

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
APPROVAL OF AN AMENDMENT TO ITS) CASE NO. 2008-00115
ENVIRONMENTAL COMPLIANCE PLAN)
AND ENVIRONMENTAL SURCHARGE)

O R D E R

On March 28, 2008, East Kentucky Power Cooperative, Inc. ("EKPC") tendered for filing its application for approval of an amendment to its environmental compliance plan and environmental surcharge pursuant to KRS 278.183. EKPC also requested authorization to begin recovery of the costs documented in its application on May 1, 2008. However, a May 1, 2008 effective date violates the enabling statute, KRS 278.183(2), which provides in part that:

Within six (6) months of submittal [of an environmental compliance plan], the commission shall conduct a hearing to:

- (a) Consider and approve the plan and rate surcharge if the commission finds the plan and rate surcharge reasonable and cost-effective for compliance with the applicable environmental requirements set forth in subsection (1) of this section;
- (b) Establish a reasonable return on compliance-related capital expenditures; and
- (c) Approve the application of the surcharge.

Thus, the Commission has 6 months after the filing date to investigate the reasonableness of EKPC's application before the costs can be recovered by surcharge.

The Commission notes that, by letter dated April 4, 2008, EKPC was notified that its application could not be accepted for filing until April 28, 2008 to satisfy the 30-day advance notice requirement in KRS 278.183(2). Consequently, the Commission will have 6 months from April 28, 2008 to review EKPC's application before the costs can be recovered by surcharge.

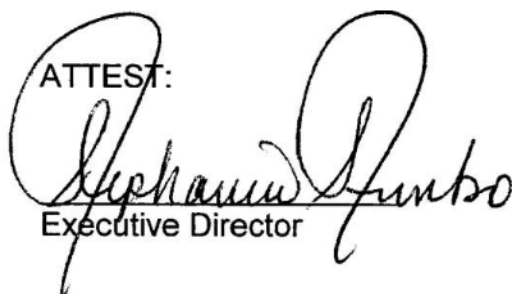
The Commission is mindful of EKPC's nonprofit status and the significant capital expenditures that it is making to be in compliance with all applicable environmental requirements. We will use our best efforts to process this case as expeditiously as possible.

IT IS THEREFORE ORDERED that, pursuant to KRS 278.183(2), EKPC's proposed environmental surcharge shall become effective on October 27, 2008 unless an earlier effective date is authorized by the Commission.

Done at Frankfort, Kentucky, this 24th day of April, 2008.

By the Commission

Chairman Goss Abstains.

ATTEST:

Executive Director