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July 27, 2006

RE: Case No. 2006-00359

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/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On July 20, 2006, Salt River Electric Cooperative Corporation ("Salt River") filed a motion requesting authority to reduce all of 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. This will result in a slight decrease in rates to each customer in each classification. Utilizing a billing analysis with a 5-digit energy charge for the month of March, Salt River calculated that its total 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. Finally, Salt River proposes to publish an abbreviated form of newspaper notice of its rate decrease. The abbreviated notice omits the information required by 807 KAR 5:001, Section 10(3)(a) and (c), which

includes the amount of change in dollars and percentages for each customer classification, as well as the effect upon the average bill for each customer class. Ratepayers will be able to obtain the omitted information by clipping and mailing a coupon to Salt River. A copy of the proposed newspaper notice was included with the motion.

Based on the motion and being otherwise sufficiently advised, the Commission finds good cause to grant Salt River a waiver from substantially all of the filing requirements set forth in 807 KAR 5:001, Section 10, except as discussed herein. With respect to the newspaper notice of the rate decrease, the information specified by 807 KAR 5:001, Section 10(3)(a) and (c), is essential for Salt River's customers to properly understand the effect of the proposed rate decrease. The information is not voluminous and requiring customers to clip and mail a coupon to Salt River to obtain this basic information would create an undue burden for customers. In addition, Salt River must comply with Section 10(4) of that regulation, which specifies the manner of publishing customer notice, the filing of copies of the notice, and filing proof of publication.

Finally, the Commission notes that Salt River has not complied 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. The filing of a proposed tariff is essential for the Commission, as well as Salt River's customers, to know exactly the changes that are being proposed and the date when those charges will become effective. Each utility is required to file a tariff under KRS 278.160, and this requirement cannot be waived.

IT IS THEREFORE ORDERED that:

1. Salt River's motion for a waiver of the filing requirements contained in 807 KAR 5:001, Section 10(3), regarding the form of newspaper notice of its proposed rates; 807 KAR 5:001, Section 10(4), regarding the manner of publication, the filing of copies, and proof of publication; and 807 KAR 5:001, Section 10(1)(a)(7), regarding the filing of a proposed tariff, is denied.

2. Salt River's motion for a waiver of all other filing requirements under 807 KAR 5:001, Section 10, is granted.

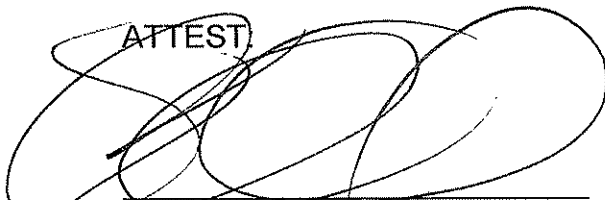
3. Within 10 days of the date of this Order, Salt River shall file a copy of its proposed newspaper notice and its proposed tariff containing an effective date and specifying whether that date is for service rendered or bills rendered.

4. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 27th day of July, 2006.

By the Commission

ATTEST



Executive Director