

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>THE APPLICATION OF CUMBERLAND VALLEY</b>	)	
<b>ELECTRIC, INC. FOR A CERTIFICATE OF PUBLIC</b>	)	
<b>CONVENIENCE AND NECESSITY TO CONSTRUCT</b>	)	<b>CASE NO.</b>
<b>FACILITIES ACCORDING TO THE APPLICANT'S</b>	)	<b>2006-00545</b>
<b>01/01/2007 ~ 12/31/2010 CONSTRUCTION WORK</b>	)	
<b>PLAN</b>	)	

**APPLICATION**

Cumberland Valley Electric, Inc., hereinafter called the Applicant, respectfully advises the Commission that:

1. The applicant is a nonprofit membership cooperative corporation without capital stock, duly organized and existing under K.R.S. Chapter 279, engaged in the sale of electric energy at retail rates to its member-consumers in the Kentucky counties of Bell, Clay, Harlan, Knox, Laurel, Leslie, Letcher, McCreary and Whitley.

2. The name of the Applicant is Cumberland Valley Electric, Inc., with a business address of P.O. Box 440, Gray, Kentucky 40734. {807 KAR 5:001, Section 8(1)}

3. Applicants Articles of Incorporation and all amendments thereto are as identified in Case No. 7772, Application to Increase Basic Retail Electric Rates, are on file with the Commission except those amendments for a corporate name change. Said

amendments are provided in Case No. 2005-00187, Application to Adjust Rates of Applicant. {807 KAR 5:001, Section 8(3)}

4. This application is for a Certificate of Public Convenience and Necessity ("CPCN") to construct electric distribution facilities as set out in the attached 01/01/2007 ~ 12/31/2010 Construction Work Plan, hereinafter referred to as the CWP.

5. The CPCN for the CWP will permit the Applicant to construct certain improvements and additions to existing distribution plant necessary to provide adequate and dependable electric service to existing and anticipated new members. System improvements recommended within the CWP will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, reduce system energy losses and provide for improved service reliability.

6. The CWP covers the period of four years between January 1, 2007 and December 31, 2010, and was prepared by the firm of Patterson & Dewar Engineers, Inc., PO Box 2808, Norcross, GA and the Applicant's staff. A copy of the CWP is filed herein and made a part hereof as Exhibit 1 (CVE\_cwp\_010807). The CWP was submitted to the Rural Utility Service ("RUS"), for approval, which was granted November 9, 2006; said approval is filed herein and made a part hereof within Exhibit 1.

7. The CWP was approved by the Applicant's Board of Directors on November 2, 2006. Said approval is filed herein and made a part hereof within Exhibit 1.

8. No CWP construction or extensions will require franchises or permits to be filed with the Commission.

9. The CWP and maps filed with this Application provide a description and location of new construction, improvements and extensions. All construction and extensions will provide service to retail consuming facilities located in the territory certified to the Applicant for retail electric service under K.R.S. 278.016 ~.018.

10. Total projected expenditures for the four-year CWP are estimated to be \$13,635,571 and summarized as follows:

- a) \$4,760,404 ~ New member construction
- b) \$2,859,260 ~ Transformers and meters
- c) \$356,400 ~ Service changes and upgrades
- d) \$912,000 ~ Sectionalizing equipment and activities
- e) \$126,000 ~ Capacitor bank appurtenances and controls
- f) \$56,000 ~ Voltage regulators
- g) \$522,953 ~ Pole replacements
- h) \$1,136,000 ~ Security light installations
- i) \$2,770,554 ~ System improvement projects
- j) \$136,000 ~ SCADA equipment

11. The anticipated annual cost of operations, excluding the cost of power, of the proposed facilities is \$1,941,796. Said anticipated cost of operation is filed herein and made a part hereof as Exhibit 2 (CVE\_costofoperation\_010807).

12. The Applicant is filing an application with RUS to arrange 100% financing of CWP projects with the RUS treasury rate program. Contract and force accounts financed with internally generated funds and a short-term line of credit will be used until

all loan approvals are granted. Said RUS financing will reimburse the general funds expended for the initial portion of the CWP and finance the balance of the CWP

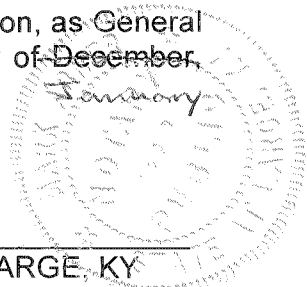
13. The current revenues are sufficient to cover any additional operating expenses that may be incurred in relation to the CWP. The addition of new consumers-members should assist in offsetting any additional expenses. The upgraded lines will also reduce system energy losses and assist in offsetting additional expenses.

WHEREFORE, the Applicant now moves the Public Service Commission of the Commonwealth of Kentucky to grant the said Certificate of Public Convenience and Necessity for Applicant's CWP which the Applicant has herein requested and which the Commission has discretion to grant pursuant to KRS 278.020 (1).

STATE OF KENTUCKY

COUNTY OF Knox

Subscribed, sworn to and acknowledged before me by Ted Hampton, as General Manager of CUMBERLAND VALLEY ELECTRIC, INC. this 2nd day of ~~December~~ January, ~~2006~~ 2007.



Mark Abram  
NOTARY PUBLIC, STATE AT LARGE, KY

MY COMMISSION EXPIRES: 9/7/2010

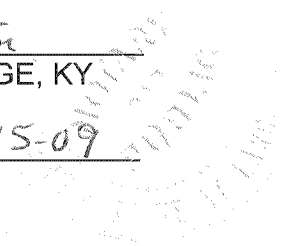
STATE OF KENTUCKY

COUNTY OF Kentucky

Subscribed, sworn to and acknowledged before me by W. Patrick Hauser, as Attorney for CUMBERLAND VALLEY ELECTRIC, INC. this 2nd day of ~~December~~ January, ~~2006~~ 2007.

Sheila Ann Broughton  
NOTARY PUBLIC, STATE AT LARGE, KY

MY COMMISSION EXPIRES: 11-15-09



Case No. 2003-00545

WITNESS the hand of the Applicant on this the 2nd day of <sup>January, 2007</sup>~~December, 2006~~, by its authorized representative.

**CUMBERLAND VALLEY ELECTRIC, INC.**

BY: Ted Hampton  
Ted Hampton  
General Manager

BY: W. Patrick Hauser  
W. Patrick Hauser  
Attorney for Applicant