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**PUBLIC SERVICE
COMMISSION**

July 24, 2009

Mr. Chris Perry
Fleming-Mason Energy Cooperative
P.O. Drawer 328
Flemingsburg, Kentucky 41041

Re: Case No. 2008-00519

Dear Mr. Perry:

On January 23, 2009, the Kentucky Public Service Commission ("Commission") established the above referenced case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of East Kentucky Power Cooperative, Inc. ("EKPC") for the two-year period ended October 31, 2008, and to determine the amount of fuel cost that should be rolled-in to its base rates. EKPC proposed that August 2008 be used by the Commission as the base period for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. EKPC further proposed that its base fuel cost be changed to 36.53 mills per kWh. EKPC responded to certain information requests in this proceeding, and a public hearing was held on March 17, 2009.

On July 15, 2009, the Commission issued its Order in Case No. 2008-00519 which found that EKPC has complied with the FAC regulation and the test month of August 2008 should be used as EKPC's base period for this review. Establishing a base fuel cost of 36.53 mills per kWh requires a roll-in of 10.15 mills per kWh from the FAC rate to EKPC's current base rates. These rates are effective for service rendered on and after August 1, 2009.

The impact on the rates contained in the wholesale steam agreement between EKPC and Fleming-Mason Energy Cooperative is reflected below. Please note that the demand charge is unchanged.

| | |
|-------------------------|---------|
| Energy Charge per MMBTU | \$4.931 |
|-------------------------|---------|

All other provisions of the wholesale steam agreement, not specifically mentioned herein, remain the same as those in effect prior to the date of the Commission's Order of July 15, 2009, and all other Tariffs and Riders applicable to this agreement will continue to apply.

Sincerely,

Ann F. Wood
Manager, Regulatory Services

c: Kentucky Public Service Commission