




Cumberland Valley Electric

A Touchstone Energy Cooperative 

August 7, 2007

Beth O'Donnell  
Executive Director PSC  
PO Box 515  
Frankfort, Kentucky 40602-0615

**RECEIVED**

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**PUBLIC SERVICE  
COMMISSION**

Dear Ms. O'Donnell:

As the Commission was made aware in Case No. 2006-00148 (decision pending), Cumberland Valley Electric, Inc. ("CVE") is providing electric service to a mine near Blair in Harlan County operated by a contractor for Black Mountain Resources, Inc. ("BMR"). The mine, now known as Timber Tree Mine No. 9, has its portal in CVE's service territory, but is stated to have reserves that will eventually be mined in Kentucky Utilities' ("KU") service territory as well.

CVE has contacted KU on several occasions over the last four months and stated to KU that it believes that CVE is the proper retail electric supplier for the Timber Tree Mine and has invited KU to provide CVE with any information or other indication that KU wishes to rebut that claim. CVE has offered to meet KU at the mine site in order to further jointly review the situation. KU has twice responded that it does not intend to discuss this matter at least until the Commission issues an Order in Case No. 2006-00148 (and perhaps beyond), but that it has no objection to CVE providing service to the mine until that time.

CVE seeks the Commission's guidance as to whether this matter should be brought to the Commission for resolution at this time or whether the Commission would view the matter as premature for resolution. Under KRS278.018(6), an agreement between utilities as to the proper retail electric supplier requires Commission approval. In this instance, KU neither agrees nor disagrees that CVE is the proper retail electric supplier, but it has conceded that CVE should serve the mine pending KU's resolving whether it intends to make a claim for electrical power service to the mine. If the existing situation could be construed as an agreement, then it would require Commission approval.

Ted Hampton • President & CEO

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CVE has no desire to burden the Commission with a formal proceeding in a matter that may not actually be in controversy, however, it seeks guidance from the Commission as to the proper action to take in this matter. In order to properly evaluate the situation, CVE would respectfully suggest that the Commission staff and all interested parties visit the site of the Timber Tree mine and further request that the Commission staff schedule such a visit at its earliest opportunity.

CVE is providing a copy of this letter to both KU and BMR to advise each of this request.

Thank you very much.

A handwritten signature in cursive script that reads "Ted Hampton".

Ted Hampton  
General Manager  
Cumberland Valley Electric, Inc.

Cc: Ross Kegan, BMR  
Howard Bush, KU