

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF)	
CUMBERLAND VALLEY ELECTRIC,)	CASE NO. 2006-00514
INC. FROM NOVEMBER 1, 2004 TO)	
OCTOBER 31, 2006)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on December 18, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Cumberland Valley Electric, Inc. ("Cumberland Valley") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Cumberland Valley to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Cumberland Valley has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

In its April 1, 2007 Order in Case No. 2006-00472,¹ the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Cumberland Valley's power supplier. On April 11, 2007, Cumberland Valley

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

filed its revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order in Case No. 2006-00477.² In its June 13, 2007 data request, Commission Staff requested that Cumberland Valley provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Cumberland Valley has complied with that request.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Cumberland Valley has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Cumberland Valley, has been authorized to transfer (roll-in) a 6.13 mills per kWh increase in the base fuel cost to its base rates.³

3. Cumberland Valley should be authorized to transfer (roll-in) a 6.41 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 6.13 mills per kWh increase in East Kentucky's current base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

² Case No. 2006-00477, Application of Cumberland Valley Electric to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

³ Case No. 2006-00508, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2004 to October 31, 2006.

4. The rates and charges in Appendix A are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Cumberland Valley through the FAC for the period November 1, 2004 to October 31, 2006 are approved.

2. Cumberland Valley is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by East Kentucky from its FAC to its base rates.

3. The rates in Appendix A are approved for service rendered by Cumberland Valley on and after August 1, 2007, the effective date of East Kentucky's change in rates.

4. Within 20 days of the date of this Order, Cumberland Valley shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 25th day of July, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00514 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by Cumberland Valley Electric, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

SCHEDULE I
HOME, FARM, SCHOOLS AND CHURCHES

Energy Charge	\$.07261
Marketing Rate	\$.04357

SCHEDULE II
SMALL COMMERCIAL SINGLE PHASE

First 3,000 kWh	\$.08116
Over 3,000 kWh	\$.07544

SCHEDULE II
SMALL COMMERCIAL THREE PHASE

First 3,000 kWh	\$.08116
Over 3,000 kWh	\$.07544

SCHEDULE III
ALL ELECTRIC SCHOOLS

Energy Charge	\$.06682
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SCHEDULE IV
LARGE POWER INDUSTRIAL

Energy Charge	\$.04127
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SCHEDULE IV-A
LARGE POWER RATE 50 TO 2,500 KW

Energy Charge	\$.05039
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SCHEDULE V
LARGE POWER 1,000 TO 2,500 KW

Energy Charge	\$.04647
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SCHEDULE V-A
LARGE POWER INDUSTRIAL

Energy Charge	\$.03994
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SCHEDULE VI
SECURITY LIGHTS

Rate per Month:

Mercury Vapor Lamps

175 Watt	\$ 7.11
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400 Watt	\$ 10.01
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Sodium Lamps

100 Watt Open Bottom	\$ 7.12
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100 Watt Colonial Post	\$ 8.07
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100 Watt Directional Flood	\$ 8.70
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400 Watt Directional Flood	\$ 13.70
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400 Watt Cobra Head	\$ 13.70
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