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Commonwealth of Kentucky
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Mark David Goss
Chairman

John W. Clay
Commissioner

April 24, 2007

Mr. Michael Lane
400 Professional Park Drive
Suite 100
Goodlettsville, TN 37072-2100

Re: Case No. 2006-00444
Frankfort Water and Electric Plant Board

Dear Mr. Lane:

Commission Staff acknowledges receipt of your letter of March 22, 2007.

The Kentucky Public Service Commission does not require the Frankfort Electric and Water Plant Board to use audited Fiscal Year 2006 results as the basis for its proposed test year. A utility has the discretion to choose the test period that it believes best reflects its current operations. Commission Staff, however, strongly recommends the use of the most recent audit results. Use of this report is likely to reduce the level of discovery requests and to ensure greater confidence that the proposed test year accurately reflects Frankfort Electric and Water Plant Board's current operations.

If you have any questions regarding this letter, please contact me at (502) 564-3940, Extension 259.

Any questions regarding this letter should be directed to me at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald E. Wuetcher".

Gerald E. Wuetcher
Assistant General Counsel

Cc: Main Case File
Parties of Record