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COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION
BEFORE THE
PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PETITION TO CHANGE TARIFF ON)
NON-RECURRING CHARGES OUTSIDE OF) CASE NO. 2007-00297
GENERAL RATE PROCEEDING)

Pursuant to KRS 278.160(1) and 807 KAR 5:011 Section 10, Salt River requests leave to make the following changes to its non-recurring charges on its tariff filing. The requested changes are listed below:

- (1) Residential Deposits -- current charge of \$100 to be increased to \$200;
- (2) Low Usage Deposit -- current charge of \$50 to be increased to \$100;
- (3) Implement a deposit requirement on small commercial accounts. The deposit would be \$200 or an estimated 2/12 of their annual bill;
- (4) Cease the practice of accepting credit references from other utilities to waive the deposit;
- (5) Return check fee -- increase the fee of \$10 to a \$20 fee.

Salt River believes that each one of these charges would reduce the number of charge accounts that need to be charged off and is consistent with the policies of other neighboring utilities. Salt River does not believe that the additional revenue to be generated from these revisions exceeds by five percent all miscellaneous non-recurring charges for the past 12 month period.

Salt River provided notice of these changes by publication of the changes in the July edition of Kentucky Living Magazine. Kentucky Living is a trade publication that is mailed to all Salt River members during the first week of July, 2007. A copy of the notice is attached.

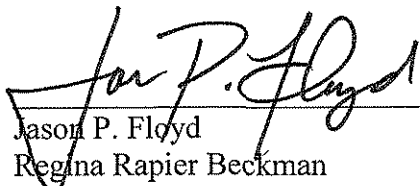
Salt River is mailing a copy of this Petition to the Attorney General Offices, Consumer Protection Division.

Salt River's last rate increase was in 1993. At that time the problems of disconnects, non payment and insufficient checks were not as prevalent. Salt River does not know when it may be filing an increase for rates and believes it is a better business policy to change the requirements at the current time.

This rate will affect all people signing up for service with Salt River Electric. It will also affect existing Salt River members signing up for new or additional accounts.

A copy of Salt River's balance sheet and income statement for twelve months ending May 31, 2006 is attached.

FULTON, HUBBARD & HUBBARD



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Bardstown, Kentucky 40004
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This is to certify that the foregoing was served by mailing a true copy of same to the following this 6 day of July, 2007:

Hon. Beth A. O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

Office of the Attorney General
Consumer Protection Division
118 State Capitol
700 Capital Ave.
Frankfort, KY 40601



Jan P. Floyd

REGINA:SALT RIVER-PSC030607.PETITION TO CHARGE TARIFF

Salt River News

A monthly publication for the 45,000 members of the Salt River Electric Cooperative Corporation, serving Bullitt, Nelson, Spencer, and Washington County, plus portions of six surrounding counties, since 1937.

Headquarters Office:
111 West Brashear Avenue
Bardstown, KY 40004

Office Telephones:
Bardstown: 348-3931
Bullitt County: 543-3083
Springfield: 859-336-5080
Taylorsville: 477-5133
Outages: 1-800-221-7465

Board of Directors:
Chairman - Jimmy Longmire
Vice Chrm. - Darwin Thomas
Treasurer - Gayle Troutman
Secretary - Sidney Osbourne
Director - Linda West
Director - A.C. Cahoe

President & CEO
Larry Hicks

On Page 1A

A large crowd turned out for Salt River Electric's 2007 annual meeting. This year's event marked the 70th anniversary for the distribution co-op, which today serves more than 45,000 customers. This small group decided to take a break after several hours of free rides and tasty concessions. For more photos of the event, see pages 4A-5A.

Official Notice

Salt River Electric Cooperative Corporation, 111 W. Brashear Ave., Bardstown, KY 40004, hereby provides notice to all of its customers of a change in nonrecurring fees effective July 1, 2007. Salt River will increase residential deposits from \$100 to \$200 and low-usage deposits from \$50 to \$100. Salt River will implement a deposit requirement on small commercial accounts of \$200 or 2/12ths of the annual bill. Salt River will increase the returned check fee from \$10 to \$20. Salt River will no longer accept a credit reference from other utilities on new accounts to waive a deposit. These new fees are only a proposal to the Public Service Commission. The Public Service Commission may order fees to be charged that differ from the proposed fees by Salt River. Any corporation, association, or person with a substantial interest may, by written request, within thirty (30) days after publication of this notice, request to intervene; intervention may be granted beyond the 30-day period for good cause shown. The petition and any other filings made by the utility contacting the utility at the address and phone number listed. Any person may examine the petition and other filings made by the utility in regard to this fee increase at either Salt River or at the PSC, 211 Sower Blvd., PO Box 615, Frankfort, KY 40602-0615.

The Glossary...

This month we continue with another installment of our glossary of rural electric terms.

Last month's term was **Transmission Line**—High-voltage conductors that carry electric power from generating plants to load centers like substations.

The word, or term, we offer for the month of July is **Fuse**—A protective device containing a small meltable wire designed to melt when current reaches a value that could damage the conductor or device it is protecting.

SALT RIVER ECC
12 MONTHS ENDED
MARCH 31, 2007

| | <u>12 mo. ended 03/31/07</u> |
|---|----------------------------------|
| Operating Revenue and Patronage Capital | \$73,668,641.00 |
| Cost of Purchased Power | \$56,622,427.00 |
| Distribution Expense - Operation | \$1,880,073.00 |
| Distribution Expense - Maintenance | \$1,934,625.00 |
| Consumer Accounts Expense | \$2,072,947.00 |
| Customer Service and Informational Expense | \$165,051.00 |
| Sales Expense | \$142,786.00 |
| Administrative & General Expense | <u>\$2,430,663.00</u> |
| Total Operation & Maintenance Expense | \$65,248,572.00 |
| Depreciation and Amortization Expense | \$4,633,910.00 |
| Tax Expense - Other | \$69,746.00 |
| Interest on Long-Term Debt | \$2,594,790.00 |
| Interest Expense - Other | \$84,407.00 |
| Other Deductions | <u>\$3,950.00</u> |
| Total Cost of Electric Service | \$72,635,375.00 |
| Patronage Capital & Operating Margins | \$1,033,266.00 |
| Non Operating Margins - Interest | \$524,896.00 |
| Income (Loss) from Equity Investments | (\$79,626.00) |
| Non Operating Margins - Other | \$244,959.00 |
| Generation and Transmission Capital Credits | \$0.00 |
| Other Capital Credits and Patronage Dividends | <u>\$279,890.00</u> |
| Patronage Capital or Margins | <u><u>\$2,003,385.00</u></u> |

| | |
|---|--|
| USDA - RUS FINANCIAL AND STATISTICAL REPORT | BORROWER DESIGNATION KENTUCKY 21 NELSON |
| | PERIOD ENDED MARCH 31, 2007 |

INSTRUCTIONS - See RUS Bulletin 1717B-2

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

| ITEM | YEAR-TO-DATE | | | YEAR-TO-DATE | |
|---|------------------|------------------|---|------------------|------------------|
| | LAST YEAR (a) | THIS YEAR (b) | | LAST YEAR (a) | THIS YEAR (b) |
| 1. New Services Connected | 467 | 247 | 5. Miles Transmission | 0.000 | 0.000 |
| 2. Services Retired | 52 | 31 | 6. Miles Distribution - Overhead | 3,299.071 | 3,318.594 |
| 3. Total Services in Place | 47,565 | 49,221 | 7. Miles Distribution - Underground | 482.743 | 542.340 |
| 4. Idle Services (Exclude Seasonals) | 3,495 | 4,045 | 8. Total Miles Energized (5 + 6 + 7) | 3,781.814 | 3,860.934 |

PART C. BALANCE SHEET

| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
|--|------------------|---|------------------|
| 1. Total Utility Plant in Service..... | \$105,228,196.64 | 29. Memberships..... | \$1,553,780.00 |
| 2. Construction Work in Progress..... | \$481,254.20 | 30. Patronage Capital..... | \$43,926,202.56 |
| 3. Total Utility Plant (1 + 2)..... | \$105,709,450.84 | 31. Operating Margins - Prior Years..... | \$144,679.39 |
| 4. Accum. Provision for Depreciation and Amort..... | \$38,009,545.14 | 32. Operating Margins - Current Years..... | (\$328,201.00) |
| 5. Net Utility Plant (3 - 4)..... | \$67,699,905.70 | 33. Non-Operating Margins..... | \$322,944.32 |
| 6. Non-Utility Property (Net)..... | \$262,333.97 | 34. Other Margins and Equities..... | \$2,298,960.33 |
| 7. Investments in Subsidiary Companies..... | \$0.00 | 35. Total Margins & Equities (29 thru 34)..... | \$47,918,365.60 |
| 8. Invest. in Assoc. Org. - Patronage Capital..... | \$14,704,885.42 | 36. Long-Term Debt - RUS (Net)..... | \$26,616,901.47 |
| 9. Invest. in Assoc. Org. - Other - General Funds..... | \$1,658.84 | (Payments - Unapplied \$.....) | \$0.00 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds.... | \$2,151,455.01 | 37. Long-Term Debt - RUS - Econ. Devel. (Net)..... | \$672,221.91 |
| 11. Investments in Economic Development Projects..... | \$422,222.22 | 38. Long-Term Debt - FFB - RUS Guaranteed..... | \$0.00 |
| 12. Other Investments..... | \$0.00 | 39. Long-Term Debt - Other - RUS Guaranteed..... | \$0.00 |
| 13. Special Funds..... | \$0.00 | 40. Long-Term Debt - Other (Net)..... | \$25,832,338.64 |
| 14. Total Other Property & Investments (6 thru 13)..... | \$17,542,555.46 | 41. Total Long-Term Debt (36 thru 40)..... | \$53,121,462.02 |
| 15. Cash - General Funds..... | \$929,335.38 | 42. Obligations Under Capital Leases - Noncurrent..... | \$0.00 |
| 16. Cash - Construction Funds - Trustee..... | \$0.00 | 43. Accumulated Operating Provisions..... | \$303,396.08 |
| 17. Special Deposits..... | \$0.00 | 44. Total Other Noncurrent Liabilities (42 +43)..... | \$303,396.08 |
| 18. Temporary Investments..... | \$9,251,121.51 | 45. Notes Payable..... | \$0.00 |
| 19. Notes Receivable (Net)..... | \$3,945,174.23 | 46. Accounts Payable..... | \$6,002,677.83 |
| 20. Accounts Receivable - Sales of Energy (Net)..... | \$7,533,608.52 | 47. Consumers Deposits..... | \$1,408,235.39 |
| 21. Accounts Receivable - Other (Net)..... | \$544,240.99 | 48. Current Maturities Long-Term Debt..... | \$0.00 |
| 22. Materials and Supplies - Electric & Other..... | \$830,390.37 | 49. Current Maturities Long-Term Debt | |
| 23. Prepayments..... | \$138,610.00 | -Economic Development..... | \$0.00 |
| 24. Other Current and Accrued Assets..... | \$0.00 | 50. Current Maturities Capital Leases..... | \$0.00 |
| 25. Total Current and Accrued Assets (15 thru 24)..... | \$23,172,481.00 | 51. Other Current and Accrued Liabilities..... | \$1,004,959.32 |
| 26. Regulatory Assets..... | \$0.00 | 52. Total Current & Accrued Liabilities (45 thru 51)..... | \$8,415,872.54 |
| 27. Other Deferred Debits..... | \$1,662,958.00 | 53. Regulatory Liabilities..... | \$0.00 |
| 28. Total Assets and Other Debits (5 + 14 + 25 thru 27)..... | \$110,077,900.16 | 54. Other Deferred Credits..... | \$318,803.92 |
| | | 55. Total Liabilities and Other Credits | |
| | | (35 + 41 + 44 + 52 thru 54)..... | \$110,077,900.16 |

PART D. NOTES TO FINANCIAL STATEMENTS

THIS SPACE IS PROVIDED FOR IMPORTANT DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS CONTAINED IN THIS REPORT. (A SEPARATE SHEET MAY BE USED IF ADDITIONAL SPACE IS NEEDED.)