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May 3, 2007

RECEIVED

MAY 03 2007

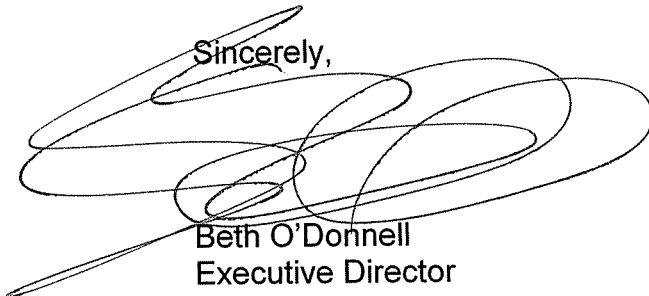
PUBLIC SERVICE
COMMISSION

PARTIES OF RECORD:

RE: Case No. 2006-00415
APPLICATION OF INTER COUNTY ENERGY COOPERATIVE
CORPORATION FOR AN ADJUSTMENT OF RATES

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's content should be submitted to the Commission within five days of receipt of this letter. Questions regarding this memorandum should be directed to Andrea Schroeder at (502) 564-3940, Extension 209.

Sincerely,



Beth O'Donnell
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED

MAY 03 2007

**PUBLIC SERVICE
COMMISSION**

TO: Main Case File – Case No. 2006-00415

FROM: Andrea Schroeder,^{as} Team Leader

DATE: May 3, 2007

RE: APPLICATION OF INTER COUNTY ENERGY COOPERATIVE
CORPORATION FOR AN ADJUSTMENT OF RATES

Pursuant to the Commission's April 12, 2007 Order, an informal conference was held on April 17, 2007 at the Commission's offices in Frankfort, Kentucky. A list of the attendees is attached hereto.

The purpose of the conference was to discuss the possible resolution of all issues in this case. Inter County stated that it had reached a settlement in principle with the Attorney General, the sole intervenor in the case, and provided an overview of the settlement points. Inter County intends to present a signed settlement agreement prior to the hearing scheduled for May 15, 2007. Inter County indicated that it would be prepared to present testimony as to the reasonableness of the settlement.

Staff discussed some minor issues related to the language in Inter County's meter reading tariff and in some loan documents with East Kentucky Power Cooperative. Inter County agreed to make modifications to the documents to comply with applicable statutes and regulations. Staff requested that Inter County provide a calculation of the rate of return on rate base that results from the settlement amount, which it agreed to do.

The informal conference then adjourned.

