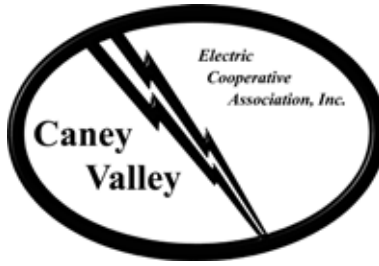


March 2007

A Communication
Service To Our Members

OICE

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**The Caney Valley Electric
Cooperative Assn., Inc.**
P.O. Box 308, 401 Lawrence
Cedar Vale, Kansas 67024
Phone (620) 758-2262 • Fax (620) 758-2926

From the Manager's Desk...2006 Finances

The 2006 financial and statistical records show satisfactory results for the year. The records have been audited with no significant exceptions reported by the independent CPA firm.

To the right is a summarized listing of the cooperative's 2006 and 2005 actual revenue and expense statements.

Also, for comparison, we are showing the Board approved 2007 estimated amounts used for planned budget purposes.

It is important to remember that the power cost adjustment (PCA) adder was begun in 2002. This was implemented in order to

2006 Caney Valley Expense and Revenue			
	2005	2006	2007 Budget
Total Revenue	\$ 6,370,709	\$ 6,793,084	\$ 7,060,000
Purchased Power	\$ 3,415,397	\$ 3,746,133	\$ 4,000,000
Operating Expenses	\$ 1,623,922	\$ 1,646,833	\$ 1,925,000
Depreciation & Interest	\$ 894,895	\$ 954,105	\$ 1,000,000
Operating Margins	\$ 436,495	\$ 446,013	\$ 135,000
Non-operating Income	\$ 155,142	\$ 187,947	\$ 58,000
Total Margins	\$ 591,637	\$ 633,960	\$ 193,000

maintain the cooperative's financial integrity in light of its wholesale power suppliers significant rate increase at that time.

The basic electric rates charged by the cooperative are

the same as implemented in 1993, and then reduced by five percent in 1999. All of the cost increases charged to our members since 2001 are attributable to the increased costs of whole-

sale power. That is the cost which the cooperative pays to its wholesale power supplier which is above five cents per kilowatt hour. The five cents per kilowatt hour is what the cooperative's regular rates were designed to cover or accommodate in order for the cooperative to have the income to operate at that time.

Cooperative Statistics for Comparison			
	Kilowatt hours		
	2002	2005	2006
Average monthly usage for residential rate accounts	611	711	706
Average monthly usage for all accounts	769	814	838
	Meters		
	2002	2005	2006
Average meters billed each month for residential rate accounts	3650	3668	3684
Average meters billed each month for all accounts	5173	5225	5298
	¢ per kilowatt hour		
	2001	2005	2006
Average cost per kwh for residential rate accounts	11.37	12.51	12.87
Average cost per kwh for all accounts	11.30	12.37	12.64
Percent increase in the cost per kwh from 2001 to 2006 – residential	13.2%		
Percent increase in the cost per kwh from 2001 to 2006 – all accounts	11.9%		

Copper Attracts Thieves to Electrical Substations

If there is an electric utility substation near where you are standing, and there are warning signs that read "DANGER -- KEEP OUT," what is your first inclination? Like many of us, you think "safety first" and walk in the opposite direction.

However, some people are gambling with their safety and lives by trespassing in substations in the pursuit of copper.

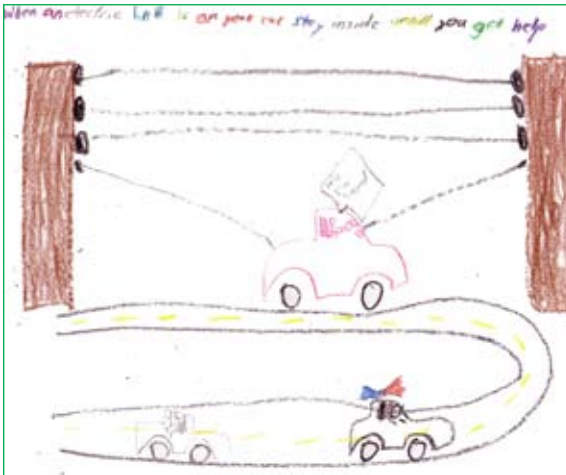
Once an inexpensive metal, copper has doubled in value in recent years. Thieves are cutting through substation fencing to take copper reels. Copper products have also been stolen from utility trucks, transformers, work sites and storage facilities. The metal is then sold to scrap dealers for a

considerable profit.

Caney Valley Electric Cooperative cares about the safety of our members. Here are a few things that will go a long way in securing your safety and the safety of others.

- If you see any unusual activity in or around substations, towers, utility poles, storage sites and other electric utility property, report it to your local electric cooperative immediately.
- No one should ever climb substation fences, utility poles or towers. People must also stay away from substations and transformers. Activity like this is hazardous and can result in severe injury and in some unfortunate cases, death.

Cooperative Month Electrical Safety Ad Contest



As a part of Cooperative Month, Caney Valley Electric held a contest for all area fifth graders to design an electrical safety advertisement.

Tyler Stafford's picture advertisement was one of the winners. Tyler is our \$25 prize winner from Lincoln Memorial Elementary, Caney. Congratulations, Tyler!

Operating Statistics March 2006

For Month End:	December 2005	December 2006	Year End 2005	Year End 2006
Customers Billed (avg)	5,242	5,345	5,224	5,298
Kilowatt Hours Sold	3,923,456	4,038,145	51,046,162	53,307,220
Total Revenue	\$ 481,642	\$ 520,920	\$ 6,370,709	\$ 6,793,084
Purchased Power	\$ 285,466	\$ 266,745	\$ 3,415,397	\$ 3,746,133
Operating Expenses	\$ 115,933	\$ 122,317	\$ 1,618,703	\$ 1,639,740
Depreciation Expenses	\$ 40,995	\$ 46,350	\$ 510,405	\$ 515,650
Interest Expenses	\$ 33,361	\$ 37,599	\$ 384,490	\$ 438,455
Other Expenses	\$ 799	\$ 510	\$ 5,219	\$ 7,092
Operating Margins	\$ 5,088	\$ 47,399	\$ 436,495	\$ 446,013
Non-Operating Margins	\$ 3,642	\$ 3,828	\$ 155,142	\$ 187,947
Total Margins	\$ 8,730	\$ 51,227	\$ 591,637	\$ 633,960

ATTENTION: High School Seniors Scholarships Available!

Caney Valley Electric has scholarships available for high school seniors going on to college or a vocational-technical school. Seven \$600 scholarships are available. They will be divided into \$300 per semester for the first year.

If you are a high school senior and are interested please contact your high school counselor or Caney Valley Electric at (620) 758-2262.

Applications are due by March 31, 2007.

Annual Meeting May 1

Caney Valley's Annual Meeting will be held Tuesday, May 1, at the Sedan fairgrounds.

Make plans to attend and participate in the activities of your cooperative!

There will be a free meal to all members and their families attending, entertainment, attendance gifts and numerous door prizes. The meal starts at 5:30 p.m., with the business meeting at 7 p.m. We hope to see you there!

Mailing Labels

Just a reminder to all members that if you are low on mailing labels, we will be mailing more out in April when we mail our Annual Meeting notice.

Power Cost Adjustment

The Power Cost Adjustment (PCA) for March is \$.00491. This calculates to an additional \$4.91 per 1,000 kilowatt hours used.