

March 22, 2007



Mr. Jerry Weutcher, Esquire  
Kentucky Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, KY 40602-0615

RECEIVED

MAR 26 2007

PUBLIC SERVICE  
COMMISSION

VIA CERTIFIED U.S. MAIL

Subject: **Updated of Cost of Service Study – Case No. 2006-00444**

Dear Mr. Weutcher:

Frankfort Electric and Water Plant Board (FEWPB) and R. W. Beck are in the process of revising the cost of service study relative to the recent rate case filed by FEWPB. This letter is to confirm our understanding that the Kentucky Public Service Commission requires FEWPB to utilize audited Fiscal Year 2006 results as the basis for the Test Year in the cost of service analysis. If this is not the case, please contact us as soon as possible so that we may discuss the issue with the Kentucky Public Service Commission staff.

I appreciate your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Lane', with a long horizontal line extending to the right.

Michael Lane, ASA

cc: David Spenard, Esquire, Kentucky Attorney General's Office  
Tom Marshall, Esquire  
Don Prather, Esquire  
Hance Price, Staff Attorney, FEWPB  
Herbbie Bannister, Assistant General Manager of Operations, FEWPB  
John N. Hughes, Attorney at Law