviewed letter from Abraham Panduro with State Farm Insurance with Release and payment in the amount of \$5,615.98 as settlement of the Sandra Wilson claim.	0.30 150.00/hr	45.00
3/8/2016 Phone Call x 3 From Abraham Panduro with State Farm Insurance regarding Sandra Wilson property damage; Phone call to Ted Hampton.	0.50 150.00/hr	75.00
Reviewed letter from Deb Mathewson with National Indemnity Company with Release and payment regarding Colletter & Smith Trucking.	0.30 150.00/hr	45.00
2/18/2016 Prepare email and sent to Reva Holcomb confirming agreement to settle the claim regarding Collett & Smith Logging for the sum of \$8,000.00.	0.50 150.00/hr	75.00
2/16/2016 Phone Call to Reva Holcomb with Lafayette Technical Services regarding Collett & Smith Logging; Phone call to Ted Hampton.	0.40 150.00/hr	60.00

Mr. Ted Hampton

Page 2

	<u>Hrs/Rate</u>	<u>Amount</u>
2/16/2016 Phone Call to Abraham Panduro with State Farm Mutual Automobile Insurance Co. regarding the property damage by Sandra Wilson.; Phone call to Ted Hampton	0.40 150.00/hr	60.00
2/15/2016 Phone Calls From Reva Holcomb with Lafayette Technical and Ted Hampton regarding Collett & Smith Logging.	0.40 150.00/hr	60.00
Phone Call to Abraham Panduro regarding damages by Sandy Wilson.	0.30 150.00/hr	45.00
1/28/2016 Phone Call to National Indemnity Company Claims Operations in Omaha, Nebraska regarding damages by Collett & Smith Logging.	1.00 150.00/hr	150.00
1/27/2016 Phone Call to Risk Placement Services and The Martin Agency regarding damages by Collett & Smith Logging.	1.50 150.00/hr	225.00
12/9/2015 Prepared and faxed letter of representation to State Farm regarding the property damage to utility pole on March 22, 2014 by Sandra Wilson.	1.00 150.00/hr	150.00
For professional services rendered	<u>8.60</u>	<u>\$1,290.00</u>
Balance due		<u><u>\$1,290.00</u></u>

PLEASE CALL IF YOU HAVE ANY QUESTIONS REGARDING YOUR BILLING STATEMENT.

LAW OFFICES

W. PATRICK HAUSER, P.S.C.

W. PATRICK HAUSER
E-MAIL phauser@barbourville.com
DEBORAH DAY, Paralegal
EMAIL dddav@barbourville.com

P.O. BOX 1900
200 KNOX STREET
BARBOURVILLE, KENTUCKY 40906
Telephone: (606)-546-3811
Telefax: (606) 546-3050

August 7, 2015

Mr. Ted Hampton
Cumberland Valley Electric, Inc.
P.O. Box 440
Gray, KY 40734

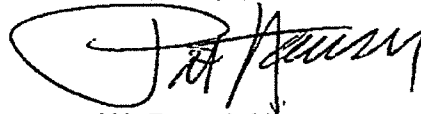
Re: Cumberland Valley Electric
Background Check regarding Elbert Hampton

Dear Ted:

Enclosed please find my statement for legal services provided to date regarding the above.

If you have any questions, please give me a call.

Very truly yours,



W. Patrick Hauser

WPH/dd

Enclosure

W. Patrick Hauser, P.S.C.
P.O. Box 1900
Barbourville, KY 40906

Invoice submitted to:
Mr. Ted Hampton
Cumberland Valley Electric
P.O. Box 440
Gray, KY 40734

August 05, 2015

In Reference To: East Kentucky Power
Invoice #1933

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
5/19/2015 Letter to Michelle Carpenter at EKP with results of background check.	0.50 150.00/hr	75.00
5/4/2015 Meeting with Elbert Hampton, complete documents for Background check; Letter to General Information Services with required documents.	2.00 150.00/hr	300.00
4/30/2015 Review of documents from EKP regarding background check.	0.25 150.00/hr	37.50
For professional services rendered	<u>2.75</u>	<u>\$412.50</u>
Balance due		<u><u>\$412.50</u></u>

PLEASE CALL IF YOU HAVE ANY QUESTIONS REGARDING YOUR BILLING STATEMENT.

LAW OFFICES
W. PATRICK HAUSER, P.S.C.
200 KNOX STREET

P.O. Box 1900
BARBOURVILLE, KENTUCKY 40906

Telephone: (606) 546-3811
Telefax: (606) 546-3050
E-MAIL phouser@barbourville.com

December 8, 2014

Mr. Ted Hampton
Cumberland Valley Electric, Inc.
P.O. Box 440
Gray, KY 40734

OK Ted

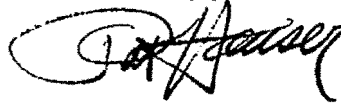
Re: Cumberland Valley Electric
PSC Case No. 00159

Dear Ted:

Enclosed please find my statement for legal services provided to date regarding the above.

If you have any questions, please give me a call.

Very truly yours,



W. Patrick Hauser

WPH/dd

Enclosure

W. Patrick Hauser, P.S.C.
P.O. Box 1900
Barbourville, KY 40906

Invoice submitted to:
Mr. Ted Hampton
Cumberland Valley Electric
P.O. Box 440
Gray, KENTUCKY 40734

December 04, 2014

In Reference To: PSC Case No. 00159

Invoice #1846

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
11/18/2014 Phone Call x 2 to Robbie Tolliver; Phone call x 2 to Ted Hampton; Phone call to Angela Goad with the Attorney Generals Office; Phone call to John Beyer.	2.50 150.00/hr	375.00
11/14/2014 Phone Call to Tip Depp; Phone call from Tip Deff.	0.30 150.00/hr	45.00
Phone Call to Angela Goad with the Attorney Generals Office.	0.40 150.00/hr	60.00
11/13/2014 Review the Post Hearing Request Reply.	1.00 150.00/hr	150.00
11/12/2014 Phone Call to Tip Depp.	0.40 150.00/hr	60.00
11/5/2014 Travel to Frankfort to attend hearing at PSC - Rate Case	8.00 150.00/hr	1,200.00
11/4/2014 Phone Call to Ted Hampton	0.20 150.00/hr	30.00
Phone Call to Jim Adkins.	0.20 150.00/hr	30.00
10/30/2014 Phone Call x 3 From Robbie Tolliver; Phone call x4 to Robbie Tolliver; Phone call x 3 to Angela Goad.	0.80 150.00/hr	120.00

Mr. Ted Hampton

Page 2

	<u>Hrs/Rate</u>	<u>Amount</u>
10/29/2014 Travel to and Attended PSC Informal Conference at the Commission's Office in Frankfort;	6.00 150.00/hr	900.00
10/28/2014 Phone Call to Angela Goad at the Attorney General Office; Phone call from Robbie Tolliver; Phone call to Robbie Tolliver.	0.40 150.00/hr	60.00
Meeting with Ted Hampton; Robbie Tolliver; B. Elliott, Jim Adkins in preparation for conference in Frankfort.	2.00 150.00/hr	300.00
10/27/2014 Phone Call to Robbie Tolliver	0.20 150.00/hr	30.00
10/24/2014 Phone Call to Angela Goad at Attorney General Office regarding possible informal settlement conference; Phone call to Robbie Tolliver.	0.40 150.00/hr	60.00
10/16/2014 Phone Call (2) to Angela Goad; Phone call from Robert Way; Phone call to Ted Hampton	0.25 150.00/hr	37.50
10/15/2014 Phone Call to Robbie Tolliver; Phone call from Quan Wynn; Phone call from Mark David Goss	0.30 150.00/hr	45.00
10/3/2014 Meeting at CVE to review PSC filings	1.00 150.00/hr	150.00
9/17/2014 Review of Answer to PSC's 3rd set of questions; and Attorney General's 2nd set of questions	0.75 150.00/hr	112.50
Phone Call to Robert Tolliver.	0.10 150.00/hr	15.00
9/16/2014 Phone Call From Robert Tolliver.	0.40 150.00/hr	60.00
9/15/2014 Phone Call From Ted Hampton; Phone call to Robert Tolliver.	0.40 150.00/hr	60.00
9/8/2014 Phone Call to Mark David Goss	0.20 150.00/hr	30.00
9/3/2014 Phone Call to Mark Abner. ✓ Per Mark	0.40 150.00/hr	60.00
8/28/2014 Phone Call to Robert Tolliver.	0.20 150.00/hr	30.00
8/26/2014 Review Responses to Request from Attorney General and PSC at the CVE office	2.50 150.00/hr	375.00

Mr. Ted Hampton

Page 3

	<u>Hrs/Rate</u>	<u>Amount</u>
8/22/2014 Phone Call From Mark Abner ✓ <i>per mark</i>	0.50 150.00/hr	75.00
Phone Call to PSC	0.20 150.00/hr	30.00
8/21/2014 Phone Call From Robert Tolliver; phone call to Jonathan Beyer	0.13 150.00/hr	19.50
8/20/2014 Phone Call to Jonathan Beyer	0.10 150.00/hr	15.00
Phone Call to PSC; Review of CVE policy on nepotism	1.00 150.00/hr	150.00
8/19/2014 Phone Call to Mark David Goss (2)	0.10 150.00/hr	15.00
Phone Call to Jonathan Beyer	0.10 150.00/hr	15.00
8/18/2014 Phone Call to Robert Tolliver; Phone call to Jim Adkins	0.60 150.00/hr	90.00
Phone Call From Quan Wynn.	0.10 150.00/hr	15.00
8/15/2014 Phone Call to Mark David Goss	0.33 150.00/hr	49.50
Phone Call From Robert Tolliver; Phone call to Mark David Goss; Call from Mark David Goss; Phone call to PSC regarding extension of time to answer Requests; Review of Attorney General Questions	2.50 150.00/hr	375.00
8/14/2014 Meeting with Jim Adkins and Alan Zumstein; Review Attorney General questions with Ted Hampton	2.00 150.00/hr	300.00
8/13/2014 Phone Call From Quan Wynn regarding PSC	0.10 150.00/hr	15.00
Phone Call to Robert Tolliver	0.13 150.00/hr	19.50
For professional services rendered	<u>37.19</u>	<u>\$5,578.50</u>
Balance due		<u><u>\$5,578.50</u></u>

PLEASE CALL IF YOU HAVE ANY QUESTIONS REGARDING YOUR BILLING STATEMENT.

LAW OFFICES
W. PATRICK HAUSER, P.S.C.
200 KNOX STREET

P.O. Box 1900
BARBOURVILLE, KENTUCKY 40906

OK Ted
Telephone: (606) 546-3811
Telefax: (606) 546-3050
E-MAIL phauser@barbourville.com

October 28, 2014

Mr. Ted Hampton
Cumberland Valley Electric, Inc.
P.O. Box 440
Gray, KY 40734

Re: Cumberland Valley Electric

Dear Ted:

Enclosed please find my statement for legal services provided for various matters from January 27, 2014 through October 16, 2014.

If you have any questions, please give me a call.

Very truly yours,



W. Patrick Hauser

WPH/dd

Enclosure

W. Patrick Hauser, P.S.C.
P.O. Box 1900
Barbourville, KY 40906

Invoice submitted to:
Mr. Ted Hampton
Cumberland Valley Electric
P.O. Box 440
Gray, KY 40734

October 24, 2014

In Reference To: General

Invoice #1819

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
10/16/2014 Meeting with Mark Abner and Ted Hampton to discuss Wellhead Energy Agreement.	0.50 150.00/hr	75.00
9/29/2014 Phone Call to Mark Abner regarding Wellhead Energy Agreement	1.00 150.00/hr	150.00
9/19/2014 Phone Call From Ted Hampton regarding Board Minutes and Resolution	0.20 150.00/hr	30.00
9/10/2014 Meeting with Ted Hampton; Draft resolution and Board minutes for application of Policy No. 42	1.80 150.00/hr	270.00
4/4/2014 Review of scheduling matters with Mark David Goss	0.60 150.00/hr	90.00
2/24/2014 Attend special called meeting at CVE office regarding Board of Directors Nominations	1.50 150.00/hr	225.00
Phone Call From Brenda Estep	0.30 150.00/hr	45.00
1/27/2014 Conference Call with Mark David Goss and D. Samford; phone call to Elbert Reed Hampton; phone call to Ted Hampton; email to Mark David Goss all of the above regarding Mason County and Grayson	2.50 150.00/hr	375.00
For professional services rendered	<u>8.40</u>	<u>\$1,260.00</u>
Balance due		<u><u>\$1,260.00</u></u>

Mr. Ted Hampton

Page 2

PLEASE CALL IF YOU HAVE ANY QUESTIONS REGARDING YOUR BILLING STATEMENT.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

28. Reference Cumberland Valley's response to AG 1-27. Provide all invoices from Apple Legal for the past twenty-four months (24) with a description of the work performed, hourly rate, and total monetary amount paid.

Response:

Cumberland Valley has attached the requested invoices from Apple Legal as pages 2 – 13 of this item. Each invoices has a description of work performed, hourly rate and the total amount of the invoice.

APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
TELEPHONE 415-4165
AREA CODE 502
LOUISVILLE, KENTUCKY 40205
MILESAPPLE@ATT.NET

June 3, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For defense of preference claim filed in the U.S. Bankruptcy Court for the Eastern District of Virginia by James River Coal Companies, et al.

Fee for Legal Services, as of June 5, 2015:

5/16	Receipt and review of additional material for the basis of new value Defense and ordinary course defense.	1.1 Hours
5/17	Telephone call with M. Messer to discuss billing practices and Invoices. Inquire on funds returned post bankruptcy.	0.4 Hours
5/20	Draft position paper based on invoices, account summaries and Check remitted.	2.8 Hours
5/21	Draft email to P. Hauser with draft of position paper.	0.4 Hours
5/22	Draft initial answer for response to the adversary complaint.	2.4 Hours
5/27	Telephone conference with possible EDVA attorney about local Representation.	0.4 Hours
5/28	Telephone conference with Debtors' counsel requesting an Extension for filing answer to the complaint.	0.3 Hours
6/1	Telephone conference with P. Hauser informing him of the Extension.	0.2 Hours
6/1	Telephone conference with M. Messer for clarification.	0.5 Hours
6/2	Revise position paper and forward to client for review.	1.9 Hours
6/3	Receipt and review of comments to position paper, Telephone conference with M. Messer on minor changes. Edit.	0.7 Hours

6/3	Receipt and review of proofs of claim filed in bankruptcy.	0.6 Hours
6/4	Recirculate position paper and finalize.	1.2 Hours
6/4	Draft email to Debtors' counsel and forward copy of position paper requesting discussion.	0.3 Hours

Total Hours		13.20 Hours
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Rate -\$225.00/hour	X	<u>\$225.00</u>
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\$ 2970.00

Expenses -		\$ 0.00
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TOTAL AMOUNT DUE		\$ 2970.00
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APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
TELEPHONE 415-4165
AREA CODE 502
LOUISVILLE, KENTUCKY 40205
MILERAPPLE@ATT.NET

July 8, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For defense of preference claim filed in the U.S. Bankruptcy Court for the Eastern District of Virginia by James River Coal Companies, et al.

Fee for Legal Services, as of July 8, 2015:

6/12	Telephone call with B. Moore requesting extension and discussing position paper.	0.3 Hours
6/16	Telephonic conference with B. Moore discussing ordinary course and new value defenses. Negotiate settlement.	1.2 Hours
6/16	Draft email to P. Hauser with offer and proposed counter-offer with rationale,	0.5 Hours
6/18	Telephone call with P. Hauser on proposed counteroffer and approval.	0.3 Hours
6/18	Telephone call with B. Moore discussing counteroffer.	0.5 Hours
6/18	Draft e-mail explaining the acceptance of counteroffer and Process to finalize.	0.4 Hours
5/28	Telephone conference with Debtors' counsel requesting an Extension for filing answer to the complaint.	0.3 Hours
6/29	Follow-up on status of settlement agreement	0.2 Hours
7/1	Receipt and review of settlement agreement. Request changes Preserving existing proof of claims. Forward to client.	0.6 Hours
7/2	Follow-up on check and draft email with instructions on delivery of negotiated agreement and payment.	0.9 Hours
7/7	Receipt of finalized Settlement Agreement and close matter	0.7 Hours

Total Hours		5.90 Hours
Rate --\$225.00/hour	X	<u>\$225.00</u>
		\$ 1327.50
Expenses -- Virginia Local Counsel Fee		\$ 200.00
TOTAL AMOUNT DUE		\$ 1537.50

APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
TELEPHONE 415-4165
AREA CODE 502
LOUISVILLE, KENTUCKY 40205
MILESAPPLE@ATT.NET

August 28, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For bankruptcy case of North Fork Coal filed in the U.S. Bankruptcy Court for the Eastern District of Virginia by Alpha Resources, et al.

Fee for Legal Services, as of August 28, 2015:

8/04	Receipt and review of First Day Pleadings in Alpha Resources.	0.5 Hours
8/04	Telephone call with P.Hauser.	0.2 Hours
8/05	Receipt and review of amounts currently outstanding under North Fork utility agreement. Review of utility bond.	1.5 Hours
8/05	Review of docket in case and pleadings and forward utility motion.	1.0 Hours
8/05	Telephone call with M. Messer concerning matter.	0.4 Hours
8/05	Telephone call with counsel for Alpha confirming sale of North Fork Assets prior to bankruptcy. Draft email confirming sale and recommendation with regard to bond.	0.7 Hours
8/19	Draft bond demand letter.	1.3 Hours
8/20	Finalize bond demand and send finalized for client signature.	0.4 Hours
8/25	Receipt of final bond demand letter.	0.1 Hours

Total Hours 6.10 Hours

Rate -\$225.00/hour X \$225.00

\$ 1372.50

Expenses – PACER \$ 6.75

TOTAL AMOUNT DUE

\$ 1379.25

APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
TELEPHONE 415-4165
AREA CODE 502
LOUISVILLE, KENTUCKY 40205
MILESAPPLE@ATT.NET

August 28, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For bankruptcy case of Straight Creek filed in the U.S. Bankruptcy Court for the Eastern District of Kentucky by JW Resources.

Fee for Legal Services, as of August 28, 2015:

8/05	Telephone conference with M. Messer concerning outstanding amounts pre-bankruptcy.	0.3 Hours
8/19	Review of bond and discussion with M. Messer.	0.8 Hours
8/20	Telephone conference with P. Hauser and T. Hampton.	0.2 Hours
8/021	Review of docket and entry of appearance.	0.8 Hours
	Total Hours	2.10 Hours
	Rate - \$225.00/hour	<u>X</u> \$225.00
		\$ 472.50
	Expenses -- PACER	\$ 1.25
	TOTAL AMOUNT DUE	\$ 473.75

OK
Jed

APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
TELEPHONE 415-4165
AREA CODE 502
LOUISVILLE, KENTUCKY 40205
MILESAPPLE@ATT.NET

September 30, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For bankruptcy case of Straight Creek filed in the U.S. Bankruptcy Court for the Eastern District of Kentucky by JW Resources.

Fee for Legal Services, as of September 30, 2015:

9/03	Telephone conference with M. Messer concerning disconnect request and outstanding amounts.	0.4 Hours
9/03	Telephone call to A. Kegley concerning disconnect request and Confirmation.	0.3 Hours
9/04	Telephone conference with M. Messer on amounts outstanding.	0.2 Hours
9/04	Review of docket entries	0.8 Hours
9/14	Review of Bond Documents and draft Bond Demand Letter. Revise.	2.8 Hours
9/14	Telephone conference with M. Messer.	0.2 Hours
9/23	Review of docket entries.	1.3 Hours
9/23	Telephone call with A. Kegley concerning status.	0.4 Hours
9/29	Follow-up on demand letter and review of docket entries.	0.6 Hours

Total Hours. 7.00 Hours

Rate -\$225.00/hour X \$225.00

\$ 1575.00

Expenses - PACER \$ 11.50

TOTAL AMOUNT DUE \$ 1586.50

OK
Led

APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
TELEPHONE 415-4165
AREA CODE 502
LOUISVILLE, KENTUCKY 40205
MILESAPPLE@ATT.NET

October 5, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For bankruptcy case of North Fork Coal filed in the U.S. Bankruptcy Court for the Eastern District of Virginia by Alpha Resources, et al.

Fee for Legal Services, as of October 5, 2015:

9/14	Receipt and review of reply to demand.	0.3 Hours
9/15	Telephone conference with M. Messer	0.2 Hours
9/21	Follow-up on demand status.	0.5 Hours
9/28	Follow-up on demand, Review bankruptcy docket, telephone Conference with M Messer.	1.5 Hours
9/30	Attempted call with Lexon and Pat Hauser	0.6 Hours
	Total Hours	3.10 Hours
	Rate -\$225.00/hour	<u>X \$225.00</u>
		\$ 697.50
	Expenses - PACER	\$ 6.75
	TOTAL AMOUNT DUE	\$ 704.25

O.K. J.L.

APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
TELEPHONE 415-4165
AREA CODE 502
LOUISVILLE, KENTUCKY 40205
MILESAPPLE@ATT.NET

October 30, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For bankruptcy case of Straight Creek filed in the U.S. Bankruptcy Court for the Eastern District of Kentucky by JW Resources.

Fee for Legal Services, as of October 30, 2015:

10/14	Telephone conference with K. Marsilio concerning claim.	0.4 Hours
10/14	Email M. Messer requesting copies of physical invoices.	0.1 Hours
10/15	Receipt and review of copies of invoices and forward to K. Marsilion at Lexon	1.2 Hours
10/15	Review of bankruptcy docket as to results of bankruptcy sale.	0.4 Hours
10/22	Receipt and review of email from K. Marsilio allowing pre-petition Claim and denying post-petition claim. Forward to client and Respond. Review bond and claim. Check legal issues.	2.7 Hours
10/22	Telephone call with A. Kegley concerning claim.	0.4 Hours
10/22	Telephone call with P. Hauser concerning matter.	0.4 Hours
10/22	Telephone call with Lexon attorney concerning matter.	0.3 Hours
10/22	Telephone call with M. Messer concerning payment of Post-petition amounts.	0.3 Hours
10/26	Draft email accepting the pre-petition amounts.	0.4 Hours
10/28	Telephone conference with Lexon attorney on the pre-petition Amounts and the assignment issues.	0.5 Hours
10/28	Receipt and review of Release and assignment of claim. Forward To client and P. Hauser for review.	0.8 Hours
10/28	Telephone call with P. Hauser concerning release and assignment	

Issues.		0.3 Hours
Total Hours		8.20 Hours
Rate -\$225.00/hour	X	<u>\$225.00</u>
		\$ 1845.00
Expenses -- PACER		\$ 11.50
TOTAL AMOUNT DUE		\$ 1856.50

APPLE LEGAL PLLC
P.O. Box 5192
LOUISVILLE, KENTUCKY 40205
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AREA CODE 502
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MILESAPPLE@ATT.NET

October 28, 2015

Cumberland Valley Electric, Inc.
c/o Pat Hauser
P.O. Box 1900
Barbourville, KY 40906

INVOICE

RE: For bankruptcy case of North Fork Coal filed in the U.S. Bankruptcy Court for the Eastern District of Virginia by Alpha Resources, et al.

Fee for Legal Services, as of October 28, 2015:

10/5	Draft Follow-up Letter on Demand to honor.	1.0 Hours
10/6	Finalize demand and send out.	0.8 Hours
10/9	Receipt and review email from L. Ray over agreement to honor.	0.9 Hours
10/12	Telephone conference with P. Hauser concerning Agreement. Request change to Agreement from Lexon.	0.4 Hours
10/13	Negotiate Release and W-9 to L. Ray. Follow-up on payment.	1.1 Hours
10/22	Telephone conference with M. Messer concerning payment.	0.3 Hours
10/27	Confirmation with Leslie Ray that payment has been made.	0.3 Hours
10/28	Telephone conference with Harris Beech on payment and arrangements to finalize.	0.50 Hours
	Total Hours	5.30 Hours
	Rate - \$225.00/hour	X _____ \$225.00
		\$ 1,192.50
	Expenses - Registered Mail	\$ 13.48
	TOTAL AMOUNT DUE	\$ 1,205.98

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

29. Please reference Cumberland Valley's response to AG 1-29 and 1-32. Cumberland Valley confirms that there are multiple incidences of familial relationships amongst the employees such as the CEO being related to a Board Member, Assistant Superintendent, Superintendent, Bookkeeper, etc.
- a. For all of the relationships listed in the responses please specify the date each employee was hired and/or appointed to the position.

Response:

Cumberland Valley has provided the requested information on page 3 of this item.

- b. Were all of the employees with familial relationships hired after the Nepotism Policy was adopted in 1983? If not, provide a detailed explanation as to why Cumberland Valley violated its Nepotism Policy. Provide all documentation or board minutes noting any exceptions or deviations from Cumberland Valley's Nepotism policy.

Response:

Please see Cumberland Valley's response to Item No. 29(a) for specific details regarding the cooperative employees with familial relationships. Since 1983, Cumberland Valley has hired a small number of individuals that have familial relationships with existing employees. Issues related to familial relationships among employees have not been

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

overlooked by Cumberland Valley, and in fact was a matter reviewed and considered as part of Cumberland Valley's management audit conducted by Vantage Consulting, Inc., in 2006-2007. As part of that audit, Vantage observed a limited number of cooperative employees with familial relationships; however, Vantage also concluded that such employee relationships were not unreasonable in light of the size of the community in which Cumberland Valley is located and the past history of family involvement in the cooperative. While Cumberland Valley recognizes the imperative of its Nepotism Policy, it acknowledges that a limited number of exceptions have occurred. In these instances, Cumberland Valley's management and Board of Directors fully discuss and analyze them, and attempts are made to ensure that the relevant employees are in different departments, have distinct chains-of-command, and do not exercise authority over each other. Cumberland Valley remains committed to limiting the risk associated with familial relationships among its employees; to that end, the Cumberland Valley Board of Directors intends to review (and update, as necessary) the cooperative's existing Nepotism Policy to ensure its effectiveness and appropriate application going forward.

Cumberland Valley Electric Employee/Board Member Relationship Summary			
Hire Date	CVE Employee/Board Member	Related Employee Hire Date	Related Employee Position
4/6/1964	CEO	6/6/2003	Board Member
		6/7/1965	Construction Superintendent (1)
		11/1/1999	Asst. Construction Superintendent (2)
		6/11/1968	Bookkeeper* (3)
1/20/1998	Billing Supervisor (4)	5/21/2012	Lineman
3/5/2007	Lineman	4/18/2013	Billing Clerk
6/8/1998	Serviceman	11/4/1999	Asst. Engineer
7/22/2010	Board Member	7/19/2004	Serviceman
6/6/2003	Board Member	6/7/1965	Construction Superintendent (1)
		6/11/1968	Bookkeeper* (3)
		11/1/1999	Asst. Construction Superintendent (2)
1/3/2005	Manager of Engineering	-	Five C Construction Contractor
5/7/2002	Crew Leader (5)	1/2/2007	Lineman
11/2/1999	Serviceman (6)	1/4/2007	Lineman
6/7/1965	Construction Superintendent (1)	11/1/1999	Asst. Construction Superintendent (2)
		6/11/1968	Bookkeeper* (3)
6/11/1968	Bookkeeper* (3)	11/1/1999	Asst. Construction Superintendent (2)
6/28/2004	Crew Leader	3/1/2008	Lineman

*Not related as of hire date

- (1) Position Change: Serviceman to Superintendent Date: 6-8-1998
- (2) Position Change: Serviceman to Asst. Construction Superintendent Date: 11-1-2010
- (3) Position Change: General Clerk to Bookkeeper Date: 10-1-1991
- (4) Position Change: General Clerk to Billing Supervisor Date: 10-23-2006
- (5) Position Change: Lineman to Crew Leader Date: 11-1-2010
- (6) Position Change: Crew Leader to Serviceman Date: 2001

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

30. Please reference Cumberland Valley's response to AG 1-31. Cumberland Valley's Nepotism Policy asserts that the board recognizes that the practice of nepotism in employment of personnel by virtue of family relationships is bad practice as there is natural tendency for kinsman to favor kinsman if the opportunity presents itself. It further states that the cooperative shall not employ any person or persons who are kin. However, Cumberland Valley also states that exceptions to the policy can be made by Board Resolution upon recommendation by the CEO. Explain in full detail why Cumberland Valley created the exception to the Nepotism Policy since it is counterproductive and makes the policy essentially ineffective.

Response:

Cumberland Valley's Nepotism Policy is not unique and appropriately allows for some measure of controlled flexibility in cooperative employment decisions. As evidenced by the longstanding and generally-applicable Nepotism Policy, Cumberland Valley recognizes that kinship among employees may be accompanied by an increased risk of favoritism or other inappropriate outcome. Cumberland Valley's Nepotism Policy also reflects the cooperative's desire to avoid the unnecessary disqualification of otherwise-qualified individuals from serving the cooperative and their community. The ability of the leadership of the cooperative to recommend and act as the situation warrants, combined with other internal protections (e.g., policies addressing conflicts of interest, whistleblowers, and general employee and departmental oversight), allow for a balanced

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

and reasonable approach to employment that promotes the interests of Cumberland Valley. Notwithstanding the foregoing, Cumberland Valley remains committed to limiting the risk associated with familial relationships among its employees and intends to review (and update, as necessary) its existing Nepotism Policy to ensure its effectiveness and appropriate application going forward.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

31. Reference Cumberland Valley's response to AG 1-30 to answer the following questions since the response is inadequate and does not answer the question posed:

- a. Does Cumberland Valley maintain any contracts with vendors or independent contractors or consultants whose principals are in any manner related, by blood or marriage, to Cumberland Valley's officers, members of its Board, or employees? If yes, provide a detailed explanation of the manner related, name of the vendor/independent contractor or consultant, and name of job position, and a copy of all agreements and contracts between the vendor/independent contractor or consultant and Cumberland Valley.

Response:

Yes, please see response to part b of this response for a detailed explanation. Contracts for the past 10 years for Five-C Construction were provided in the response to AG 1-30.

- b. Provide a detail explanation of who owns Five-C Construction, the manner that the principal of the Company is related to an employee at Cumberland Valley, and the employee position at Cumberland Valley.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

Response:

To the best of Cumberland Valley's knowledge Five-C Construction is owned by Mr. and Mrs. Ronnie Corey. Mrs. Corey is the sister to Cumberland Valley's electrical engineer, Mr. Mark Abner. Mr. Abner came to Cumberland Valley Electric from Kentucky Utilities on January 3, 2005.

- c. Were all of the awarded contracts given to Five-C Construction for the past ten years competitively bid? If so, provide the bidding documentation verifying that Five-C Construction was the lowest bid. If not, explain why these contracts were not competitively bid.

Response:

Attached please find requested documentation showing that the contracts awarded to Five-C Construction were competitively bid. This documentation included, but is not limited to; copies of letters mailed solicited bids, placed bids and a summary of construction contract bids received, for the years 2007 through 2016.

- d. Why is it necessary to contract with Five-C Construction? Explain in detail why Cumberland Valley is not able to perform the work that it contracts to Five-C Construction each year.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

Response:

Because of its small size, Cumberland Valley is required to engage contractors to perform a variety of services for the cooperative. Like in any business, decisions as to whether to retain a contractor are influenced by a number of factors, including the relevant scope of work, the need for expertise, satisfactory past performance, available cooperative manpower, and overall cost, among other considerations. With respect to the work performed by Five-C Construction on behalf of Cumberland Valley, the leadership of Cumberland Valley determined that the cooperative would be best served by such work being performed by a third party. This decision was based, in part, on the season nature of the work to be performed and the economies of scale available to third party contractors. Of course, cost to the cooperative was also considered; as described in other data requests responses, Cumberland Valley – like most other utilities - solicits bids from contractors and only proceeds after an conducting an analysis of the bids received. Historically, due in part to its proximity to Cumberland Valley, its operational design, and its familiarity with the area, Five-C Construction has submitted bids that have been lower than those submitted by other regional and national companies.

CONSTRUCTION CONTRACT BIDS
2015-2016

	2015		2016	
	<u>Five-C</u>	<u>Pike</u>	<u>Five-C</u>	<u>Pike</u>
Foreman	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Lineman 1st Class/A	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Lineman 2nd Class/B	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Groundman	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Line/Digger Truck	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Bucket Truck	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Pole Truck/Air Compressor	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Totals	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Five C Construction Co. Inc.

346 Turner Road
Gray, Kentucky 40734

November 26, 2014

Cumberland Valley Electric
PO Box 440
Gray, Kentucky 40734

Dear Mr. Hampton:

In response to your request for a labor and equipment bid for the years 2015 and 2016, we propose the following:

Foreman
Lineman 1st class
Lineman 2nd class
Groundman



Pick-Up
Digger
Bucket
Pole Tk/Air Comp

Every hour worked above the normal 40 hour week will be charged as overtime.

Once again, we would like to take this opportunity to thank you and the Board of Directors for the opportunity we have had to work with you and look forward to working with you in the upcoming years.

Sincerely,

A handwritten signature in cursive script that reads "Ronnie Corey".

Ronnie Corey
President/Owner



PIKE ELECTRIC, LLC, P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

CUMBERLAND VALLEY ELECTRIC
P. O. Box 440
Gray, KY 40734

Effective January 1, 2015 through December 31, 2016

On-System Hourly Rates
Overhead Distribution Crew

<u>CLASSIFICATION</u>	<u>REGULAR TIME BILLING RATE</u>	<u>OVERTIME BILLING RATE</u>
General Foreman	\$ [REDACTED]	\$ [REDACTED]
Foreman	\$ [REDACTED]	\$ [REDACTED]
Class A Lineman	\$ [REDACTED]	\$ [REDACTED]
Class B Lineman	\$ [REDACTED]	\$ [REDACTED]
Class C Lineman	\$ [REDACTED]	\$ [REDACTED]
Equipment Operator	\$ [REDACTED]	\$ [REDACTED]
Truck Driver	\$ [REDACTED]	\$ [REDACTED]
Groundman	\$ [REDACTED]	\$ [REDACTED]

Markup for insurance, unemployment, FICA, overhead and profit is included in the hourly rates.

A 2015-2016 Equipment List with rates is attached.

A minimum of 2 hours will be invoiced for all labor and equipment for reporting time when crews are called in to work.

A normal work day is 10 hours per day from 7:00 a.m. until 5:30 p.m Monday through Friday. Every hour worked outside these work hours will be invoiced as Overtime on Storm Restoration/Emergency work.

All work performed over 40 hours per week during normal work day hours will be invoiced as Overtime.

All Storm Restoration/Emergency work performed on Saturdays, Sundays, and Holidays will be invoiced as Overtime.

Pike Employees performing Storm Restoration/Emergency work normally work 16 hours per day.

Equipment assigned to a crew during Storm Restoration/Emergency work will be invoiced the same number of hours as the crew's labor hours.

Class	Description	Billing Rate
01D	Air Compressor - 185 CFM	\$
01G	Air Compressor, diesel-powered, skid-mounted, to 175 CFM	\$
01P	Air Compressor, portable, gasoline-powered, 15 CFM w/20 gallon tank	\$
08A	Bucket, 2-man aerial lift, truck-mounted, (4x4) 61' to 65' class w/front winch	\$
08B	Bucket, 1-man aerial lift, truck-mounted, (4x4) 51' to 55' class w/flat bed & winch	\$
08C	Bucket, 1-man aerial lift, truck-mounted, 36' to 40' class	\$
08D	Bucket, 1-man aerial lift, truck-mounted, super duty chassis, service body, 25' to 37' class	\$
08E	Bucket, 2-man aerial lift, truck-mounted, 46' to 50' class	\$
08G	Bucket, 2-man aerial lift, truck-mounted, 51' to 55' class	\$
08K	Bucket, 1 or 2 (single man) aerial lift/material handler, truck-mounted, 51' to 55' class	\$
08M	Bucket, 2-man aerial lift/material handler, truck-mounted, 51' to 55' class	\$
08N	Bucket, 2-man aerial lift, truck-mounted, material handler, 55' to bottom of basket, 60'	\$
08S	Bucket, 2-man aerial lift, truck-mounted, material handler, 55' to bottom of basket, 60'	\$
08V	Bucket, 2-man aerial lift, truck-mounted, 51' to 55' class, (4x4), front winch	\$
08W	Bucket, 1 or 1 (single-man) aerial lift/material handler, truck mounted, 51' to 55' class	\$
08Y	Bucket, 2-man aerial lift, truck-mounted, 46' to 50' class, (4x4), front winch	\$
08Z	Bucket, 2-man aerial lift, truck-mounted, 61' to 65' class, front winch	\$
10P	Backyard bucket, powered by a self-propelled motorized carrier	\$
20A	Line truck, (4x4), heavy, hydraulic rotating derrick, 13,000 lb. maximum lift, (Commander	\$
20B	Line truck, (4x4), hydraulic rotating derrick, (Commander 4047 or equal)	\$
20E	Line truck, (4X2), medium duty rear center mount, powered 3rd, basket with controls,	\$
20G	Line truck, medium, hyd. rotating derrick (Captain)	\$
20J	Line truck, (4x2), hydraulic rotating derrick, (Commander 4047 or equal)	\$
20K	Line truck, heavy, hydraulic rotating derrick, 12,000 lb. maximum lift, (Captain 130),	\$
20L	Line truck, (4x4), heavy, hydraulic rotating derrick, 15,000 lb. maximum lift, (Commander	\$
20N	Line truck, medium, hydraulic rotating derrick, rear mount, 12,000 lb. maximum lift,	\$
20U	Line truck, (4x4), hydraulic rotating derrick, rear mount, 12,000 lb. maximum lift,	\$
20V	Line truck, medium, hydraulic rotating derrick, 13,000 lb. maximum lift, digger, powered	\$
20W	Line truck, medium, hydraulic rotating derrick, 11,000 lb. maximum lift, (Captain), digger,	\$
20Y	Line truck, medium, hydraulic rotating derrick, rear mount, 13,000 lb. maximum lift,	\$
20Z	Line truck, (4x4), medium, hydraulic rotating derrick, 11,000 lb. maximum lift, (Captain),	\$
21N	Miscellaneous tools, EZ Hauler, gasoline engine, dual turf tires, 24' 6" sheave height, 2500 lb lift capacity	\$
21P	Backyard Skylift, mini-derrick, 3,000 lb capacity, 18" auger	\$
24A	Puller, 1200-lb. intermittent pull, (Hogg & Davis, 30B0T2)	\$
24B	Puller, Pilot Line, 4-reel, 1000 lb. pull, pole mounted	\$
24C	Puller, 4 Drum, 4,000 lb. Line pull, tandem axl, electric brackes, 12,000' 1/2" rope capacity	\$
24D	Puller, 4 Drum, 2,000 lb. line pull, single axle, 6,000' 1/2" rope capacity	\$
24E	Puller, distribution-type, (TSE, TD-40 or Sherman/Reilly)	\$
24J	Puller, drum-type, single-drum, up to 11,000 lbs. Capacity, w/rope, diesel powered (pulling	\$
24P	Puller, underground, with load limiting device & dynamometer, 5000 lb mas pull up to 1200' in length	\$
25A	Puller, tensioner, 54" bullwheel, 6000 lb. continuous pull, 10,000 lb. intermittent pull	\$
27A	Reel trailer, manual-loading, 102" diameter X 60" width, 7,000 lb capacity, each reel, tandem	\$
27C	Reel trailer, conduit, w/payout brake, 1 reel 120" X 72", 6,000 lb. capacity, single axle, electric	\$
27F	Reel trailer, manual-loading, 60" x 96" three-reel w/brakes	\$
27J	Reel trailer, single axle, with TSE pilot line winder mounted	\$
27K	Reel trailer, manual-loading, 72" x 48" three-powered reels, rear fairleads	\$
27N	Reel Trailer, Manual Loading, 54"x26" with Brakes	\$
27R	Reel trailer, manual-loading, 2-reel, 96" x 72", no brakes	\$
27T	Reel trailer, manual-loading, 3-reel, 72" x 48", no brakes	\$
31A	Tensioner, 1200 lb. capacity, (Hogg & Davis 30B0T2) 54" x 34" reel	\$
31B	Tensioner, single 36" bullwheel, 4000 lb. capacity w/reel stand for 72" reel	\$
31D	Tensioner, 3000 lb. capacity @ 2.5 mph, reel size 66" OD x 38 1/2" wide, 2 5/8" shaft	\$
31E	Tensioner, 60" bullwheel, hydraulic, 10,000 lb. 2 conductor	\$
31F	Tensioner, 72" bullwheel, hyd. 10,000 lb. single conductor	\$
31G	Tensioner, 60" 5-groove multigroove bullwheel, 10,000 lbs. capacity, trailer mounted	\$
31K	Tensioner, 36" multi-groove bullwheel, 3000 lb. capacity w/reel stand for 72" reel	\$
31M	Tensioner, 42" 5 groove multi-groove bullwheel, 5000 lb. capacity w/reel stand & brake	\$

32B	Trailer, 5th wheel hook-up, lowboy, 36-49 tons, air brakes	\$
32D	Trailer, 5th wheel hookup, flat trailer, 42'-48', air brakes	\$
32E	Trailer, 5th wheel hook-up, flat trailer, extendable, 40'-65', air brakes	\$
32F	Trailer, 5th wheel hook-up, extendable tongue, w/special bolster	\$
32G	Trailer, 5th wheel hook-up, pole (tandem) extendable, 49'-60', air brakes	\$
32H	Trailer, 5th wheel hookup, Van Storage, 30'-40', Air Brakes for single axle tractor only.	\$
32J	Trailer, 5th wheel hook-up, van storage, 30'-40' x 8', air brakes, for single-axle or tandem-	\$
32L	Trailer, 5th wheel hookup, 7000 gal fuel, 1 compartment, air brake	\$
32M	Trailer, 5th wheel hook-up, 102" wide lowboy or beam deck, 40 capacity w/air brakes	\$
32N	Trailer, 5th wheel hook-up, office, shelves, storage	\$
32P	Trailer, 5th wheel hook-up, van storage, 48' - 53' x 8', air brakes	\$
33A	Trailer, pintle or ball hook-up, live line w/tools	\$
33B	Trailer, pintle hook-up, lowbed, 5-ton or less, electric brakes	\$
33C	Trailer, pintle hook-up, lowbed, 12-ton, electric brakes	\$
33D	Trailer, pintle hook-up, lowbed, 9-ton, electric brakes	\$
33E	Trailer, pintle or ball hook-up, material up to 2 tons	\$
33F	Trailer, pintle or ball hook-up, Special, 15 ton for 8550 Vermeer or 860 Case combo only	\$
33G	Trailer, pintle hook-up, material, lowbed, 9-ton, electric brakes	\$
33H	Trailer, pintle or ball hook-up, office, 21' and over	\$
33J	Trailer, pintle hook-up, pole trailer	\$
33K	Trailer, pintle hook-up, pole trailer w/tongue extendable from 30' to 47' overall length,	\$
33L	Trailer, pintle hook-up, equipment trailer, up to 2 tons, electric brakes, single-axle	\$
33M	Trailer, pintle or ball hook-up, equipment trailer, up to 6 tons, electric brakes, dual-axle	\$
33N	Trailer, pintle hook-up, pole trailer, extendable tongue	\$
33P	Trailer, pintle or ball hook-up, covered material van	\$
33Q	Trailer, pintle or ball hook-up, 8-ton, electric brakes, tandem axle	\$
33R	Trailer, pintle or ball hook-up, electric brakes, tandem axle, to transport air compressor,	\$
33S	Trailer, pintle or ball hook-up, 9' extendable tongue, cargo, pole (Altec)	\$
33T	Trailer, pintle or ball hook-up, enclosed van, dual axle, 12,000 GVW	\$
33V	Trailer, pintle or ball hook-up, enclosed van, single axle	\$
33Y	Trailer, pintle or ball hook-up, reconductoring, enclosed van for storage of spider system,	\$
33Z	Trailer, pintle hook-up, tilt bed equipment trailer, 3 ton capacity, w/electric brakes &	\$
37D	Truck, flat, 24' rollback, 30,000 lb. capacity, 3-axle	\$
37G	Truck, flat, (4x2), 14,500 GVW w/175 CFM air compressor, tool boxes	\$
37H	Truck, flat, (4x2), w/tool boxes, 5th wheel bolster for pole hauling	\$
37Q	Truck Flat, tool box, 85 cfm compressor mtd.	\$
38A	Truck, pickup, (4x2), to 6000 GVW	\$
38B	Truck, pickup, 6000 to 8000 GVW w/crew cab	\$
38D	Truck, pickup, (4x4), to 5200 GVW	\$
38E	Truck, pickup, (4x4), to 8000 GVW w/boxes	\$
38F	Truck, pickup, (4x2), 1/2 ton, crew or extended cab	\$
38G	Truck, pickup, (4x4), to 8000 GVW w/front winch & boxes	\$
38H	Truck, pickup, (4x4), 8000 to 10,000 GVW w/front winch & boxes	\$
38J	Truck, pickup, 8000 GVW w/tool compartments	\$
38K	Truck, pickup, (4x4), 1/2 ton, crew or extended cab	\$
38L	Truck, pickup, (4x4), to 9000 GVW, crew cab, front winch	\$
38M	Truck, pickup, flatbed, 10,000 GVW, w/boxes	\$
38P	Truck, pickup, (4x4), 11,000 GVW, w/boxes, front winch, and dump	\$
38Q	Truck, pickup, (4x2), less than 4500 GVW	\$
38R	Truck, pickup, (4x2), extended cab, to 4700 GVW (Nissan Frontier or equivalent)	\$
38T	Truck, pickup, (4x2), extended cab, to 9000 GVW	\$
38Y	Truck, pickup, 8,000 GVW w/tool compartments, and front winch	\$
42A	Van, econoline, to 8000 GVW	\$
42G	Van, cable splicing w/tools	\$
42P	Van, 15-passenger	\$

AGENCY CUSTOMER ID: 10607996

LOC #:



ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services South, Inc.		NAMED INSURED Pike Corporation and	
POLICY NUMBER See Certificate Number: 570055479726			
CARRIER See Certificate Number: 570055479726	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Pike Corporation

Named Insured:
Pike Corporation
Pike Enterprises, Inc.
Pike Electric, LLC
Pike Equipment and Supply Company, LLC
Klondyke Construction, LLC
Elemental Energy, Inc
Pine Valley Power, Inc.
Pike Tanzania, LLC
UC Synergetic, Inc.
UC Synergetic, LLC
Stay Safe Solutions, LLC
Pike Grid Security Services, LLC

Automobile Liability Limits:
EU2-651-004080-314/Excludes Klondyke Construction LLC, Elemental Energy, Inc., Pine Valley Power, Inc., UC Synergetic, LLC and UC Synergetic, Inc.
\$2,000,000 BI/PD CSL / Limits of Insurance stated are excess of the self-insured amount of \$1,000,000 Per Accident.
AS2651-004080-844/Includes Klondyke Construction LLC, Elemental Energy, Inc., Pine Valley Power, Inc., UC Synergetic, LLC and UC Synergetic, Inc.
\$3,000,000 BI/PD CSL

Automobile Liability Coverage Includes:
Motor Carrier Act Endorsement (MCS-90)
Broad Form Auto Pollution
Additional Insured as required by contract
Severability of Interest
30 Day Notice of Cancellation or Non-Renewal

AGENCY CUSTOMER ID: 10607996
LOC #:



ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services South, Inc.		NAMED INSURED Pike Corporation and	
POLICY NUMBER See Certificate Number: 570055479726			
CARRIER See Certificate Number: 570055479726	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance
Pike Corporation

General Liability Includes:

Limits of Insurance stated are Excess of the Self Insured amount of \$1,000,000 each Occurrence, Claim, Accident, Person or other Organization, Disease or other basis stated in the policy whichever applies.

Premises Operations
Personal & Advertising Injury
Contractual Liability
Independent Contractors
Products & Completed Operations
Broad Form Property Damage
Employee as an Insured
Owned & Non-owned Watercraft
Riggers Liability, including care, custody & control
Explosion, Collapse and Underground Coverage (X,C,U)
Work within 50 Feet of Railroad
Additional Insured as required by contract for ongoing operations and products & completed operations
Waiver of Subrogation as required by contract
30 day notice of cancellation or non-renewal
Automobile Physical Damage (Hired Only) Coverage Includes:
Loss Payee as required by contract
30 day notice of cancellation or non-renewal

Automobile Physical Damage (Hired Only) Coverage Includes:
Loss Payee as required by contract
30 Day Notice of Cancellation or non-Renewal

AGENCY CUSTOMER ID: 10607996

LOC #:



ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services South, Inc.		NAMED INSURED Pike Corporation and	
POLICY NUMBER See Certificate Number: 570055479726		EFFECTIVE DATE:	
CARRIER See Certificate Number: 570055479726	NAIC CODE		

ADDITIONAL REMARKS

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
 FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance**
 Pike Corporation

Workers Compensation policy:
 WC7651004080774- All states except Monopolistic & WI

Workers Compensation & Employers Liability Coverage Includes:
 US Longshoreman's and Harbor endorsement
 Stop Gap Employers Liability for monopolistic states
 Waiver of Subrogation as required by contract
 30 day notice of cancellation or non-renewal

Additional Insured Status:

The General Liability and Automobile Liability policies include a Blanket Additional Insured endorsement. This endorsement confers additional insured status to persons and/or entities if specifically required by a written contract executed prior to a loss but only to the extent of the Named Insured's obligations to indemnify, defend and/or hold harmless as specified by the written contract, subject to policy limits or to the extent allowable by law, if less.
 The General Liability and Automobile Liability policies grant coverage to "additional insured," subject to each policy's terms, conditions and exclusions, when required by a written contract executed prior to a loss.
 If required by written agreement, coverage for the additional insured(s) is primary and non-contributory, with respect to the additional insured's own policies.

Waiver of Subrogation Status:

The General Liability, Automobile Liability and Workers' Compensation policies, through blanket endorsements, automatically waive the rights of subrogation, where allowable by law, possessed by the insurer against any person and/or entity to the extent that the Insured had, prior to a claim, a written contract to waive such rights.



October 29, 2014

Pike Electric Corporation
P.O. Box 868
Mount Airy, North Carolina 27030

RE: Requests for Bids for Power Line Construction for the Calendar years
2015-2016.

Dear Sir:

Cumberland Valley Electric is soliciting quotations for power line construction work during the calendar years 2015 through 2016. It is requested that this bid contain the hourly rates for three and four men crews on a cost-plus basis. In addition, it is requested that you submit the hourly rates for bucket trucks, line trucks, air compressor and pole hauling equipment plus any other necessary hand tools.

It should be understood that Cumberland Valley Electric, Inc. may provide all or part of the equipment, at its expense, for the construction of its power lines.

If you are interested in submitting a proposal, please forward said proposal in a sealed envelope to the offices of Cumberland Valley Electric, Inc., P.O. Box 440, Gray, Kentucky 40734 no later than 11-28-14. Your proposal will be evaluated, along with any others and you will be notified if you are the successful bidder.

Sincerely,

Ted Hampton
President/CEO

MAIN OFFICE:

P.O. Box 440 • Gray, KY 40734

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

DISTRICT OFFICE:

P.O. Box C • Cumberland, KY 40823

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



October 29, 2014

Five C Construction
346 Turner Road
Gray, Kentucky 40734

RE: Requests for Bids for Power Line Construction for the Calendar years
2015-2016.

Dear Sir:

Cumberland Valley Electric is soliciting quotations for power line construction work during the calendar years 2015 through 2016. It is requested that this bid contain the hourly rates for three and four men crews on a cost-plus basis. In addition, it is requested that you submit the hourly rates for bucket trucks, line trucks, air compressor and pole hauling equipment plus any other necessary hand tools.

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Sincerely,

Ted Hampton
President/CEO

MAIN OFFICE:

P.O. Box 440 • Gray, KY 40734

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

DISTRICT OFFICE:

P.O. Box C • Cumberland, KY 40823

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



October 29, 2014

B&B Electric Company
1460 Sunshine Lane
Lexington, Kentucky 40505

RE: Requests for Bids for Power Line Construction for the Calendar years
2015-2016.

Dear Sir:

Cumberland Valley Electric is soliciting quotations for power line construction work during the calendar years 2015 through 2016. It is requested that this bid contain the hourly rates for three and four men crews on a cost-plus basis. In addition, it is requested that you submit the hourly rates for bucket trucks, line trucks, air compressor and pole hauling equipment plus any other necessary hand tools.

It should be understood that Cumberland Valley Electric, Inc. may provide all or part of the equipment, at its expense, for the construction of its power lines.

If you are interested in submitting a proposal, please forward said proposal in a sealed envelope to the offices of Cumberland Valley Electric, Inc., P.O. Box 440, Gray, Kentucky 40734 no later than 11-28-14. Your proposal will be evaluated, along with any others and you will be notified if you are the successful bidder.

Sincerely,

Ted Hampton
President/CEO

MAIN OFFICE:

P.O. Box 440 • Gray, KY 40734

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

DISTRICT OFFICE:

P.O. Box C • Cumberland, KY 40823

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

CONSTRUCTION CONTRACT BIDS
2013-2014

	2013		2014	
	<u>Five-C</u>	<u>Pike</u>	<u>Five-C</u>	<u>Pike</u>
Foreman	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Lineman 1st Class/A	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Lineman 2nd Class/B	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Groundman	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Line/Digger Truck	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Bucket Truck	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Pole Truck/Air Compressor	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Totals	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]



PIKE ELECTRIC, LLC, P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

November 08, 2012

Mr. Ted Hampton
Cumberland Valley Electric
P. O. Box 440
Gray, KY 40734

Mr. Hampton:

Our current 2012 hourly billing rates will remain unchanged through the end of the 2013 calendar year. At that time we propose a 3% increase to our hourly billing rates for 2014. Our current crew makeup on the Cumberland Valley system is Foreman, B-Lineman, C-Lineman, Pickup truck (38G), and a Bucket truck (8N). This makeup is subject to change with Cumberland Valley approval. An example of 2013 crew billing is as follows:

<u>Classification</u>	<u>2013 Billing Rate</u>
Foreman	\$ [REDACTED]
B Lineman	\$ [REDACTED]
C Lineman	\$ [REDACTED]

<u>Equipment</u>	<u>2013 Billing Rate</u>
8N Bucket Truck	\$ [REDACTED]
38G Pickup Truck	\$ [REDACTED]

Crew Total: \$ [REDACTED] per hour

A complete list of hourly labor and equipment billing rates is attached. We appreciate the opportunity to continue working with Cumberland Valley. If you have any questions, you can reach Mitch Hardy at (336)719-4382. Thank you.

Sincerely,

Matt Simmons
Vice President

Enclosures

Five C Construction Co. Inc.

346 Turner Road
Gray, Kentucky 40734

November 1, 2012

Cumberland Valley Electric
PO Box 440
Gray, Kentucky 40734

Dear Mr. Hampton:

In response to your request for a labor and equipment bid for the years 2013 and 2014, we propose the following:

Foreman
Lineman 1st class
Lineman 2nd class
Groundman

Pick-Up
Digger
Bucket
Pole Tk/Air Comp



Every hour worked above the normal 40 hour week will be charged as overtime.

Once again, we would like to take this opportunity to thank you and the Board of Directors for the opportunity we have had to work with you and look forward to working with you in the upcoming years.


Sincerely,

A handwritten signature in cursive script that reads "Ronnie Corey".

Ronnie Corey
President/Owner



Cumberland Valley Electric

A Touchstone Energy Cooperative 

October 24, 2012

Five C Construction
346 Turner Road
Gray, Kentucky 40734

RE: Requests for Bids for Power Line Construction for the Calendar years
2013-2014.

Dear Sir:

Cumberland Valley Electric is soliciting quotations for power line construction work during the calendar years 2013 through 2014. It is requested that this bid contain the hourly rates for three and four men crews on a cost-plus basis. In addition, it is requested that you submit the hourly rates for bucket trucks, line trucks, air compressor and pole hauling equipment plus any other necessary hand tools.

It should be understood that Cumberland Valley Electric, Inc. may provide all or part of the equipment, at its expense, for the construction of its power lines.

If you are interested in submitting a proposal, please forward said proposal in a sealed envelope to the offices of Cumberland Valley Electric, Inc., P.O. Box 440, Gray, Kentucky 40734 no later than 11-12-12. Your proposal will be evaluated, along with any others and you will be notified if you are the successful bidder.


Sincerely,



Ted Hampton, Manager



Cumberland Valley Electric

A Touchstone Energy Cooperative 

October 24, 2012

Pike Electric Corporation
P.O. Box 868
Mount Airy, North Carolina 27030

RE: Requests for Bids for Power Line Construction for the Calendar years
2013-2014.

Dear Sir:

Cumberland Valley Electric is soliciting quotations for power line construction work during the calendar years 2013 through 2014. It is requested that this bid contain the hourly rates for three and four men crews on a cost-plus basis. In addition, it is requested that you submit the hourly rates for bucket trucks, line trucks, air compressor and pole hauling equipment plus any other necessary hand tools.

It should be understood that Cumberland Valley Electric, Inc. may provide all or part of the equipment, at its expense, for the construction of its power lines.

If you are interested in submitting a proposal, please forward said proposal in a sealed envelope to the offices of Cumberland Valley Electric, Inc., P.O. Box 440, Gray, Kentucky 40734 no later than 11-12-12. Your proposal will be evaluated, along with any others and you will be notified if you are the successful bidder.

Sincerely,



Ted Hampton, Manager

CONSTRUCTION CREW CONTRACT BIDS
2011 -2012

	Fice C Const	Pike Electric	Bowlin Group	Dobson
Foreman	\$	\$	\$	
Lineman 1st Class/A	\$	\$	\$	
Lineman 2nd Class/B	\$	\$	\$	
Groundman	\$	\$	\$	
Truck Operater	\$	\$	\$	
Line/Digger Truck	\$	\$	\$	
Bucket Truck	\$	\$	\$	
Pole Truck/Air Compressor	\$	\$	\$	
Pick Up	\$	\$	\$	
Totals	\$	\$	\$	

Bowlin Energy, LLC Cumberland Valley Electric Rates 2011 - 2012

- 1) Overtime rate will apply to any hours worked on routine/project work above 40 hours in that pay week.
- 2) Doubletime rate will apply to any hours worked on Sundays, Holidays and any hours after 16 continuous hours worked.
- 3) Overtime/Doubletime rates will apply for all storm / restoration work.

Man-hour Rates	Straight Time	Overtime	Double Time
Foreman			
Lineman			
Apprentice			
Operator			
Groundman			

Crew Rates DO NOT include equipment.

Crew Rates	Straight Time	Overtime	Double Time
4 - Man Crew			
3 - Man Crew			

Equipment Rates	Hourly
Bucket Truck	
Digger Derrick	
Pick-up	
Dump Truck	
Pole Truck	
Wire or Pole Trailer	
Backhoe	
Bulldozer	
Trencher	
Bobcat	
Boring Machine	
Chainsaw	
Air Compressor	

Five C Construction Co. Inc

*346 Turner Road
Gray, Kentucky 40734*

November 1, 2010

Cumberland Valley Electric
PO box 440
Gray, Kentucky 40734

Dear Mr. Hampton:

In response to your request for a labor and equipment bid for the years 2011 and 2012, we propose the following:

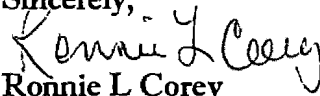
Foreman
Lineman 1st class
Lineman 2nd class
Groundman/Tk. Driver

Pick-up
Digger
Bucket
Pole Tk/Air comp



Every hour worked above the normal 40 hour week will be charged as overtime.

Once again we would like to take this opportunity to thank you and the Board of Directors for the opportunity we have had to work with you and we look forward to working with you in the upcoming years.

Sincerely,

Ronnie L Corey
President / Owner

Bidder:

Dobson Power Line Construction Co., Inc.
7696 Harrodsburg Road
Nicholasville, Ky 40356

Cost plus rates for 2011-2012

HOURLY LABOR RATES

	Regular	Overtime
Foreman	\$ [REDACTED]	\$ [REDACTED]
Lineman	\$ [REDACTED]	\$ [REDACTED]
Operator	\$ [REDACTED]	\$ [REDACTED]
Groundman	\$ [REDACTED]	\$ [REDACTED]

EQUIPMENT

Digger Truck	\$ [REDACTED]	
Bucket Truck	\$ [REDACTED]	
Service Truck	\$ [REDACTED]	
Air Compressor	\$ [REDACTED]	

Necessary Hand tools-drills-saws-Line tools etc. are included in the Equipment rates



PIKE ELECTRIC, LLC, P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

CUMBERLAND VALLEY ELECTRIC
P. O. Box 440
Gray, KY 40734

Effective January 3, 2011 through December 30, 2012

Overhead Line Crew

<u>CLASSIFICATION</u>	<u>REGULAR TIME BILLING RATE</u>	<u>OVERTIME BILLING RATE</u>
General Foreman		
Foreman		
A Class Lineman		
B Class Lineman		
C Class Lineman		
Groundman/Truck Driver		

Markup for insurance, unemployment, FICA, overhead and profit is included in the hourly rates.

A 2011-2012 equipment list with rates is attached.

Reporting time: 2 hours.

All work on Saturdays, Sundays and holidays will be paid as overtime.

Lodging and meals will be invoiced at cost plus 10%.

A normal work day is 10 hours per day from 7:00 a.m. until 5:30 p.m. Every hour worked outside these work hours will be invoiced as overtime on Emergency and Storm Restoration work.

All work over 40 hours per week is overtime.

CONSTRUCTION CREW CONTRACT BIDS

2009/2010

	2009/2010	2009/2010	2009/2010	2009/2010
	Five C Const.	Pike Electric	Bowlin Group	Dobson
Foreman	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Lineman 1 st Class/A	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Lineman 2 nd Class/B	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Groundman	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Truck Operator	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Line/Digger Truck	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Bucket Truck	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Pole Truck/Air Comp	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Pick Up	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Totals	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]



DOBSON POWER LINE CONSTRUCTION CO. INC.

"Electrical Construction"

7696 Harrodsburg Road
Nicholasville, KY 40356
E-mail: DobsonPow@OX.net

James D. Dobson Jr.
President

(859) 885-3227-Phone
(859) 885-1394-Fax

Merit Y. Peel
Secretary

October 29, 2008

Cumberland Valley Electric
P.O. Box 440
Gray, Ky 40734

Dear Sir:

Dobson Power Line Construction Co Inc quotations for cost plus work for the calendar years 2009-2010 are as follows:

HOURLY LABOR

	Regular Time Rate	O.T.
FOREMAN	\$ [REDACTED]	\$ [REDACTED]
LINEMAN	\$ [REDACTED]	\$ [REDACTED]
OPERATOR	\$ [REDACTED]	\$ [REDACTED]
GROUNDMAN	\$ [REDACTED]	\$ [REDACTED]
EQUIPMENT		
DIGGER TRUCK	\$ [REDACTED]	
BUCKET TRUCK	\$ [REDACTED]	
SERVICE TRUCK	\$ [REDACTED]	
AIR COMPRESSOR	\$ [REDACTED]	

Necessary hand tools-drills-saws-Line tools etc. are included in the Equipment rates.

Sincerely,

James D. Dobson Jr.
President



November 3, 2008

Cumberland Valley Electric
Mr. Ted Hampton, Manager
P.O. Box C
Cumberland, KY 40823

Dear Mr. Hampton,

Enclosed are our hourly prices for the 2009-2010 power line construction project. We appreciate the opportunity to bid and look forward to working with you if we are chosen as the successful bidder.

Sincerely,

A handwritten signature in cursive script, appearing to read "Isaac Jackson, Jr.", is written over a horizontal line.

Isaac Jackson, Jr.
Superintendent

2009-2010 hourly rates

- Foreman
- Lineman
- Operator
- App. Lineman
- Groundman
- PICKUP
- DIGGER
- BUCKET
- Bulldozer
- Backhoe
- Dump Truck
- Trencher
- Bobcat
- Chainsaw
- Wire Puller
- Wire Tensioner
- Air Compressor



- *Equipment prices are without operator. Operator hourly prices to be added to equipment hourly rate.
- *Personnel Rates are based on 40 hours straight time.
- *Personnel rates, over 40 hours, to be paid at 1.5 times rate.
- *Personnel, Sundays & holidays to be paid at 2 times rate.

Four Man crew:

- Foreman
- Lineman
- Operator
- Groundman



Total [redacted] (not including equipment)

Three man Crew:

- Foreman
- Lineman
- Groundman



Total [redacted] (not including equipment)

Five C Construction Co. Inc.

346 Turner Road
Gray, Kentucky 40734

November 2, 2008

Cumberland Valley Electric
PO Box 440
Gray, Kentucky 40734

Dear Mr. Hampton:

In response to your request for a labor and equipment bid for the years 2009 and 2010, we propose the following:

Regular Rates for 2009-2010

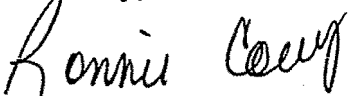
Foreman
Lineman 1st
Lineman 2nd
Truck Operator/Groundman

Bucket Truck
Digger Truck
Pick-Up
Pole Truck/Air Comp



Once again we would like to take this opportunity to thank you for the opportunity we have had to work with you and look forward to working with you in the up-coming years.

Sincerely,



Ronnie L. Corey

President/Five C Construction Co.



PIKE ELECTRIC, INC., P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

November 4, 2008

Mr. Ted Hampton
Manager
Cumberland Valley Electric
P. O. Box 440
Gray, KY 40734

Dear Mr. Hampton:

As request, enclosed are our hourly labor and equipment billing rates for 2009 and 2010. Please feel free to call if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "David McDuffie". The signature is fluid and cursive, with a large initial "D" and "M".

David McDuffie
Region Vice President

Enclosure



PIKE ELECTRIC, INC., P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

CUMBERLAND VALLEY ELECTRIC
P. O. Box 440
Gray, KY 40734

Effective January 4, 2009 through January 2, 2011:

Overhead Line Crew

<u>CLASSIFICATION</u>	<u>REGULAR TIME BILLING RATE</u>	<u>OVERTIME BILLING RATE</u>
General Foreman		
Foreman		
Class A Lineman		
Class B Lineman		
Class C Lineman		
Groundman /Truck Driver		

Markup for insurance, unemployment, FICA, overhead and profit is included in the hourly rates.

A 2009-2010 equipment list with rates is attached.

Reporting time: 2 hours.

All work on Saturdays, Sundays and holidays will be paid as overtime.

Lodging and meals will be invoiced at cost plus 10%.

A normal work day is 10 hours per day from 7:00 a.m. until 5:30 p.m. Every hour worked outside these work hours will be invoiced as overtime on Emergency and Storm Restoration work.

All work over 40 hours per week is overtime.



PIKE ELECTRIC, INC., P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

EQUIPMENT CODE AND RATE LIST

Effective January 4, 2009 through January 2, 2011

Equipment assigned to a location or job will be billed for a minimum of twenty hours per week.

Equipment required for less than two weeks will be charged travel time to work area and return to normal station.

All rates shown are hourly unless otherwise noted.

Other equipment needs not furnished will be supplied upon request.

Pike Electric, Inc.
 Equipment Billing Rates
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Overhead Construction

Billing Code	Class	Description	Rate
BKT/MH	08K	BUCKET, ONE OR TWO (SINGLE-MAN) AERIAL LIFT/ MAT. HAND. TRUCK, MTD., 51' TO 55' CLASS, WINCH	
	08M	BUCKET, TWO-MAN AERIAL LIFT/MATERIAL HANDLER, TRUCK MOUNTED, 51' TO 55' CLASS	
	08N	BUCKET, MATERIAL HANDLING, 2-MAN, 55' TO BOTTOM OF BASKET, 60' WORKING HT 4X2, FULL LINE BODY	
	08W	BUCKET, ONE TO TWO (SINGLE-MAN) AERIAL LIFT/MATER IAL HANDLER, TRUCK MTD. 51' TO 55' CLASS	
BKT/MH/4X4	08S	BUCKET TRUCK, MATERIAL HANDLING, 2-MAN 55' TO BOTT OMOF BASKET, 60' WORKING HT. 4X4 FULL LINE BODY	
BKTSKID50	08F	BUCKET, ONE-MAN AERIAL LIFT, SKIDDER MTD. (4X4) 51' TO 55' CLASS W/DOZER BLADE.	
BKT100	08H	BUCKET TRUCK, TWO MAN AERIAL LIFT, TRUCK MTD, 10 0' CLASS, 6X4, DOUBLE ELEVATOR	
BKT35	08C	BUCKET, ONE-MAN AERIAL LIFT, TRUCK MTD., 36' TO 40' CLASS.	
	08D	BUCKET, 1-MAN AERIAL LIFT, TRUCK MOUNTED, SUPER DUTY CHASSIS, SERVICE BODY, 25' TO 37' CLASS	
BKT50	08E	BUCKET TRUCK, TWO MAN AERIAL LIFT, TRUCK MTD, 46 ' TO 50' CLASS	
	08G	BUCKET TRUCK, TWO MAN AERIAL LIFT, TRUCK MTD, 51 ' TO 55' CLASS	
BKT50/4X4	08B	BUCKET, ONE-MAN AERIAL LIFT, TRUCK MTD., 4X4, 51 ' TO 55' CLASS, FLAT BED & WINCH	
	08V	BUCKET TRUCK, TWO-MAN AERIAL LIFT, TRUCK MTD, 51' T O 55' CLASS W/FRONT WINCH, (4X4)	
	08Y	BUCKET, TWO-MAN AERIAL LIFT, TRUCK MTD., 46' TO 50' CLASS W/FRONT WINCH, (4X4)	
BKT60	08Z	BUCKET, TWO-MAN AERIAL LIFT, TRUCK MTD, 61 TO 65 CLASS, W/FRONT WINCH	
BKT65/4X4	08A	BUCKET, TWO-MAN AERIAL LIFT, TRUCK MTD., 4X4, 61 ' TO 65' CLASS W/FRT. WINCH	
BKT70/MH	08P	BUCKET, TWO-MAN AERIAL LIFT/MAT. HAND, TRUCK MTD ., (6X6), 66' TO 70' CLASS W/FRONT WINCH	

Pike Electric, Inc.
 Equipment Billing Rates
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Overhead Construction

Billing Code	Class Description	Rate
BKT93/6X4	08R BUCKET, 2-MAN AERIAL LIFT, 93' WITH TELESCOPIC UPPER BM, MAT. HAN., 1000 LB. IN ANY POS. 6X4 CHASSIS	
LTHVY	20N LINE TRUCK, MED, HYD. DERRICK (COMMANDER 4200) BUCKET W/CONTROLS, POWERED 3RD	
	20V LINETRUCK, MED. HYD. ROT. DERR. 13,000-LB. MAX. LIFT DIGGER, POWERED 3RD, FG. EXT. BUCKET W/CONTROL	
	20Y LINE TRUCK, MED., HYD. DERRICK, REAR MNT, 13000-LB MAX. LIFT, (C-130), DIGGER POWERED 3RD	
LTHVY/4X4	20A LINE TK (4X4) MED HYD ROT DERR REAR MT 13,000LB MAX LIFT, (COM 4500) DIG FIBERGLASS EXT W/CONTROLS	
	20K LINE TRUCK, 4X4, 14,000 LB. CAP., REAR MOUNTED, FLAT BED PWD 3RD, MKII DIGGER, BUCKET CONTROLS	
	20L LINE TRUCK, HEAVY, HYD. DERRICK, (COMMANDER C-130) BUCKET CONTROLS, (4X4) POWERED 3RD	
LTHVY/6X4	20D LINETRUCK, (6 X 4), EXTRA HEAVY, HYD. ROTATING DERRICK, 20,000 LB. MAX. LIFT. (COMM. II-H).	
	20M LINE TRUCK, (6X6), MED., HYD. ROT. DERRICK, REAR MT., 13000-LB. MAX. LIFT, DIGGER. PWD 3RD	
	20P LINE TRUCK, EX-HEAVY, HYD. DERRICK, (COMMANDER I I-H)	
	20Q LINE TRUCK, EX-HEAVY, HYD. DERRICK, REAR MT. (6X4) (COMMANDER 5050) POWERED 3RD W/BUCKET	
	20R LINETRUCK, (6X6), EXTRA HEAVY, HYD. ROTATING DERRICK, 20,000-LB MAX. LIFT, (COMM. II-60) PWD 3RD	
	20S LINE TRUCK, (6X4), EXTRA HEAVY, HYD. ROT. DERRICK 24,000 LB. MAX. LIFT, (GENERAL) DIGGER, PWD 3RD	
	20T LINETRUCK, (6X4) HEAVY HYD. ROTATING DERRICK 20,000LB. MAX. LIFT, (COMMANDER II-60), DIGGER.	
LTSKIDHVY	20F DIGGER/DERRICK, EXTRA HEAVY 20,000LB. MAX. LIFT. (CM-II) SKIDDER (4X4) W/WINCH & DOZER BLADE.	
LTSKIDMED	20I DIGGER/DER (4X4) SKID MTD MED HYD. ROT DERR, 13,000LB. MAX LIFT (COMM 4500) PWR 3RD DOZER BLADE	
LSTSD	20B LINETRUCK, (4X4), HYDRAULIC ROTATING DERRICK, (COMMANDER 4047 OR EQUAL)	

Pike Electric, Inc.
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Overhead Construction

Billing Code	Class Description	Rate
	20E LINE TRUCK, (4X2), MEDIUM DUTY REAR CENTER MOUNT , POWERED 3RD, BASKET WITH CONTROLS, URD SPECIAL	
	20G LINE TRUCK, MEDIUM, HYD. ROTATING DERRICK, (CAPT AIN)	
	20J LINE TRUCK, (4X2), HYDRAULIC ROTATING DERRICK, (COMMANDER 4047 OR EQUAL)	
	20W LINE TRUCK, MED. HYD D'RICK, (CAPTAIN) BUCKET W/ CONTROLS, POWERED 3RD	
LTSTD/4X4	20U LINE TRUCK, (4X4), HYD. ROT. DERRICK, REAR MT., 12000 LB MAX LIFT, (9242 OR EQUAL) PWD 3RD	
	20Z LINE TRUCK, 4X4, MED., HYD. D'RICK, 11000-LB MAX . LIFT, (CAPTAIN) BUCKET W/CONTROLS	
PULLER	24E PULLER, DISTRIBUTION-TYPE (TSE TD-40 OR SHERMAN/ REILLY)	
TENSIONER	31B TENSIONER, SINGLE 36" BULLWHEEL, 4000-LB CAP. W/ REEL STAND FOR 72" REEL.	
	31D TENSIONER, 3000-LB CAP. @ 2.5 MPH, REEL SIZE 66" OD X 38 1/2" SHAFT DIA	
15-C	15C DIGGER, TRUCK MTD. (6X6) (TEXOMA 330-15)	

Pike Electric, Inc.
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Support

Billing Code	Class	Description	Rate
COMP185	01D	AIR COMPRESSOR (185 CFM)	
DOZER	13H	CRAWLER TRACTOR, WITH DOZER ATTACHMENT AND WINCH 80 TO 100 H.P.	
PICKUP	38A	TRUCK, PICKUP, (4X2) TO 6,000 GVW	
	38D	TRUCK, PICKUP, (4X4), TO 5200 GVW	
	38Q	TRUCK, PICKUP, (4X2), LESS THAN 4500 GVW	
	38T	TRUCK, PICKUP, (4X2), EXTENDED CAB, TO 9000 GVW	
PICKUP 4X4	38G	TRUCK, PICKUP, (4X4) TO 8,000 GVW W/FRONT WINCH AND BOXES	
PICKUP/WINCH	38Y	TRUCK, PICKUP, 8,000 GVW W/TOOL COMPARTMENTS AND FRONT WINCH	
PICKUP SVC	38J	TRUCK, PICKUP, 8,000 GVW W/TOOL COMPARTMENTS	
PICKUP 4X2	38F	TRUCK, PICKUP, (4X2), 1/2 TON, CREW OR EXTENDED CAB	
PICKUP 4X4	38E	TRUCK, PICKUP, (4X4), TO 8,000 GVW W/BOXES	
PUCREW CAB	38B	TRUCK, PICKUP, 6,000 TO 8,000 GVW W/CREW CAB	
PUCREW CAB 4X4 (W)	38L	TRUCK, PICKUP, 4X4, TO 9,000 GVW W/CREW CAB & FR ONT WINCH	
TRK FLAT COMP	37G	TRUCK, FLAT, (4X2), 14,500 GVW, W/175 CFM AIR COMPRESSOR, FRONT WINCH & TOOL BOXES	
	37Q	TRUCK FLAT, TOOL BOXES, 85 CFM COMPRESSOR MTD	
VAN	42A	VAN, ECONOLINE, TO 8,000 LB GVW	
	42G	VAN, CABLE SPLICING W/TOOLS	

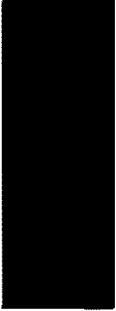
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Support

Billing Code	Class Description	Rate
	42P VAN, 15-PASSENGER	
LTONSVC	38M TRUCK, PICKUP, FLATBED, 10,000 LB GVW W/BOXES	
LTON4X4	38H TRUCK, PICKUP, (4X4) 8,000 TO 10,000 GVW W/FRONT WINCH & BOXES	
LTON4X4/DMP	38P TRUCK, PICKUP, 4X4, 11,000 GVW, W/BOXES, FRONT WINCH, AND DUMP	

Pike Electric, Inc.
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Misc.

Billing Code	Class Description	Rate
01-G	01G AIR COMPRESSOR, DIESEL-POWERED, SKID MOUNTED, TO 175 CFM	
01-P	01P AIR COMPRESSOR, PORTABLE, GASOLINE POWERED, 15 C FMWITH 20 GALLON TANK	
10-P	10P BACKYARD BUCKET, POWERED BY A SELF-PROPELLED MOT ORIZED CARRIER	
12-D	12D CRANE, HYD, (4 X 4), ROUGH TERRAIN, 18 TON, 85' BOOM	
14-J	14J TRACK VEHICLE, GO-TRACT GT-3000 CARRIER, W/HEAVY DUTY HYD. ROT. DER. (COMM III-70) DIGGER	
14-L	14L TRACK, VEH., BRON HEAVY DUTY, CARRIER W/HEAVY DUTY HYD. ROT. DER. (COMM. II-60) DIGGER,	
15-E	15E DIGGER, TRUCK MTD, (6 X 6), TEXOMA 600-35	
21-N	21N MISC. TOOLS, EZ HAU, GAS ENG, DUAL TURF TIRES, 24'6" S HEAVE HT. LT CAP 2500 LBS. @ 5' & 1375 LBS @ 10' RADIUS	
21-P	21P MISCELLANEOUS TOOLS, BACKYARD SKYLIFT, MINI-DERR ICK, MODEL 33+, 3,000 LB. CAPACITY, 18" AUGER	
24-A	24A PULLER, HOGG & DAVIS, 30B0T2	
24-B	24B PULLER, PILOT LINE, 4-REEL, POLE MTD.	
24-C	24C PULLER, 4-DRUM, 4,000 LB. LINE PULL, TANDEM AXLE, EL ECTRIC BRAKES, PINTLE EYE, 12,000' 1/2" ROPE CAP.	
24-D	24D PULLER, 4-DRUM, 2,000 LB. LINE PULL, SINGLE AXLE , 6,000' 1/2" ROPE CAPACITY	
24-J	24J PULLER, DRUM-TYPE, SINGLE-DRUM, UP TO 11,000 LB* CAP. W/ROPE, DIESEL PWD. (PULLING CAP. D/ROPE)	
24-P	24P PULLER, URD, W/LOAD LIMITING DEVICE & DYNAMOMETE R, 5000 LB. MAX PULL UP TO 1200 FT. IN LENGTH	
25-A	25A PULLER, TENSIONER, 54" BULLWHEEL, 6000-LB CONT. PULL, 10000-LB INTER MITTENT PULL.	
27-A	27A REEL TRAILER, MAN. LOAD., 102" DIA. X 60" WIDTH, 7,000 LB. CAP. EA. REEL, TANDEM AXLE @ 24,000#	

Pike Electric, Inc.
 Equipment Billing Rates
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Misc.

Billing Code	Class Description	Rate
27-F	27F REEL TRAILER, MANUAL LOADING, 60" X 96" THREE REEL WITH BRAKES	
27-G	27G REEL TRAILER, SELF LOADING, THREE REEL, NO BRAKES	
27-J	27J REEL TRAILER, SINGLE AXLE, WITH TSE PILOT LINE WINDER MOUNTED	
27-K	27K REEL TRAILER, UNDERGROUND, MANUAL-LOADING, 72" X 48", THREE POWERED REELS AND REAR FAIRLEAD:	
27-N	27N REEL TRAILER, MANUAL LOADING, 54" X 26" WITH BRAKES	
27-R	27R REEL TRAILER, MANUAL LOADING, 2 REELS, 96" X 72", NO BRAKES	
27-S	27S REEL TRAILER, MANUAL LOADING, 1-REEL 96" X 72", NO BRAKES	
27-T	27T REEL TRAILER, MANUAL-LOADING, 72" X 48" THREE-REEL NO BRAKES.	
31-A	31A TENSIONER, HOGG & DAVIS 30BOT2, (50" X 36" REEL)	
31-E	31E TENSIONER, 60" BULLWHEEL, HYDRAULIC, 10,000 LB. 2 CONDUCTOR	
31-F	31F TENSIONER, 72" BULLWHEEL, HYD. 10,000 LB SINGLE CONDUCTOR	
31-G	31G TENSIONER, 60" 5-GROOVE MULTIGROOVE BULLWHEEL, 10,000 LBS. CAP. TRAILER MOUNTED	
31-K	31K TENSIONER, 36" MULTI-GROOVE BULLWHEEL, 3,000-LB CAPACITY, WITH REEL STAND & REEL BRAKE	
31-M	31M TENSIONER, 42", 5 GROOVE MULTI-GROOVE B/W, 5000 LB CAP W/REEL STAND & BRAKE 96" DIA. X 56" REEL	
32-B	32B TRAILER, 5TH WHEEL HOOKUP, LOWBOY, 36-49 TONS, AIR BRAKES	
32-D	32D TRAILER, 5TH WHEEL HOOKUP, FLAT TRAILER, 42'- 48', AIR BRAKES	
32-E	32E TRAILER, 5TH WHEEL HOOKUP, FLAT TRAILER, EXTENDIBLE, 40-65', AIR BRAKES	

Pike Electric, Inc.
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Misc.

Billing Code	Class Description	Rate
32-F	32F TRAILER, POLE, 5TH-WHEEL HOOK-UP, EXTENDABLE TONGUE W/SPECIAL BOLSTER	
32-G	32G TRAILER, 5TH-WHEEL HOOK-UP, POLE (TANDEM) EXTENDIBLE, 49'- 60', AIR BRAKES.	
32-H	32H TRAILER, 5TH-WHEEL HOOK-UP, VAN STORAGE, 30'- 40', AIR BRAKES FOR S/AXLE TRACTOR ONLY	
32-J	32J TRAILER, 5TH-WHEEL HOOK-UP, VAN, STORAGE, 30'-40' X 8', AIR BRAKES	
32-L	32L TRAILER, 5TH WHEEL HOOKUP, 7000 GAL FUEL, 1 COMPARTMENT, AIR BRAKES	
32-M	32M TRAILER, 5TH WHEEL HOOK-UP, 102" OR WIDER LOWBOY OR BEAM DECK, 40+ TON CAPACITY W/ AIR BRAKES	
32-N	32N TRAILER, 5TH WHEEL HOOKUP, OFFICE, SHELVES, STORAGE	
32-P	32P TRAILER, 5TH-WHEEL HOOK-UP, VAN STORAGE, 48' TO 53' X 8', AIR BRAKES:	
33-A	33A TRAILER, PINTLE OR BALL HOOKUP, LIVE LINE W/TOOLS	
33-B	33B TRAILER, PINTLE OR BALL HOOKUP LOWBED 5 TON OR LESS ELECTRIC BRAKES	
33-C	33C TRAILER PINTLE OR BALL HOOKUP LOWBED 12 TON ELECTRIC BRAKES	
33-D	33D TRAILER PINTLE OR BALL HOOKUP LOWBED 9 TON ELECTRIC BRAKES	
33-E	33E TRAILER, PINTLE OR BALL HOOKUP, MATERIAL, UP TO 2 TON	
33-F	33F TRAILER, PINTLE OR BALL HOOKUP, SPECIAL, 15 TON FOR 8550 VERMEER OR 860 CASE COMBO ONLY	
33-G	33G TRAILER, PINTLE OR BALL HOOKUP, MATERIAL, LOWBED, 9-TON, ELECTRIC BRAKES	
33-H	33H TRAILER, PINTLE OR BALL HOOKUP, OFFICE 21' AND OVER	
33-J	33J TRAILER, PINTLE OR BALL HOOKUP, POLE TRAILER	

Pike Electric, Inc.
 Equipment Billing Rates
 Effective Date: 07/06/2008

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Misc.

Billing Code	Class Description	Rate
33-K	33K TRAILER, PINTLE HOOK-UP, POLE TRL. W/TONGUE EXTE NDFROM 30' TO 47' OVERALL LENGTH, AIR BRAKES	
33-L	33L TRAILER, PINTLE OR BALL HOOKUP, EQUIP. TRAILER, UP TO 2 TONS, ELECTRIC BRAKES, SINGLE-AXLE	
33-M	33M TRAILER, PINTLE OR BALL HOOKUP, EQUIP. TRAILER, UP TO 6 TONS, ELECTRIC BRAKES, DUAL-AXLE	
33-N	33N TRAILER, PINTLE OR BALL HOOKUP, POLE TRAILER, EXTENDIBLE TONGUE	
33-P	33P TRAILER, PINTLE OR BALL HOOKUP, COVERED MATERIAL VAN	
33-Q	33Q TRAILER, PINTLE OR BALL HOOK-UP, 8 TON, ELECTRIC BRAKES, TANDEM AXLE	
33-R	33R TRAILER, PINTLE OR BALL HOOKUP, ELECT. BRAKES, TAND EMAXLE, TO TRANS. AIR COMP., HAMMERHEAD, ETC.	
33-S	33S TRAILER, PINTLE BALL HOOKUP, EXTENIBLE TONGUE, 9' CARGO-POLE	
33-T	33T TRAILER, PINTLE OR BALL HOOK-UP ENCLOSED VAN, DU AL AXLE, 12,000 GVW	
33-V	33V TRAILER, PINTLE OR BALL HOOK-UP, ENCLOSED VAN, S INGLE AXLE	
33-Y	33Y RECONDUCTORING, ENCLOSED VAN FOR STORAGE OF SPID ERSYSTEM, X-100 ROLLERS AND FIBGL EXT. ARMS.	
33-Z	33Z TRAILER, PINTLE HOOK-UP, TILT BED EQUIP. TRAILER 3 TON CAP. W/ELECT. BRAKES, SINGLE AXLE	
35-K	35K PLOW, 48" MAX., TO 175 H.P., CRAWLER MTD., W/4 REEL CARRIER, (JOHN DEERE 850B OR EQUAL)	
37-D	37D TRUCK FLAT, 24' ROLLBACK, 30,000 LB CAP, 3-AXLE	
37-H	37H TRUCK FLAT (4X2) W/TOOL BOXES, 5TH WHEEL BOLSTER FOR POLE HAULING	
37-J	37J TRUCK FLAT, (6X6) SIDE LOADER, FRT WINCH & KNUCK LEBOOM CRANE WITH 8,000 LB. CAP. @ 10' RADIUS	
38-R	38R TRUCK, PICKUP, (4X2), EXTENDED CAB, TO 4700 GVW, (NISSAN FRONTIER OR EQUIVALENT)	

Pike Electric, Inc.
Equipment Billing Rates
Effective Date:07/06/2008

Pgm: EQR00005

BWYSE1

Page: 5

Misc.

Billing Code	Class Description	Rate
39-C	39C TRUCK, TRACTOR, 3-AXLE	
39-E	39E TRUCK, TRACTOR, 4-AXLE	
42-B	42B SPLICING VAN, 12'6"ALUM BODY, 74"ROLL UP REAR DR W /TOOLS, WK LIGHTS, W PUMP, MHOLE BLOWER, P TANKS	
44-F	44F WHEEL TRACTOR, LOADER, HYD, FRONT END LOADER 40-50HP W/3 POINT HITCH & REAR BOOM	
44-K	44K WHEEL TRACTOR, 3. HITCH , HYD. PUSH ANGLE BLADE, 60 H.P.	

CONSTRUCTION CREW CONTRACT BIDS

	2007		2008	
	Five C Const	Pike Electric Inc.	Bowl'n Group	Pike Electric Inc.
General Foreman	\$	\$	\$	\$
*Foreman	\$	\$	\$	\$
*Lineman 1st Class/A	\$	\$	**	\$
*Lineman 2nd Class/B	\$	\$	\$	\$
Lineman 3rd Class /C	\$	\$	\$	\$
*Groundman	\$	\$	\$	\$
*Truck Operator	\$	\$	\$	\$
Equipment Operator	\$	\$	\$	\$
*Line/Digger Truck	\$	\$	\$	\$
*Bucket Truck	\$	\$	\$	\$
Pole Truck	\$	\$	\$	\$
Pole Trailer	\$	\$	\$	\$
Pick-Up	\$	\$	\$	\$
Totals	\$	\$	\$	\$

*Included in totals for comparison purposes only

**Rate for Lineman 1st Class Included twice on Bowl'n since lineman 2nd class not included on bid

Five C Construction Co. Inc.

346 Turner Road
Gray, Kentucky 40734

November 27, 2006

Cumberland Valley Electric
PO Box 440
Gray, Kentucky 40734

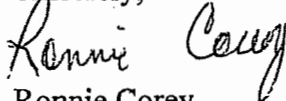
Dear Mr. Hampton:

In response to your request for a labor and equipment bid for 2005 and 2006, we propose the following:

	<u>2007</u>	<u>2008</u>
Foreman		
Lineman 1st class		
Lineman 2nd class		
Groundman		
Truck Operator		
Line Truck		
Bucket Truck		
Pole Truck		
Pick-Up		

Once again we would like to thank you and the Board for the opportunity we have had to work with you and look forward to working with you in the up-coming year.

Sincerely,



Ronnie Corey
President /Five C Construction Co.



PIKE ELECTRIC, INC., P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

CUMBERLAND VALLEY ELECTRIC
P. O. Box 440
Gray, KY 40734

Effective January 1, 2007 through December 30, 2008:

Overhead Line Crew

<u>CLASSIFICATION</u>	<u>REGULAR TIME BILLING RATE</u>	<u>OVERTIME BILLING RATE</u>
General Foreman		
Foreman		
Class A Lineman		
Class B Lineman		
Class C Lineman		
Equipment Operator		
Truck Driver		
Groundman		

Markup for insurance, unemployment, FICA, overhead and profit is included in the hourly rates.

A 2007 equipment list with rates is attached.

Reporting time: 2 hours.

All work on Saturdays, Sundays and holidays will be paid as overtime.

Lodging and meals will be invoiced at cost plus 10%.

A normal work day is 10 hours per day from 7:00 a.m. until 5:30 p.m. Every hour worked outside these work hours will be invoiced as overtime on Emergency and Storm Restoration work.

All work over 40 hours per week is overtime.



PIKE ELECTRIC, INC., P.O. BOX 868, 100 PIKE WAY, MOUNT AIRY, NC 27030 TELEPHONE: 336-789-2171

November 17, 2006

Mr. Ted Hampton
Manager
Cumberland Valley Electric
P. O. Box 440
Gray, KY 40734

Dear Mr. Hampton:

Please find enclosed our hourly labor and equipment billing rates for 2007 and 2008. We have included a more comprehensive list of our equipment billing rates. However, our most commonly utilized distribution equipment for overhead crews is as follows:

<u>Description</u>	<u>Pike Equipment Code</u>
Line Truck	20V or 20Y
Mat Handling Bucket	8N
Pickup Truck	38A or 38H
Pole Trailer	33N

Please feel free to call if you have any questions.

Sincerely,


A handwritten signature in cursive script that reads "David McDuffie".

David McDuffie
Region Vice President


Enclosure

Bid for Cumberland Valley Electric Power Line Construction

Cost Plus Work for 3 Man Crew

	<u>Hourly</u>
Lineman	
Operator	
Groundman	
Bucket truck	
Digger truck	
Pole truck	
Pick up truck	
Bulldozer	
Backhoe	
Dump truck	
Trencher	
Bobcat	
Chainsaw	
Air compressor	

Cost Plus Work for 4 Man Crew

	<u>Hourly</u>
Foreman	
Lineman	
Operator	
Groundman	
Bucket truck	
Digger truck	
Pole truck	
Pick up truck	
Bulldozer	
Backhoe	
Dump truck	
Trencher	
Bobcat	
Chainsaw	
Air compressor	

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Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

32. Reference Cumberland Valley's response to AG 1-35(b). The response is inadequate and does not answer the question posed. Has Cumberland Valley's Executives and/or Officers discussed any alternatives to filing for another rate increase such as freezing or reducing wage and salary increases/raises, increasing the employee contributions to insurance premiums, etc.

Response:

Please see response to Attorney General's Second Request for Information Item 3.

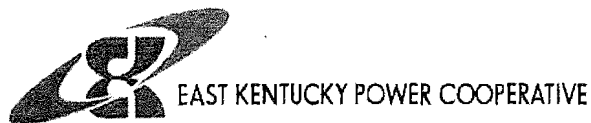
Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

33. Reference Cumberland Valley's response to AG 1-37. The response is inadequate and does not answer the question posed. As an Owner-Member Cooperative of EKPC, Cumberland Valley should know why EKPC has never issued capital credits. Provide a detailed explanation as to why EKPC has never issued capital credits to Cumberland Valley. Include in the explanation whether EKPC has issued capital credits to the other Owner-Members. Additionally, provide all correspondence between Cumberland Valley and/or its management and EKPC regarding the capital credits or the issuance of capital credits.

Response:

EKPC has allocated capital credits and CVE has recorded these capital credits on an annual basis. In fact, CVE removed the capital credits allocated as a test year adjustment. Refer to Exhibit 12 of the Application. A copy of the 2015 allocation from EKPC is attached.

EKPC has never refunded (paid) capital credits to its members due to their financial condition. There are no immediate plans to refund capital credits at this time.



TO: Member System Chief Executive Officers
FROM: Mike McNalley *mm/by mke*
DATE: February 15, 2016
SUBJECT: 2015 Assignment of Capital Credits

Attached is the schedule of the 2015 capital credit allocations for each of the distribution cooperatives. The amount has been based on the contribution-to-gross-margins method as was approved by the Board at its November 2001 meeting. The total margins for 2015, based on unaudited results, were \$49,327,599.35.

Please note that margins are subject to change if there are adjusting entries recommended by EKPC's external auditors.

mm/ss


Attachment

c: Member System Finance/Office
Managers By PDF Email

(M/FinDiv/General/Capital Credits to Members-Memo)

4775 Lexington Rd. 40391
P.O. Box 707, Winchester,
Kentucky 40392-0707

Tel. (859) 744-4812
Fax: (859) 744-6008
www.ekpc.coop

A Touchstone Energy Cooperative 

EAST KENTUCKY POWER COOPERATIVE, INC.

SCHEDULE ASSIGNING 2015 MARGINS TO MEMBERS (UNAUDITED)

	2014 Patronage Capital (Cumulative)	2015 Margin	2015 Patronage Capital (Cumulative)
Big Sandy RECC	\$ 12,307,226.05	\$ 1,091,875.15	\$ 13,399,101.20
Blue Grass Energy	\$ 52,540,236.63	\$ 5,614,985.90	\$ 58,155,222.53
Clark Energy Coop	\$ 20,134,437.76	\$ 2,030,328.27	\$ 22,164,766.03
Cumberland Valley Electric	\$ 23,242,168.57	\$ 2,111,053.01 <i>JE-6913C</i>	\$ 25,353,221.58
Farmers RECC	\$ 21,814,256.36	\$ 2,189,449.31	\$ 24,003,705.67
Fleming Mason RECC	\$ 36,137,182.55	\$ 3,565,753.07	\$ 39,702,935.62
Grayson RECC	\$ 11,964,962.96	\$ 1,154,984.25	\$ 13,119,947.21
Inter-County ECC	\$ 20,355,105.39	\$ 2,094,407.67	\$ 22,449,513.06
Jackson Energy Coop	\$ 42,767,309.92	\$ 4,083,952.33	\$ 46,851,262.25
Licking Valley RECC	\$ 12,734,080.68	\$ 1,168,389.16	\$ 13,902,469.84
Nolin RECC	\$ 31,087,359.00	\$ 3,203,274.01	\$ 34,290,633.01
Owen EC	\$ 59,016,811.45	\$ 6,123,832.72	\$ 65,140,644.17
Salt River RECC	\$ 44,447,807.79	\$ 4,925,114.54	\$ 49,372,922.33
Shelby Energy COOP	\$ 18,052,433.30	\$ 1,957,403.37	\$ 20,009,836.67
South Kentucky RECC	\$ 54,659,752.91	\$ 5,846,376.61	\$ 60,506,129.52
Taylor County RECC	\$ 21,601,743.31	\$ 2,166,419.98	\$ 23,768,163.29
Totals	<u>\$ 482,862,874.63</u>	<u>\$ 49,327,599.35</u>	<u>\$ 532,190,473.98</u>

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

34. Reference Cumberland Valley's response to AG 1-38(a). The response is inadequate and does not answer the question posed. Reference the Direct Testimony of James R. Adkins, Question #12, page 6 of 17. Mr. Adkins states that setting margins on the basis of TIER may be a disincentive for a distribution cooperative to maintain the lowest interest expense possible. Confirm or deny that since Cumberland Valley is a rural electric cooperative, and therefore member owned, Cumberland Valley should always pursue the lowest costs for its member owners in order to provide the lowest cost electricity.

Response:

Cooperatives always strive to provide for the lowest costs possible for the provision of low cost power to its members. However, when a TIER of 2.0X is used as a basis for the margins for a cooperative and when interest rates are very low, the TIER of 2.0X does not provide a level of margins that will provide enough cash for working capital needs for the cooperative, to grow equity, to pay capital credits, to maintain inventories, to make prepayments, to pay for construction work in progress or many other cash needs of a cooperative. Another or an alternative mechanism should be available to determine the margins level allowed in a rate application. Probably the easiest one is to allow a TIER greater than 2.0X as is requested in this application. Another one might be a return on total capitalization (including GTCCs) set at a predetermined percent. With a TIER of 2.0X as the criteria for margins, then margins are equal to interest expense so the lower the interest expense, the lower the margin allowance will be for rate-making purposes.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's Second Request for Information

35. Reference Cumberland Valley's response to AG 1-40(a) to answer the following questions:

a. What is the projected rate case expense for the present case?

Response:

The estimated rate case expenses are detailed in Exhibit 11 of the application and detailed below:

Legal	\$11,000
Consulting	\$60,000
Adverting	\$30,000
Supplies & Misc.	\$5,000
Total	\$105,000

b. What is the total amount of rate case expense invoiced thus far?

Response:

The current rate case expense as of 8/29/16 is \$66,612.41.