COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SALT RIVER ELECTRIC COOPERATIVE CORPORATION FOR A REDUCTION OF RATES	)))	CASE NO. 2006-00359

O R D E R

On July 20, 2006, Salt River Electric Cooperative Corporation ("Salt River") filed a motion requesting authority to reduce its existing energy rates by eliminating the sixth (last) digit. Salt River states that it intends to revise its data processing systems for customer billings and will utilize the services of a supplier whose current capabilities are limited to processing rates of only 5 digits. To avoid the substantial cost that would be incurred for the data processing supplier to upgrade its system to accommodate Salt River's current 6-digit energy rates, Salt River proposes to eliminate the sixth digit of the energy charge for each of its customer classes. The resultant rates of each rate classification will either slightly decrease, or remain unchanged. Utilizing a billing analysis with a 5-digit energy charge for the month of March 2006, Salt River calculated that its total monthly billings would have been reduced by less than $120.

Salt River also requested, due to the nature of the decrease in rates, a waiver of the Commission's filing requirements set forth in 807 KAR 5:001, Section 10, which are applicable to a general adjustment in rates. The Commission's July 27, 2006 Order granted Salt River's request for a waiver from substantially all of the filing requirements. The Commission denied Salt River's proposal to publish an abbreviated form of

newspaper notice of its rate decrease. In its August 7, 2006 response, Salt River provided a copy of its proposed newspaper notice. The Commission finds the proposed notice adequately informs its customers of the proposed tariff changes.

In addition, the Commission's July 27, 2006 Order directed Salt River to comply with 807 KAR 5:001, Section 10(1)(a)(7), which requires the filing of a proposed tariff that complies with 807 KAR 5:011 and contains an effective date as provided for under KRS 278.180. In its August 7, 2006 response, Salt River filed a copy of its current tariffs with the changes in all rates marked by strike-through. However, while Salt River stated that it was filing a copy of its proposed tariff with an effective date for service rendered on and after September 16, 2006, no such tariff was filed.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that good cause exists to permit Salt River to reduce its energy charge by eliminating the sixth digit, or decimal place.

The Commission HEREBY ORDERS that:

1. Salt River's request for authority to reduce its existing energy rates by eliminating the sixth digit of the rate is granted.

2. Salt River shall file proof of publication of its revised notice to customers of its proposed decrease within 10 days of its final publication, or 10 days from the date of this Order, whichever date occurs first.

3. Within 10 days of the date of this Order, Salt River shall file new tariffs, containing an effective date of September 16, 2006 and specifying whether that date is for service rendered or bills rendered.

Done at Frankfort, Kentucky, this 7th day of September, 2006.

By the Commission

ATTEST:

Executive Director