

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. 2008-00526
INC. FROM NOVEMBER 1, 2006)
THROUGH OCTOBER 31, 2008)

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on January 23, 2009, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Cumberland Valley Electric, Inc. ("Cumberland Valley") for the two-year period ended October 31, 2008.

As part of this review, the Commission ordered Cumberland Valley to submit certain information and an affidavit attesting to its adherence to 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 person advised the Commission of his or her intention to attend.

In Case No. 2008-00409,¹ the Commission authorized a \$59.5 million rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Cumberland

¹ Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc. (Ky. PSC Mar. 31, 2009).

Valley's power supplier. On April 3, 2009, Cumberland Valley filed its revised tariffs reflecting the rate increase authorized by the Commission's March 31, 2009 Order in Case No. 2008-00413.² Cumberland Valley subsequently filed a revised tariff, at Commission Staff's request, which reflected the effect of the proposed FAC roll-in upon its approved base rates.

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 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Cumberland Valley, has been authorized to transfer (roll-in) a 10.15 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 10.62 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 10.15 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.

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

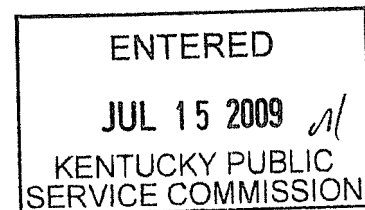
² Case No. 2008-00413, Application of Cumberland Valley Electric, Inc. to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2) (Ky. PSC Mar. 31, 2009).

³ Case No. 2008-00519, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2006 to October 31, 2008 (Ky PSC July 15, 2009).

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Cumberland Valley through the FAC for the period from November 1, 2006 to October 31, 2008 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 current base rates.
3. The rates in the Appendix to this Order are approved for service rendered by Cumberland Valley on and after August 1, 2009, 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.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00526 DATED JUL 15 2009

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 per kWh	\$.08848
Marketing Rate	\$.05309

SCHEDULE II
SMALL COMMERCIAL SINGLE PHASE

First 3,000 kWh	\$.09765
Over 3,000 kWh	\$.09152

SCHEDULE II
SMALL COMMERCIAL THREE PHASE

First 3,000 kWh	\$.09765
Over 3,000 kWh	\$.09152

SCHEDULE III
ALL ELECTRIC SCHOOLS

Energy Charge per kWh	\$.08227
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SCHEDULE IV
LARGE POWER INDUSTRIAL

Energy Charge per kWh	\$.05488
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SCHEDULE IV-A
LARGE POWER RATE 50 TO 2,500 kW

Energy Charge per kWh	\$.06466
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SCHEDULE V
LARGE POWER 1,000 TO 2,500 kW

Energy Charge per kWh	\$.06045
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SCHEDULE V-A
LARGE POWER INDUSTRIAL

Energy Charge per kWh	\$.05345
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SCHEDULE VI
SECURITY LIGHTS

Rate per Month:

Mercury Vapor Lamps	
175 Watt	\$ 8.36
400 Watt	\$ 12.22
Sodium Lamps	
100 Watt Open Bottom	\$ 8.38
100 Watt Colonial Post	\$ 9.39
100 Watt Directional Flood	\$ 10.07
400 Watt Directional Flood	\$ 16.18
400 Watt Cobra Head	\$ 16.18

Ted Hampton
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