



Ernie Fletcher
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Chairman

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John W. Clay
Commissioner

Timothy J. LeDonne
Commissioner
Department of Public Protection

March 16, 2007

Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

RE: Case No. 2006-00472

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/sh
Enclosure

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Cincinnati, OH 45202

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Honorable Charles A. Life
Senior Corporate Counsel
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

March 16, 2007

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC RATES)
OF EAST KENTUCKY POWER COOPERATIVE,) CASE NO. 2006-00472
INC.)

ORDER

On March 6, 2007, the Commission continued the hearing on East Kentucky Power Cooperative, Inc.'s ("EKPC") request to place its proposed rates into effect immediately after EKPC disclosed its failure to publish proper notice of this hearing. Later that same day, the parties advised Commission Staff that they had reached an agreement to permit a portion of the proposed rates to become effective during the pendency of this proceeding.

While the Commission appreciates the parties' efforts to resolve this issue, we note that an agreement between the parties is not determinative. KRS 278.192(2) establishes a clear standard for the requested relief. Those seeking to place proposed rates into effect during a suspension period must demonstrate that the utility's "credit or operations will be materially impaired or damaged by the failure to permit the rates to become effective during the period."

The Commission hereby places all parties on notice that, regardless of the parties' agreement, the criteria of KRS 278.190(2) must be met for any grant of interim rate relief. The parties therefore should be prepared at the scheduled hearing on March 22, 2007 to present evidence that EKPC's credit or operations will be materially

impaired if the agreed upon relief, or some other relief, is not granted. The Commission will accord the appropriate weight to the parties' agreement. However, we do not consider such agreement to be controlling and will closely review the evidence of record¹ to determine if the statutory standard has been met.

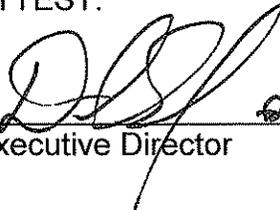
We further place the parties on notice that the subject matter of the hearing of March 22, 2007 is limited to the potential impairment of EKPC's credit and operations that may result from a denial of EKPC's request for interim rate relief. No evidence or argument on other issues will be entertained.

IT IS THEREFORE ORDERED that all parties shall be fully prepared to present at the scheduled hearing evidence on the potential impairment of EKPC's credit and operations that may result from a denial of EKPC's request to place the proposed rates into effect prior to September 1, 2007.

Done at Frankfort, Kentucky, this 16th day of March, 2007,

By the Commission

ATTEST:



Beth O'Donnell
Executive Director

¹ In this regard, the Commission notes that any argument in support of credit or operational impairment is best supported with the utility's most current financial statements and testimony from the utility's creditors. The Commission has previously requested that EKPC furnish its financial statements for the 12-month period ending December 31, 2006. See Case No. 2006-00455, An Investigation of the Financial Condition of East Kentucky Power Cooperative, Inc., Commission Staff's Supplemental Data Request to East Kentucky Power Cooperative, Inc., Item 1 (January 3, 2007). EKPC has yet to produce such information.