

**OFFICIAL NOTICE**

Cumberland Valley Electric, Inc., with its principal office at Gray, Kentucky and with its address at 6219 North U.S. Highway 25E, Gray, Kentucky 40734, intends to file with the Kentucky Public Service Commission in Case No. 2016-00169 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of Cumberland Valley Electric. The proposed effective date of these new rates are July 25, 2016 and these rates are to be filed with the Commission on June 23, 2016.

The present and proposed rates for each Customer Classification are provided below:

|   | <u>Rates</u>   |                   |
|---|----------------|-------------------|
|   | <u>Present</u> | <u>Proposed</u>   |
| <b>Schedule I - Residential, Schools and Churches</b>   |                |                   |
| Customer Charge   | \$ 8.73        | \$ 14.10          |
| Energy Charge per kWh   | \$ 0.08563     | \$ 0.08636        |
| Marketing Rate - All kWh  | \$ 0.05138     | Rate Discontinued |
| <i>Cumberland Valley is proposing that the Schedule I - Marketing Rate be discontinued and replaced by a TOD rate, at customer's request.</i> |                |                   |
| <b>Schedule II - Small Commercial and Small Power Service</b>   |                |                   |
| <b>Single Phase</b>   |                |                   |
| Customer Charge   | \$ 8.96        | \$ 15.00          |
| First 3,000 kWh per kWh   | \$ 0.09519     | \$ 0.09519        |
| Over 3,000 kWh per kWh  | \$ 0.08880     | \$ 0.08905        |
| <b>Schedule II - Small Commercial and Small Power Service</b>   |                |                   |
| <b>Three Phase</b>  |                |                   |
| Customer Charge   | \$ 8.96        | \$ 25.00          |
| First 3,000 kWh per kWh   | \$ 0.09519     | \$ 0.09519        |
| Over 3,000 kWh per kWh  | \$ 0.08880     | \$ 0.08905        |
| Demand Charge per kW  | \$ 4.22        | \$ 4.22           |
| <b>Schedule III - Three Phase Schools and Churches</b>  |                |                   |
| Customer Charge   | \$ 25.00       | \$ 45.00          |
| Energy Charge per kWh   | \$ 0.07915     | \$ 0.08040        |
| <b>Schedule IV - Large Power Industrial</b>   |                |                   |
| Customer Charge   | \$ 50.00       | \$ 100.00         |
| Energy Charge per kWh   | \$ 0.05112     | \$ 0.05112        |
| Demand Charge per kW  | \$ 6.55000     | \$ 6.55000        |
| <b>Schedule IV-A - Large Power Rate 50 kW -2500 kW</b>  |                |                   |
| Customer Charge   | \$ 40.00       | \$ 65.00          |
| Energy Charge per kWh   | \$ 0.06078     | \$ 0.06078        |
| Demand Charge per kW  | \$ 4.22        | \$ 4.22           |
| <b>Schedule VI - Outdoor Lights and Security Lights</b>   |                |                   |
| 175W MV   | \$ 8.57        | \$ 9.42           |
| 400W MV   | \$ 12.76       | \$ 13.90          |
| 100W Open Bottom  | \$ 8.59        | \$ 9.44           |
| 100W Colonial Post  | \$ 9.68        | \$ 10.61          |
| 100W Direct. Flood  | \$ 10.42       | \$ 11.40          |
| 400W Direct. Flood  | \$ 16.57       | \$ 17.98          |
| 400W Cobra Head   | \$ 16.57       | \$ 17.98          |
| LED Open Bottom   | \$ 8.32        | \$ 9.15           |
| LED Cobra Head  | \$ 14.19       | \$ 15.43          |
| LED Directional   | \$ 17.42       | \$ 18.89          |
| <b>Schedule I - Prepaid Service</b>   |                |                   |
| Customer Charge   | \$ 8.73        | \$ 14.10          |
| Energy Charge per kWh   | \$ 0.08563     | \$ 0.08636        |
| Prepaid Fee   | \$ 3.00        | \$ 3.00           |
| <b>Nonrecurring Charges</b>   |                |                   |
| Remote Disconnect Charge  | \$ 20.00       | \$ 25.00          |
| Remote Reconnect Charge   | \$ 20.00       | \$ 25.00          |

The amount of the change requested in dollar amounts and percentage change for each customer classification is presented below:

|  | <u>Increase</u> |                |
|--|-----------------|----------------|
|  | <u>Dollar</u>   | <u>Percent</u> |
| Schedule I - Residential, Schools and Churches                 | \$ 1,628,748    | 5.81%          |
| Schedule II - Small Commercial Single Phase                    | 97,406          | 6.49%          |
| Schedule II - Small Commercial Three Phase                     | 27,657          | 3.30%          |
| Schedule III - Three Phase Schools and Churches                | 31,374          | 2.47%          |
| Schedule IV - Large Power Industrial                           | 750             | 0.07%          |
| Schedule IV-A - Large Power Rate 50 kW -2500 kW                | 24,600          | 0.36%          |
| Schedule VI - Outdoor Lights and Security Lights               | 128,675         | 9.43%          |
| Schedule I - Prepaid Service                                   | 11,179          | 6.57%          |
| Schedule I - Marketing Rate                                    | 25,802          | 68.08%         |
|  | <hr/>           |                |
|  | 1,976,191       | 4.80%          |
| <b>Nonrecurring Charge - Remote Disconnect &amp; Reconnect</b> | 22,450          | 25.00%         |

The amount of the average usage and the effect upon the average bill for each customer classification is provided below:

|   | <u>Average Usage kWh</u> | <u>Increase</u> |                |
|---|--------------------------|-----------------|----------------|
|   |                          | <u>Dollar</u>   | <u>Percent</u> |
| Schedule I - Residential, Schools and Churches                        | 1,147                    | \$ 6.21         | 5.81%          |
| Schedule II - Small Commercial Single Phase                           | 907                      | \$ 6.10         | 6.49%          |
| Schedule II - Small Commercial Three Phase                            | 4,470                    | \$ 16.72        | 3.30%          |
| Schedule III - Three Phase Schools and Churches                       | 27,500                   | \$ 54.37        | 2.47%          |
| Schedule IV - Large Power Industrial                                  | 1,096,680                | \$ 50.00        | 0.07%          |
| Schedule IV-A - Large Power Rate 50 kW -2500 kW                       | 92,377                   | \$ 25.00        | 0.36%          |
| Schedule VI - Outdoor Lights and Security Lights                      | 84                       | \$ 0.97         | 9.43%          |
| Schedule I - Prepaid Service  | 939                      | \$ 6.06         | 6.57%          |
| Schedule I - Marketing Rate   | 953                      | \$ 33.34        | 68.08%         |
|   | <u>Average Number</u>    |                 |                |
| <b>Nonrecurring Charge - Remote Disconnect &amp; Remote Reconnect</b> | 374                      | \$ 5.00         | 25.00%         |

**New Rates Classes Proposed**

|   | <u>Rates</u>   |                 |
|---|----------------|-----------------|
|   | <u>Present</u> | <u>Proposed</u> |
| <b>Residential Time of Day (TOD) Rate</b> |                |                 |
| Customer Charge                           |                | \$ 20.00        |
| On-Peak Energy Charge per kWh             |                | 0.10161         |
| Off-Peak Energy Charge per kWh            |                | 0.06000         |
| <b>Inclining Block Rate</b>               |                |                 |
| Customer Charge                           |                | \$ 9.90         |
| First 200 kWh                             |                | 0.08842         |
| Next 300                                  |                | 0.09342         |
| Over 500                                  |                | 0.09842         |

A person may examine this application at the offices of Cumberland Valley Electric located at 6219 North U.S. Highway 25E, Gray, KY. A person may examine the application at commission's offices located at 211 Sower Boulevard, Frankfort, KY, Monday through Friday 8:00 a.m. to 4:00 p.m., through the commission's Web site at <http://psc.ky.gov>.

Comments regarding this application may be submitted to the Kentucky Public Service Commission through its Web site or by mail to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602.

The rates proposed in this application are the rates proposed by Cumberland Valley Electric. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the Commission may take final action on the application.