

August 29, 2008

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SEP - 2 2008

PUBLIC SERVICE

Hon. Stephanie L. Stumbo, Executive DirectorPublic Service Commission211 Sower BoulevardP. O. Box 615Frankfort, KY 40602

Dear Hon. Stumbo:

Taylor County RECC sent the enclosed letter to RUS with a copy to the PSC in January 2008.

RUS has now notified Taylor County that they had approved the deferred plan subject to approval by the Kentucky Public Service Commission.

Taylor County request by this letter that the Public Service Commission approve the deferred plan for retiring meters as explained by the January 17, 2008 letter.

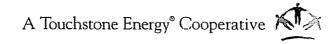
Sincerely,

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

John F. Patterson, Office Manager

JFP:pwr

Enc





January 17, 2008

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Joseph S. Badin, Director RUS -Northern Regional Division Stop 1566 1400 Independence Avenue, S.W. Washington, D.C. 20250-1566

Dear Mr. Badin:

Taylor County implemented an automated Meter Reading ("AMR") project where all of its current meters are being replaced with AMR meters. In conjunction with the meter replacement project, Taylor County is proposing to write-off its meters and the associated accumulated depreciation. This will result in a large adjustment that Taylor County is proposing to amortize. It is our opinion that the one time amount should not be expensed in one (1) year since this is the result of years of accumulating meters and then retiring all these meters in a single project.

Taylor County does not maintain accumulated depreciation at the individual plant level, but records all depreciation for distribution plant in Account No. 108.60, Accumulated Depreciation. To record the net adjustment, the ratio of meters retired to total distribution plant was applied to the accumulated depreciation on distribution plant total to arrive at the associated accumulated depreciation for meters retired.

The proposed adjustment to retire meters and remove the accumulated depreciation is as follows:

DR	Acct. 108.60, Accumulated Depreciation	\$ 302,256.83	
DR	Acct. 182.10, Extraordinary Property Losses	1,205,258.55	
CR	Acct. 370.00, Meters		\$1,507,515.38

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Joseph S. Badin, Director RUS -Northern Regional Division January 17, 2008 Page 2

Taylor County is proposing to amortize the Deferred Change over a 5-year period. The proposed adjustment to amortize the net retirement of meters is as follows:

DRAcct 407.00, Amortization of Property Losses\$ 241,051.71CRAcct 182.10, Extraordinary Property Losses\$ 241,051.71

Should you have any questions, or need additional information, please do not hesitate to contact us.

Respectfully submitted,

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

John F. Patterson, Office Manager

JFP:pwr

cc: Public Service Commission