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October 7, 2010

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**PUBLIC SERVICE
COMMISSION**

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: PSC Case No. 2010-00319

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of the responses of East Kentucky Power Cooperative, Inc., (“EKPC”) to the Commission’s Appendix B First Information Requests, contained in the Commission’s Order dated September 7, 2010, and the Prepared Testimony of Ann F. Wood on Behalf of EKPC. All documents contained in this filing are also being filed on behalf of EKPC’s member systems.

Very truly yours,



Roger Cowden
Counsel

Enclosures

Cc: Parties of Record

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIOD ENDING)
JUNE 30, 2010 AND THE PASS-THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)**

**CASE NO.
2010-00319**

**RESPONSES TO COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED SEPTEMBER 7, 2010

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC ADMINISTRATIVE CASE 2010-00319

PUBLIC SERVICE COMMISSION INFORMATION REQUEST DATED 09/07/10

East Kentucky Power Cooperative, Inc. (EKPC) hereby submits responses to the information requests contained in Appendix B to the Order of the Public Service Commission ("PSC") in this case dated September 7, 2010. Each response with its associated supportive reference materials is individually tabbed.

1 COMMONWEALTH OF KENTUCKY
2
3 BEFORE THE PUBLIC SERVICE COMMISSION
4

5 In the Matter of:

6
7 AN EXAMINATION BY THE PUBLIC SERVICE)
8 COMMISSION OF THE ENVIRONMENTAL)
9 SURCHARGE MECHANISM OF EAST KENTUCKY)
10 POWER COOPERATIVE, INC. FOR THE) CASE NO.
11 SIX-MONTH BILLING PERIOD ENDING) 2010-00319
12 JUNE 30, 2010; AND THE PASS-THROUGH)
13 MECHANISM FOR ITS SIXTEEN MEMBER)
14 DISTRIBUTION COOPERATIVES)
15
16

17 DIRECT TESTIMONY OF ANN F. WOOD
18 ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.
19
20

21 Q. Please state your name, business address and occupation.

22 A. My name is Ann F. Wood and my business address is East Kentucky Power
23 Cooperative ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391. I
24 am the Manager of Regulatory Services for EKPC.

25 Q. Please state your education and professional experience.

26 A. I received a B.S. Degree in Accounting from Georgetown College in 1987. After
27 graduation I accepted an audit position with Coopers & Lybrand in the Lexington
28 office. My responsibilities ranged from performing detailed audit testing to
29 managing audits. In October 1995, I started working for Lexmark International,
30 Inc. as an analyst. In May 1997, I joined EKPC and held various management
31 positions in the accounting and internal auditing areas. In August 2008, I became
32 Manager of Regulatory Services at EKPC. I am a certified public accountant in
33 Kentucky.

1 **Q. Please provide a brief description of your duties at EKPC.**

2 A. As Manager of Regulatory Services, I am responsible for managing all filings
3 with the Public Service Commission (“Commission.”) I report directly to the
4 Chief Financial Officer.

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to describe how EKPC and its Member Systems
7 have applied the environmental surcharge mechanism in a reasonable manner
8 during the period under review and to identify the over/under recoveries
9 accumulated for the periods under review for EKPC and each Member System
10 and recommend an amortization of such amounts accumulated during the period
11 under review. My testimony will also propose updating the rate of return used in
12 the environmental surcharge calculation.

13 **Q. Is EKPC preparing testimony and responding to data requests on behalf of**
14 **its member systems?**

15 A. Yes. EKPC is preparing testimony on behalf of each member system. These
16 member systems are: Big Sandy Rural Electric Cooperative Corporation; Blue
17 Grass Energy Cooperative Corporation; Clark Energy Cooperative, Inc.;
18 Cumberland Valley Electric, Inc.; Farmers Rural Electric Cooperative
19 Corporation; Fleming-Mason Energy Cooperative; Grayson Rural Electric
20 Cooperative Corporation; Inter-County Energy Cooperative Corporation; Jackson
21 Energy Cooperative; Licking Valley Rural Electric Cooperative Corporation;
22 Nolin Rural Electric Cooperative Corporation; Owen Electric Cooperative; Salt

1 River Electric Cooperative Corporation; Shelby Energy Cooperative, Inc.; South
2 Kentucky Rural Electric Cooperative Corporation; and Taylor County RECC.

3 **Q. Have other EKPC representatives provided responses to data requests in this**
4 **proceeding?**

5 A. Yes. Ernest W. Huff, Manager of Fuels and Emissions, has provided the emission
6 allowance information for Response 3 of the First Information Request of
7 Commission Staff. Frank J. Oliva, Manager of Finance, has provided the debt
8 and average interest rate/ TIER information for Responses 5 and 6 of the First
9 Information Request of Commission Staff.

10 **Q. Previous Commission Orders required EKPC and its Member Systems to**
11 **incorporate certain provisions into the calculation of the monthly**
12 **environmental surcharge factors. Please comment on how EKPC and the**
13 **Member Systems have addressed the most significant aspects of these Orders**
14 **during the periods under review.**

15 A. A brief description of each component of the environmental surcharge
16 calculation, applied consistently with Commission Orders, is discussed below.

17 • **Compliance Plan Projects**

18 EKPC's compliance plan consists of the projects approved by the Commission
19 upon implementation of the environmental surcharge (Case No. 2004-00321)
20 and upon the amendment to its compliance plan (Case No. 2008-00115.) The
21 monthly environmental surcharge reports, incorporated by reference in this
22 case, show the capital costs for these projects. Please note that the
23 Commission has approved EKPC's second amendment to its compliance plan

1 (Case No. 2010-00083); however, this second amendment does not impact the
2 period under review in this proceeding.

3 • **Base/Current Method**

4 EKPC used the Base/Current method for calculating the monthly
5 environmental surcharge factor during the review periods. As a result of the
6 Commission's Order in Case No. 2009-00317 dated January 28, 2010,
7 EKPC's base factor is now 0%. This base factor change was made beginning
8 with the January 2010 expense month calculation.

9 • **Actual Emission Allowance Expense**

10 EKPC included only actual SO₂ and NO_x emission allowance expense in the
11 monthly filings.

12 • **Return on Emission Allowance Inventory and Limestone Inventory**

13 EKPC has included a return on all environmental surcharge assets, including
14 emission allowances purchased for current and vintage years. This is
15 addressed in Response 3 to the First Data Request of Commission Staff.
16 EKPC has also included a return on its limestone inventory.

17 • **Return on Construction Work in Process (CWIP)**

18 EKPC has included a return on CWIP during the period under review.

19 • **Rate of Return**

20 EKPC's rate of return consists of two components: the average cost of debt
21 on its compliance plan projects and a Times Interest Earned Ratio (TIER)
22 component. For the January 2010 billing period (December 2009 expense
23 month) as granted in Case No. 2009-00039, EKPC applied an average cost of

1 debt of 4.762% and a 1.35 TIER to yield a 6.429% rate of return. As a result
2 of Commission Order in Case No. 2009-00317, EKPC updated its average
3 cost of debt at 4.482% and applied a 1.35 TIER, which yielded a 6.051% rate
4 of return. EKPC applied this rate of return beginning with the February 2010
5 billing period (January 2010 expense month) through the current billing
6 period. Application of the rate of return is reflected in Response 1 to the First
7 Information Request of Commission Staff. Please note that in Case No. 2010-
8 00021, which is still pending before the Commission, EKPC also updated the
9 debt component of the rate of return calculation.

10 • **Operation and Maintenance (O&M) Expenses**

11 EKPC has continued to use a 12-month rolling average for O&M expenses
12 associated with the compliance plan projects. For those instances where the
13 change in the level of O&M expense exceeded 10 percent, EKPC has
14 provided an explanation. These explanations are provided in Response 4 to
15 the First Information Request of Commission Staff.

16 • **Pass-Through Mechanism**

17 The environmental surcharge factors computed for retail customers were
18 billed by EKPC's Member Systems at approximately the same time as EKPC
19 billed the Member Systems at wholesale. The calculation of the monthly
20 factors for each Member System was provided in the monthly reports filed
21 with the Commission. EKPC and the Member Systems adhered to these and
22 all other requirements and provisions of the Commission's Orders for the
23 periods under review.

1 **Q. Were the environmental-related amounts included in the monthly surcharge**
2 **calculation based on booked costs?**

3 A. Yes. EKPC continues to use the amounts booked for the various cost categories
4 included in the surcharge calculation and these costs were actual costs and
5 incurred in a prudent manner.

6 **Q. Did EKPC incur any over and under recoveries during the periods under**
7 **review?**

8 A. Yes. However, as shown in Response 1 to the First Information Request of
9 Commission Staff, EKPC applied its June 2010 over-recovery to the August 2010
10 expense month. Therefore, there are no cumulative over or under recoveries to
11 consider in this proceeding.

12 **Q. Did the Member Systems incur any over or under recoveries during the**
13 **review periods?**

14 A. Yes. However, the over or under recovery amounts through June 2010, shown in
15 Response 2 to the First Information Request of Commission Staff, have since
16 been flowed through subsequent months' calculations. Therefore, there are no
17 cumulative over or under recoveries to consider in this proceeding.

18 **Q. Does EKPC propose changes to its wholesale surcharge mechanism during**
19 **this review?**

20 A. Please note that the following proposed change was included in Case No. 2010-
21 00021, which is pending before the Commission. As part of this proceeding,
22 EKPC reiterates its request to change from a two-month "true-up" adjustment to a
23 one-month "true-up" adjustment at the wholesale level with respect to over and

1 under recoveries. In order to accomplish this proposed change, in the month after
2 either the Commission's Order in this proceeding or the Commission's Order in
3 2010-00021 , if received sooner, EKPC will need to reflect two-months of
4 over/under recoveries in one month. EKPC recognizes this proposed change will
5 require a change to its wholesale tariff (Rate ES-Environmental Surcharge).
6 Please see Exhibit AFW-1 for the proposed tariff change.

7 **Q. Do EKPC's member systems propose any changes to their surcharge**
8 **mechanism during this review?**

9 A. Yes. As part of Case No. 2009-00039, EKPC proposed, and the Commission
10 approved, the establishment of a two-month "true-up" mechanism for over and
11 under recoveries at both wholesale and retail. For reasons discussed in greater
12 detail in the Supplemental Testimony of Ann F. Wood filed with the Commission
13 in Case No. 2010-00021 on April 30, 2010, EKPC reiterates its member system
14 request that the retail two-month "true-up" adjustment be ceased effective with
15 the date of the Commission's Order in this proceeding, or the date of the
16 Commission's Order in Case No. 2010-00021, whichever is sooner. The tariff
17 revision associated with this change is provided as Exhibit AFW-2.

18 **Q. How do the EKPC member systems propose to treat future over or under**
19 **recoveries?**

20 A. EKPC's member systems propose that accumulated over/under recoveries will be
21 determined during the six-month and two-year reviews, and, after review and
22 approval by the Commission, be amortized over a future six-month period.

23 **Q. Has EKPC updated the rate of return to be used prospectively?**

1 A. Yes. As indicated in Response 6 the First Data Request of Commission Staff,
2 EKPC recommends that the Commission approve the average debt cost of
3 4.525%. As indicated earlier in my Direct Testimony, EKPC will maintain the
4 use of a 1.35 TIER in calculating the rate of return.

5 **Q. When does EKPC propose to apply the updated average debt cost to its rate**
6 **of return calculation?**

7 A. EKPC plans to use the new average debt cost in its rate of return calculation in the
8 first month following the Commission's Final Order in this proceeding.

9 **Q. Does this conclude your testimony?**

10 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIOD ENDING)
JUNE 30, 2010 AND THE PASS-THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

CASE NO.
2010-00319

A F F I D A V I T

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has read the foregoing prepared testimony and that she would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of her knowledge, information and belief.

Ann F. Wood

Subscribed and sworn before me on this 6th day of October, 2010.

Greg M. Wilcox
Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

EAST KENTUCKY POWER COOPERATIVE, INC

RATE ES – ENVIRONMENTAL SURCHARGE

APPLICABILITY

Applicable to all sections of this rate schedule and this rate schedule shall apply to each Member System.

AVAILABILITY

This rate schedule shall apply to EKPC rate sections A, B, C, E, and G and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

The Environmental Surcharge shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

$$\text{CESF} = \text{E(m)} / \text{R(m)}$$

$$\text{MESF} = \text{CESF} - \text{BESF}$$

MESF = Monthly Environmental Surcharge Factor

CESF = Current Environmental Surcharge Factor

BESF = Base Environmental Surcharge Factor of 0%

where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and R(m) is the revenue for the current expense month as expressed below.

Definitions

(1) $\text{E(m)} = [(\text{RB}/12)(\text{RORB}) + \text{OE} - \text{BAS} + (\text{Over})\text{Under Recovery}$

where:

(a) RB is the Environmental Compliance Rate Base, defined as electric plant in service for applicable environmental projects adjusted for accumulated depreciation, CWIP, cash working capital, spare parts and

limestone inventory, emission allowance inventory;

(b) RORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a times-interest-earned ratio of 1.35;

DATE OF ISSUE February 3, 2010 DATE EFFECTIVE: January 28, 2010

ISSUED BY _____ TITLE President & Chief Executive Officer

issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2009-00317 Dated January 28, 2010

For All Counties Served
P.S.C. No. 34
First Revised Sheet No. 25
Canceling P.S.C. No. 34
Original Sheet No. 25

EAST KENTUCKY POWER COOPERATIVE, INC

(c) OE is the Monthly Pollution Control Operating Expenses, defined as the average of the twelve month operating and maintenance expense; depreciation expense, property taxes, insurance expense, emission allowance expense, and consulting fees.;

(d) BAS is the net proceeds from By-Products and Emission Allowance Sales, and;

(e) (Over) or Under recovery amount resulting from the amortization of amounts determined by the Commission during six-month and two-year reviews and the ~~two~~ *one*-month "true-up" adjustment.

(T)

(2) Total E(m) is multiplied by the Member System Allocation Ratio to arrive at Net E(m). The Member System Allocation Ratio is based on the ratio of the 12-month total revenue from sales to Member Systems to which the Surcharge will be applied, ending with the current expense month, divided by the 12-month total revenue from sales to Member Systems and off-system sales.

(3) The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC for the twelve months ending with the current expense month.

(4) The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Name of Member System

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company’s service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and special contracts.

RATE

$CES(m) = ES(m)$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation

$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \text{_____} \%$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____
President and General Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Name of Member System

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. *6-months cumulative* over or under recoveries result from _____
~~the amortization of amounts determined~~ *are reviewed and approved* by the Commission during six-month and two-year reviews. ~~and the two-month "true-up" adjustment.~~ *Over or under recoveries shall be amortized over a future six-month period.*

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE President and General Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
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SIX-MONTH BILLING PERIOD ENDING)
JUNE 30, 2010 AND THE PASS-THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

CASE NO.
2010-00319

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ernest W. Huff, being duly sworn, states that he has supervised the preparation of
the responses of East Kentucky Power Cooperative, Inc. to the Public Service
Commission Staff First Data Requests contained in Appendix B in the above-referenced
case dated September 7, 2010, and that the matters and things set forth therein are true
and accurate to the best of his knowledge, information and belief, formed after reasonable
inquiry.

[Handwritten signature of Ernest W. Huff]

Subscribed and sworn before me on this 5th day of October, 2010.

[Handwritten signature of Notary Public]
Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

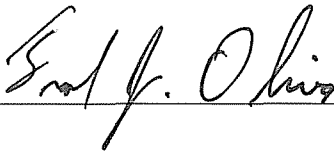
AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
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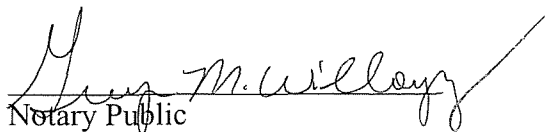
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff First Data Requests contained in Appendix B in the above-referenced case dated September 7, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 5th day of October, 2010.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
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DISTRIBUTION COOPERATIVES)

CASE NO.
2010-00319

CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff First Data Requests contained in Appendix B in the above-referenced case dated September 7, 2010, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 6th day of October, 2010.

Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00319

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 9/7/10

REQUEST 1

RESPONSIBLE PARTY: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Prepare a summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the billing periods under review. Form 1.1 can be used as a model for this summary. Include the two expense months subsequent to the billing period in order to show the over- and under-recovery adjustments for the months included for the billing period. Include a calculation of any additional over- or under-recovery amount EKPC believes needs to be recognized for each six-month review. Include all supporting calculations and documentation for the additional over- or under-recovery.

Response 1. Please see pages 2 and 3 of this response. For purposes of this review period, there is no cumulative over/under recovery as EKPC has followed the two-month "true up" adjustment approved in Case No. 2009-00039. As further discussed in testimony in this proceeding, EKPC is requesting the Commission's approval to change to a one-month "true up" adjustment going forward.

East Kentucky Power Cooperative, Inc. Environmental Surcharge Report
 Calculation of Current Month Environmental Surcharge Factor (CESF)
 and (Over)/Under Recovery Calculation

Line	Description	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
1	E(m) = RORB + OE - BAS						
2	Rate Base	\$610,014,766	\$608,169,233	\$609,112,895	\$609,322,372	\$607,557,545	\$605,748,113
3	Rate Base / 12	\$50,834,564	\$50,680,769	\$50,759,408	\$50,776,864	\$50,629,795	\$50,479,009
4	Rate of Return	= 6.051%	6.051%	6.051%	6.051%	6.051%	6.051%
5	Return on Rate Base (RORB)	+ \$3,075,999	\$3,066,693	\$3,071,452	\$3,072,508	\$3,063,609	\$3,054,485
6	Operating Expenses (OE)	+ \$3,558,103	\$3,565,307	\$3,700,850	\$3,580,656	\$3,492,422	\$3,709,990
7	By-Product and Emission Allowance Sales (BAS)	-					
8	Sub-Total E(m)	\$6,634,102	\$6,632,000	\$6,772,302	\$6,653,164	\$6,556,031	\$6,764,475
8a	Prior Periods Adjustments						
9	Member System Allocation Ratio for the Month (Form 3.0)	98.61%	98.66%	98.49%	98.21%	98.46%	98.44%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$6,541,888	\$6,543,132	\$6,670,040	\$6,534,072	\$6,455,068	\$6,658,949
11	Adjustment for (Over)/Under Recovery, as applicable	\$650,316	\$650,316	\$0	\$0	\$0	\$0
12a	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$7,192,204	\$7,193,448	\$6,670,040	\$6,534,072	\$6,455,068	\$6,658,949
12b	2-month true up adjustment	\$600,084	(\$988,935)	(\$3,611,167)	(\$2,674,594)	(\$117,599)	\$946,051
12c	E(m) = Ln 12a + Ln 12 b	\$7,792,289	\$6,204,513	\$3,058,873	\$3,859,478	\$6,337,469	\$7,605,000
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$57,234,360	\$58,107,422	\$58,057,214	\$57,174,483	\$57,077,299	\$57,662,277
14	CESF: Line 12 c / Line 13 E(m) / R(m); as a % of Revenue	13.61%	10.68%	5.27%	6.75%	11.10%	13.19%
15	BESF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	MESF	13.61%	10.68%	5.27%	6.75%	11.10%	13.19%
17	Authorized Recovery Amount: Line 13 x Line 16	\$7,792,289	\$6,204,513	\$3,058,873	\$3,859,478	\$6,337,469	\$7,605,000
18	Environmental Surcharge Revenues Billed	\$11,233,064	\$10,466,883	\$6,322,112	\$2,112,822	\$3,067,770	\$6,691,031
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$3,611,167)	(\$2,674,594)	(\$117,599)	\$946,051	\$791,708	(\$353,562)

East Kentucky Power Cooperative, Inc. Environmental Surcharge Report
 Calculation of Current Month Environmental Surcharge Factor (CESF)
 and (Over)/Under Recovery Calculation

Line	Description	Jul-10	Aug-10
1	E(m) = RORB + OE - BAS		
2	Rate Base	\$603,722,880	\$602,103,182
3	Rate Base / 12	\$50,310,240	\$50,175,265
4	Rate of Return	6.051%	6.051%
5	Return on Rate Base (RORB)	\$3,044,273	\$3,036,105
6	Operating Expenses (OE)	\$3,884,632	\$4,258,464
7	By-Product and Emission Allowance Sales (BAS)		
8	Sub-Total E(m)	\$6,928,904	\$7,294,569
8a	Prior Periods Adjustments		
9	Member System Allocation Ratio for the Month (Form 3.0)	97.92%	97.36%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$6,784,783	\$7,101,992
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$0
12a	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$6,784,783	\$7,101,992
12b	2-month true up adjustment	\$791,708	(\$353,562)
12c	E(m) = Ln 12a + Ln 12 b	\$7,576,491	\$6,748,430
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$58,759,809	\$59,596,338
14	CESF: Line 12 c / Line 13 E(m) / R(m); as a % of Revenue	12.89%	11.32%
15	BESF	0.00%	0.00%
16	MESF	12.89%	11.32%
17	Authorized Recovery Amount: Line 13 x Line 16	\$7,576,491	\$6,748,430
18	Environmental Surcharge Revenues Billed	\$8,798,197	\$8,600,595
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$1,193,197)	(\$1,024,104)

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00319

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

**COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 9/7/10
REQUEST 2**

RESPONSIBLE PARTY: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Prepare summary schedules showing the pass-through revenue requirement for each of the Member Cooperatives for the months corresponding to the six-month review. Include the two months subsequent to the billing period included in the review periods. Include a calculation of any additional over- or under-recovery amount the distribution cooperative believes needs to be recognized for the six-month review. Include all supporting calculations and documentation for the additional over- or under-recovery.

Response 2. Please see pages 2 through 17 of this response. For purposes of this review period, there is no cumulative over/under recovery, as the June 2010 over/under recovery will be applied to the September expense month calculation. As further discussed in testimony in this proceeding, EKPC's member systems are requesting that the two-month "true-up" adjustment at retail be ceased.

Big Sandy RECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$270,382	\$198,551	\$71,831	
Feb-10	\$237,677	\$309,876	(\$72,199)	
Mar-10	\$145,975	\$42,043	\$103,932	
Apr-10	\$46,275	(\$8,148)	\$54,423	
May-10	\$64,909	\$155,123	(\$90,214)	
Jun-10	\$139,402	\$35,282	\$104,120	
Jul-10	\$188,340	\$372,842	(\$184,502)	
Aug-10	\$180,952	\$203,514	(\$22,562)	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Blue Grass Energy - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & Recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$1,213,430	\$594,512	\$618,918	
Feb-10	\$1,136,993	\$924,310	\$212,683	
Mar-10	\$646,401	\$954,459	(\$308,058)	
Apr-10	\$208,506	\$458,354	(\$249,848)	
May-10	\$317,970	\$407,389	(\$89,419)	
Jun-10	\$704,542	\$852,489	(\$147,947)	
Jul-10	\$924,029	\$856,798	\$67,231	
Aug-10	\$901,945	\$523,657	\$378,288	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Clark Energy Cooperative - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Members Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$231,131	\$169,927	\$61,204	
Feb-10	\$460,330	\$405,014	\$55,316	
Mar-10	\$430,707	\$397,417	\$33,290	
Apr-10	\$239,017	\$193,870	\$45,147	
May-10	\$74,382	\$114,951	(\$40,569)	
Jun-10	\$113,646	\$179,597	(\$65,951)	
Jul-10	\$252,236	\$310,229	(\$57,993)	
Aug-10	\$337,889	\$410,301	(\$72,412)	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Cumberland Valley Electric - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$522,223	\$370,091	\$152,132	
Feb-10	\$483,004	\$477,067	\$5,937	
Mar-10	\$299,941	\$517,876	(\$217,935)	
Apr-10	\$94,413	\$212,795	(\$118,382)	
May-10	\$134,015	\$72,730	\$61,285	
Jun-10	\$286,898	\$300,592	(\$13,694)	
Jul-10	\$376,901	\$302,330	\$74,571	
Aug-10	\$375,176	\$136,824	\$238,352	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Farmers RECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$238,657	\$274,100	(\$35,443)	
Feb-10	\$478,473	\$395,471	\$83,002	
Mar-10	\$432,041	\$408,143	\$23,898	
Apr-10	\$256,435	\$223,373	\$33,062	
May-10	\$88,280	\$85,346	\$2,934	
Jun-10	\$128,870	\$108,168	\$20,702	
Jul-10	\$294,493	\$377,186	(\$82,693)	
Aug-10	\$390,476	\$411,898	(\$21,422)	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Fleming-Mason - Calc of (Over)/Under w/ 2-month lag - All Others				
Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)
Jan-10	\$434,153	\$303,491	\$130,662	
Feb-10	\$401,419	\$606,788	(\$205,369)	
Mar-10	\$233,900	\$287,875	(\$53,975)	
Apr-10	\$75,470	(\$23,289)	\$98,759	
May-10	\$106,386	\$50,190	\$56,196	
Jun-10	\$233,075	\$291,136	(\$58,061)	
Jul-10	\$315,085	\$188,661	\$126,424	
Aug-10	\$304,053	\$317,739	(\$13,686)	

Fleming-Mason - Calc of (Over)/Under w/ 2-month lag - Sch C + Spec Contracts				
Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)
Jan-10	\$412,764	\$412,764	\$0	
Feb-10	\$403,768	\$403,768	\$0	
Mar-10	\$313,370	\$313,370	\$0	
Apr-10	\$126,324	\$126,324	\$0	
May-10	\$151,523	\$151,523	\$0	
Jun-10	\$288,360	\$288,360	\$0	
Jul-10	\$378,531	\$378,531	\$0	
Aug-10	\$371,557	\$371,557	\$0	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Grayson - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$266,096	\$258,307	\$7,789	
Feb-10	\$242,512	\$184,999	\$57,513	
Mar-10	\$147,943	\$119,266	\$28,677	
Apr-10	\$48,277	\$42,721	\$5,556	
May-10	\$68,322	\$88,346	(\$20,024)	
Jun-10	\$147,570	\$211,486	(\$63,916)	
Jul-10	\$201,507	\$242,994	(\$41,487)	
Aug-10	\$193,051	n/a	n/a	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Inter-County ECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$240,954	\$127,896	\$113,058	
Feb-10	\$499,788	\$443,209	\$56,579	
Mar-10	\$456,146	\$384,427	\$71,719	
Apr-10	\$253,781	\$192,357	\$61,424	
May-10	\$76,593	\$141,284	(\$64,691)	
Jun-10	\$111,073	\$203,869	(\$92,796)	
Jul-10	\$257,024	\$316,573	(\$59,549)	
Aug-10	\$337,690	n/a	n/a	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Jackson Energy Cooperative - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$1,010,987	\$825,851	\$185,136	
Feb-10	\$938,395	\$766,950	\$171,445	
Mar-10	\$547,319	\$612,199	(\$64,880)	
Apr-10	\$169,777	\$380,479	(\$210,702)	
May-10	\$239,054	\$432,701	(\$193,647)	
Jun-10	\$523,384	\$621,682	(\$98,298)	
Jul-10	\$694,586	\$555,760	\$138,826	
Aug-10	\$680,845	n/a	n/a	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Licking Valley RECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$273,406	\$246,792	\$26,614	
Feb-10	\$251,822	\$219,838	\$31,984	
Mar-10	\$151,024	\$121,347	\$29,677	
Apr-10	\$48,908	\$8,215	\$40,693	
May-10	\$67,670	\$106,520	(\$38,850)	
Jun-10	\$148,536	\$161,215	(\$12,679)	
Jul-10	\$200,622	\$261,328	(\$60,706)	
Aug-10	\$197,089	\$233,276	(\$36,187)	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Nolin RECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$708,699	\$685,459	\$23,240	
Feb-10	\$654,703	\$660,007	(\$5,304)	
Mar-10	\$376,588	\$234,618	\$141,970	
Apr-10	\$125,766	(\$43,345)	\$169,111	
May-10	\$195,215	\$219,867	(\$24,652)	
Jun-10	\$431,918	\$385,843	\$46,075	
Jul-10	\$561,933	\$720,523	(\$158,590)	
Aug-10	\$554,155	n/a	n/a	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Owen Electric Cooperative - Calculation of (Over)/Under w/ 2-month lag - Gallatin				Owen Electric Cooperative - Calculation of (Over)/Under w/ 2-month lag - Sch B				Owen Electric Cooperative - Calculation of (Over)/Under w/ 2-month lag - All Others						
Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)	Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)	Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)
Jan-10	\$442,852	\$442,852	\$0		Jan-10	\$462,885	\$485,601			Jan-10	\$462,885	\$485,601		
Feb-10	\$481,487	\$481,487	\$0		Feb-10	\$888,791	\$985,510	\$0		Feb-10	\$888,791	\$985,510	(\$96,719)	
Mar-10	\$360,883	\$360,883	\$0		Mar-10	\$843,289	\$628,358	\$0		Mar-10	\$843,289	\$628,358	\$214,931	
Apr-10	\$155,559	\$155,559	\$0		Apr-10	\$506,812	\$235,330	\$0		Apr-10	\$506,812	\$235,330	\$271,482	
May-10	\$201,233	\$201,233	\$0		May-10	\$167,746	\$105,545	\$0		May-10	\$167,746	\$105,545	\$62,201	
Jun-10	\$359,529	\$359,529	\$0		Jun-10	\$264,594	\$324,055	\$0		Jun-10	\$264,594	\$324,055	(\$59,461)	
Jul-10	\$436,644	\$436,644	\$0		Jul-10	\$91,714	\$91,714	\$0		Jul-10	\$612,189	\$658,556	(\$46,367)	
Aug-10	\$436,379	\$436,379	\$0		Aug-10	\$115,972	n/a	n/a		Aug-10	\$826,467	n/a	n/a	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Salt River RECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$963,394	\$433,729	\$529,665	
Feb-10	\$898,348	\$797,993	\$100,355	
Mar-10	\$528,280	\$676,950	(\$148,670)	
Apr-10	\$179,569	\$306,765	(\$127,196)	
May-10	\$292,949	\$360,736	(\$67,787)	
Jun-10	\$667,098	\$906,276	(\$239,178)	
Jul-10	\$872,195	\$747,831	\$124,364	
Aug-10	\$849,837	\$674,694	\$175,143	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Shelby Energy Cooperative - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$397,554	\$276,707	\$120,847	
Feb-10	\$378,343	\$356,142	\$22,201	
Mar-10	\$228,211	\$250,155	(\$21,944)	
Apr-10	\$80,997	\$157,092	(\$76,095)	
May-10	\$118,508	\$198,518	(\$80,010)	
Jun-10	\$256,495	\$244,180	\$12,315	
Jul-10	\$334,899	\$265,459	\$69,440	
Aug-10	\$326,857	n/a	n/a	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

South Kentucky RECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on EKPC's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$1,370,361	\$660,707	\$709,654	
Feb-10	\$1,250,125	\$975,929	\$274,196	
Mar-10	\$723,543	\$1,184,988	(\$461,445)	
Apr-10	\$226,193	\$487,517	(\$261,324)	
May-10	\$321,488	\$489,611	(\$168,123)	
Jun-10	\$718,352	\$904,424	(\$186,072)	
Jul-10	\$942,282	\$923,722	\$18,560	
Aug-10	\$922,180	n/a	n/a	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

Taylor County RECC - Calculation of (Over)/Under w/ 2-month lag

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jan-10	\$250,304	\$207,744	\$42,560	
Feb-10	\$503,153	\$399,858	\$103,295	
Mar-10	\$437,269	\$349,895	\$87,374	
Apr-10	\$256,534	\$194,316	\$62,218	
May-10	\$83,556	\$111,104	(\$27,548)	
Jun-10	\$121,774	\$151,313	(\$29,539)	
Jul-10	\$278,216	\$339,764	(\$61,548)	
Aug-10	\$362,149	\$444,116	(\$81,967)	

Please note that the June 2010 (over)/under recovery will be included in the September 2010 Expense Month calculation.

EAST KENTUCKY POWER COOPERATIVE, INC

PSC CASE NO. 2010-00319

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 9/7/10

REQUEST 3

RESPONSIBLE PARTY: Ernest W. Huff

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Refer to Form 2.3, Inventory and Expense of Emission Allowances, for each of the expense months covered by each billing period under review. For the sulfur dioxide (“SO₂”) emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

Response 3. EKPC purchased no SO₂ emission allowances during the period under review.

Request 3a. For nitrogen oxide (“NO_x”) emission allowance inventory, explain the reasons for all purchases of allowances reported during these expense months.

Response 3a. EKPC purchased no seasonal NO_x allowances and no annual NO_x allowances during the period under review.

Request 3b. Explain how the purchase of allowances in the expense months covered by the billing period complies with EKPC's emissions allowance strategy plan.

Response 3b. EKPC monitors the number of tons of SO₂ and NO_x emitted from its generating stations. Based on these measured emissions, the projected generation, and allowances allocated to EKPC by EPA, EKPC projects the number of SO₂ and NO_x allowances that will be needed to be held at the end of each year in order to comply with state and federal emissions limitations. In general, EKPC endeavors to purchase emission allowances in a planned cost-effective manner, utilizing dollar-cost-averaging, to hold in inventory a sufficient number of allowances to cover anticipated utilization of SO₂ and NO_x allowances. Beginning in 2009, the Clean Air Interstate Rules ("CAIR") have requirements for seasonal as well as annual NO_x allowances. Comments are due to EPA on their proposed Clean Air Transport Rules ("CATR") by October 1, 2010. Final rules are anticipated in the spring of 2011 with an effective compliance date of January 1, 2012. Since it is unknown whether any allowance banks (inventory) will be allowed to carry forward into the new program, EKPC has modified its purchasing strategy in the short term to reduce its allowance inventory as much as possible by the end of 2011.

The goal of EKPC's Emissions Allowance Strategy Plan is to be in compliance with regulatory requirements while minimizing the volatility to EKPC's Member Systems. EKPC regularly reviews compliance options and their costs. EKPC's strategy for achieving its goal is to develop a program that meets federal and state standards at the lowest cost while providing operational flexibility to meet all of its power production needs.

EKPC's compliance strategy includes the purchase of low-sulfur fuel, the purchase of SO₂ and NO_x emission allowances, and operation of Selective Catalytic Reduction ("SCR") equipment and scrubbers.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00319

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

**COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 9/7/10
REQUEST 4**

RESPONSIBLE PARTY: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Refer to Form 2.5, Operating and Maintenance Expenses, for each of the expense months covered by each billing period under review. For each of the 20 expense account numbers listed on this schedule, explain the reasons for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.

Response 4. Please see pages 2 through 8 of this response.

East Kentu. . Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period January - June 2010

50144	Fuel Coal Gilbert	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 80,141	\$ 83,147	\$ -	\$ 226,750	\$ 103,878	\$ -	\$ 68,570
	Expense Dollars Change		\$ 3,006	\$ (83,147)	\$ 226,750	\$ (122,872)	\$ (103,878)	\$ 68,570
	Percent Change		3.75%	-100.00%	#DIV/0!	-54.19%	-100.00%	#DIV/0!

Monthly expense changes are due to increases or decreases in contractor payments for ash removal.
 Note there were timing issues in billings from contractors for February, May and June--EKPC did not receive the invoices until March, June and August respectively.
 March invoice included February amount of \$110,508 and March amount of \$116,242; June invoice included May amount of \$68,570; August invoice included June amount of \$124,530.

501445	Fuel Coal Spurlock 4	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ -	\$ -	\$ -	\$ 143,603	\$ -	\$ -	\$ 68,570
	Expense Dollars Change		\$ -	\$ -	\$ 143,603	\$ (143,603)	\$ -	\$ 68,570
	Percent Change		#DIV/0!	#DIV/0!	#DIV/0!	-100.00%	#DIV/0!	#DIV/0!

Monthly expense changes are due to increases or decreases in contractor payments for ash removal.
 March - Hauling and Landfill Disposal for January \$116.2, February \$110.5K and reverse and accrual setup in 12/2009 for (\$83.1K)

June - Hauling and Landfill Disposal for April \$68.6K

51241	Mtce of Boiler Plant Spurlock 1	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 67,133	\$ 20,949	\$ 19,588	\$ 9,153	\$ 11,917	\$ 6,847	\$ 97,109
	Expense Dollars Change		\$ (46,184)	\$ (1,361)	\$ (10,435)	\$ 2,764	\$ (5,070)	\$ 90,262
	Percent Change		-68.79%	-6.50%	-53.27%	30.20%	-42.54%	1318.27%

January - The following expenses were incurred in December, Contractor payments were \$64.7K for the following work:

- Inspection and Services on Ammonia Tanks and Skid Area
 - Labor & Equipment to Water Wash & Vacuum Unit 1 Boiler
 - Labor & Equipment for Unit 1 SCR Clean
 - Labor & Equipment to Water Wash & Vacuum Unit 1 Precipitators & Associated Equipment
 - Material & Labor to Insulate 1" Liquid Ammonia Line from Tank up through SCR
- Contractor payments for January were \$20.2K
 EKPC payroll and benefits were reduced in January by \$1.8K

March - Reduction in contractor payments of \$17.9K with an increase in EKPC payroll and benefits of \$7.6K

April - Contractor payments increased from prior month by \$3.6K with a reduction in EKPC payroll and benefits of \$0.5K.

May - Reduction in contractor payments by \$3.6K, reduction in EKPC payroll and benefits by \$3.3K and an increase in materials from warehouse of \$1.9K.

June - Increase in contractor payments of \$89.5K to remove and replace seals on the Inlet slide gate damper and an increase in EKPC payroll and benefits of \$4.0K.
 reduction in material from warehouse of \$3.3K.

East Kentu. . Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period January - June 2010

51242	Mfce of Boiler Plant Spurlock 2	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 5,042	\$ 2,623	\$ 9,346	\$ 29,822	\$ 39,272	\$ 86,573	\$ 4,568
	Expense Dollars Change	\$	\$ (2,419)	\$ 6,723	\$ 20,476	\$ 9,450	\$ 47,301	\$ (82,005)
	Percent Change		-47.98%	256.31%	219.09%	31.69%	120.44%	-94.72%

January - Decrease in EKPC payroll and benefits of \$2.4K

February - Increase in contractors payments of \$5.7K to insulate and metal vaporizers by ammonia tanks and air lines. A reduction of EKPC payroll and benefits of \$0.7K and increase material taken from warehouse of \$1.7K

March - Increase in EKPC payroll and benefits of \$25.0K and a reduction of contractor payments of \$4.3K.

April - EKPC payroll and benefits decreased by \$30.3K, Materials decreased by \$3.4K and contractors expenses increased by \$43.2K. Contractor payments of \$44.6K were for Ambient Air Intake

May - EKPC payroll and benefits increased by \$10.3K, Materials increased by \$1.6K and contractor expenses increased by \$35.4K. Contractor payments of \$80.0K were for SCR tuning and air emission testing.

June - No contractor payments and EKPC payroll and benefits were \$4.6K

51244	Maintenance of Boiler Plant Gilbert	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	435,338	91,306	32,851	54,585	394,739	167,151	763,156
	Expense Dollars Change		(344,032)	(58,455)	21,734	340,154	(227,588)	596,005
	Percent Change		-79.03%	-64.02%	66.16%	623.16%	-57.66%	356.57%

December - Contractor expenses totaled \$412.5K, warehouse material charges were \$3.9K and EKPC labor and benefits were up \$18.6K in December. December contractor expenses were for the following:

- Labor to Clean Boiler Areas (mills, FBAC, FBHE, Cyclone, Seal Pots) and Baghouse FDA Areas
- Scaffold for areas -FBAC, FBHE, Cyclone Area, Mills, Seal Pots
- Labor & Material to Make Repairs to Refractory in Boiler & Related Areas
- Labor, equipment, & consumables for X-Ray Services on Spurlock Unit 3 FBHE Superheat Section Tube Repairs
- Labor & Material to Erect & Dismantle Scaffolding at Various Locations on Unit 3 Baghouse, SNCR, FDA & Associated Equipment
- Labor & Material to Erect & Dismantle Scaffolding at Various Locations on Unit 3 Boiler Pollution Control Equipment

January - EKPC payroll and benefits increased by a net of \$18.8K over December, warehouse expenses increased by a net \$6.4K and contractor expenses were reduced by a net amount of \$368.9K.

February - EKPC payroll and benefits decreased by a net of \$28.3K, warehouse expenses were reduced by a net of \$1.9K and contract expenses were reduced by a net of \$28.4K. Contract expenses of \$15.2K were for Scrubber maintenance contract.

March - EKPC payroll and benefits increased by a net of \$7.3K, warehouse expenses decreased by a net of \$3.7K and contract expenses were increased by \$18.3K. Contract expenses of \$33.5 were for 4" Mueller 150# Flange

April - EKPC payroll and benefits increased by a net of \$78.4K, warehouse expenses increased by a net of \$88.3K and contract expenses were increased by \$178.3K. Contract expenses of \$211.8 were for the following:

- Labor to Setup and Tear Down Equipment for Outage
- Labor & Equipment to Wash & Vacuum Unit 3 Bag House & Associated Equipment
- Labor & Equipment to Cleanout Crossover Ducts
- Labor & Equipment to Airlance Ash From FBHE Boxes
- Labor to Open Nozzles in the Combustion Chambers

**East Kentu... Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period January - June 2010**

May - EKPC payroll and benefits decreased by a net of \$65.1K, warehouse expenses decreased by a net of \$34.4K and contract expenses were decreased by a net of \$119.2K. Contract expenses of \$92.6K were for the following:

Labor, Material and Equipment for Refractory Repairs for Boiler Pollution Control Equipment

June - EKPC payroll and benefits increased by \$6.0K, warehouse expenses decreased by \$52.2K and contract expenses increased by \$644.2K. Contract expenses of \$734.8K were for the following:

Labor, Material and Equipment for Refractory Repairs for Boiler Pollution Control Equipment

51245	Maintenance of Boiler Plant Spurlock 4	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	-	65,872	44,405	8,010	27,229	56,924	47,250
	Expense Dollars Change		65,872	(21,467)	(36,395)	19,219	29,695	(9,674)
	Percent Change		#DIV/0!	-32.59%	-81.96%	239.94%	109.06%	-16.99%

January - EKPC payroll and benefits increased by \$7.4K, Materials increased by \$2.1K and contractor expenses increased by \$56.3K

February - EKPC payroll and benefits increased by \$18.9K, Materials decreased by \$1.2K and contractor expenses decreased by \$39.1K.

March - EKPC payroll and benefits decreased by \$27.1K, Materials decreased by \$0.8K and contractor expenses decreased by \$8.5K.

April - EKPC payroll and benefits increased by \$13.3K, Materials increased by \$3.6K and contractor expenses increased by \$2.4K.

May - EKPC payroll and benefits decreased by \$0.6K, Materials increased by \$41.3K and contractor expenses decreased by \$11.1K.

June - EKPC payroll and benefits increased by \$27.3K, Materials decreased by \$40.1K and contractor expenses increased by \$3.1K.

512431	Mtce of Boiler Plant Scrubber 1	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 69,139	\$ 473,111	\$ 74,474	\$ 80,482	\$ 228,195	\$ 39,064	\$ 133,037
	Expense Dollars Change		\$ 403,972	\$ (398,637)	\$ 6,008	\$ 147,713	\$ (189,131)	\$ 93,973
	Percent Change		584.29%	-84.26%	8.07%	183.54%	-82.88%	240.56%

January - EKPC payroll and benefits increased \$15.1K, Material increased \$6.5K and contract expenses increased by \$382.5K. Contract expenses of \$449.1K were for the following:

Annual Preventive Maintenance
Labor, Material and Equipment to Repair Recycle Pump Impeller
Labor, Materials and Equipment for FBH ESH Box Tube Repair
Labor, Materials and Equipment to Set up FBHE Superheat Box

February - EKPC payroll and benefits decreased by \$13.1K, Material increased by \$11.6K and contract expenses decreased by \$397.3K

April - EKPC payroll and benefits decreased by \$7.8K, contract expenses increased by \$154.0K
Contract expenses of \$215.6K were for Labor, Material and Equipment for Repair of Agitator Shaft end and Wingjet.

May - EKPC payroll and benefits increased by \$11.1K, Materials increased by \$11.2K and Contract expenses decreased by \$212.2K

June - EKPC payroll and benefits decreased by \$20.7K, Material increased by \$9.4K and contract expense increased by \$124.7.
Contract expenses of \$128.0K were for Labor, Material and Equipment to Set up and Dismantle Scaffolding from Outage.

East Kentu...y Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period January - June 2010

512432	Mfce of Boiler Plant Scrubber 2	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 91,385	\$ 177,554	\$ 189,134	\$ 333,160	\$ 273,129	\$ 9,587	\$ 78,570
	Expense Dollars Change		\$ 86,169	\$ 11,580	\$ 144,026	\$ (60,031)	\$ (263,542)	\$ 68,983
	Percent Change		94.29%	6.52%	76.15%	-18.02%	-96.49%	719.55%

January - EKPC payroll and benefits are decreased by \$2.1K, Material increased by \$34.7K and contract expenses increased by \$58.9K. Contract expenses of \$108.3 were for the following:

- Labor and Equipment for Semi-annual Preventive Maintenance
- Labor and Equipment for A&B Oxidation Blower
- Labor and Equipment for Ball Mill "B" Gear Spray
- Labor and Equipment to Repair Broken Nipple on Inlet Duct

March - EKPC payroll and benefits decreased by \$6.1K, Materials increased by \$28.8K and contract expenses increased by \$121.1K. Contract expenses of \$260.8K were for the following:

- Labor & Equipment for Water Lines
- Labor & Equipment to Replace seals on Airheater
- Labor & Equipment for A Rotary Drum Vacuum Drain Tank Leak

April - EKPC payroll and benefits decreased by \$10.4K, Materials decreased by \$34.9K and contract expenses decreased by \$13.9K. Contract expenses of \$246.9 were for the following:

- Labor, Material and Equipment to perform Preventive Maintenance.

May - EKPC payroll and benefits decreased by \$17.5K and contract expenses decreased by \$246.9K.

June - EKPC payroll and benefits increased by \$2.3K, Materials increased by \$7.4K and Contract expenses increased by \$59.2K.

East Kentu... Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period January - June 2010

Air Permit Fees

50621	Misc Stm Pwr Env - Dale	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 292,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense Dollars Change	\$	\$ (292,619)	\$	\$	\$	\$	\$
	Percent Change		-100.00%					
50631	Misc Stm Pwr Env - Cooper	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 350,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense Dollars Change	\$	\$ (350,874)	\$	\$	\$	\$	\$
	Percent Change		-100.00%					
50645	Misc Stm Pwr Env - Spurlock	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 316,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Expense Dollars Change	\$	\$ (316,177)	\$	\$	\$	\$	\$
	Percent Change		-100.00%					

Air permit fees paid in December for Dale, Cooper and Spurlock for calendar 2009 emissions.

Operating Expense- Ammonia

50641	Misc Stm Pwr Exp - Spurlock 1	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 60,249	\$ 64,360	\$ -	\$ 154,729	\$ 67,718	\$ -	\$ 115,701
	Expense Dollars Change	\$	\$ 4,111	\$ (64,360)	\$ 154,729	\$ (87,011)	\$ (67,718)	\$ 115,701
	Percent Change		6.82%	-100.00%	#DIV/0!	-56.23%	-100.00%	#DIV/0!

The monthly change in expense is due to the increase or decrease in payments for Ammonia receipts.

Operating Expense- Ammonia

50642	Misc Steam Power Exp - Spurlock 2	Dec	Jan	Feb	March	Apr	May	June
	Expense Dollars	\$ 58,704	\$ 62,710	\$ -	\$ 138,441	\$ 60,590	\$ -	\$ 91,300
	Expense Dollars Change	\$	\$ 4,006	\$ (62,710)	\$ 138,441	\$ (77,851)	\$ (60,590)	\$ 91,300
	Percent Change		6.82%	-100.00%	#DIV/0!	-56.23%	-100.00%	#DIV/0!

The monthly change in expense is due to the increase or decrease in payments for Ammonia receipts.

Operating Expense- Ammonia and Limestone

50644	Misc Steam Power Expense- Gilbert	Dec	Jan	Feb	March	Apr	May	June
	Ammonia Expense	\$ 21,628	\$ 23,104	\$ -	\$ 48,862	\$ 21,385	\$ -	\$ 36,608
	Limestone Expense	\$ 217,768	\$ 273,433	\$ 251,860	\$ 242,893	\$ -	\$ 209,865	\$ 273,316
	Limestone Tons Used	22,047	27,028	24,686	23,838	0	20,334	26,705
	Total Expense Dollars	\$ 239,396	\$ 296,537	\$ 251,860	\$ 291,755	\$ 21,385	\$ 209,865	\$ 309,924
	Expense Dollars Change	\$	\$ 57,141	\$ (44,677)	\$ 39,895	\$ (270,370)	\$ 188,480	\$ 100,059
	Percent Change		23.87%	-15.07%	15.84%	-92.67%	881.37%	47.68%

**East Kentu... Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period January - June 2010**

Limestone is stockpiled throughout the year and taken from the stockpile for usage. There may be slight variances in the cost according to fluctuations in contract prices and freight cost per shipment of limestone.

January - Limestone expenses increased by \$55.6K and Ammonia expenses increased by \$1.5K. There were no outages in the month of January.

February - Limestone expenses decreased by \$21.5K and Ammonia expenses decreased by \$23.1K.

March - Limestone expenses decreased by \$9.0K and Ammonia expenses increased by \$48.9K. The unit was down for 1 day in March.

April - Limestone expenses decreased by \$242.9K and Ammonia expenses decreased by \$27.5K. The unit was down for April.

May - Limestone expenses increased by \$209.9K and Ammonia expenses decreased by \$21.4K. The unit was down for April.

June - Limestone expenses increased by \$63.4K and Ammonia expenses increased by \$36.6K

Operating Expense- Limestone and Magnesium

506431	Misc Stm Pwr Exp- Spurlock 1	Dec	Jan	Feb	March	Apr	May	June
	Magnesium Expense	\$ 6,701	\$ 8,854	\$ 11,622	\$ 5,917	\$ 5,824	\$ -	\$ 6,003
	Limestone Expense	\$ 68,237	\$ 97,750	\$ 82,680	\$ 104,426	\$ 168,654	\$ 50,859	\$ 101,685
	Limestone Tons Used	7,065	9,253	8,009	10,059	4,614	4,880	9,785
	Expense Dollars	\$ 74,938	\$ 106,604	\$ 94,302	\$ 110,343	\$ 174,478	\$ 50,859	\$ 107,688
	Expense Dollars Change		\$ 31,666	\$ (12,302)	\$ 16,041	\$ 64,135	\$ (123,619)	\$ 56,829
	Percent Change		42.26%	-11.54%	17.01%	58.12%	-70.85%	111.74%

January - Limestone expenses up by \$29.5K and magnesium expenses up by \$2.2K.

February - Limestone expenses decreased by \$15.1K while magnesium expenses increased by \$2.8K.

March - Limestone expenses increased by \$21.7K and magnesium expenses decreased by \$5.7K.

April - Limestone expenses increased by \$64.2K and magnesium expenses decreased by \$.01K.

May - Limestone expenses decreased by \$117.8K and there were no magnesium expenses.

June - Limestone expenses increased by \$50.8K and magnesium expenses increased by \$6.0K.

East Kentu... Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period January - June 2010

Operating Expense-Limestone and Magnesium

506432	Misc Strm Pwr Exp- Spurlock 2	Dec	Jan	Feb	March	Apr	May	June
	Magnesium Expense	\$ 10,933	\$ 8,719	\$ 17,612	\$ 5,972	\$ 29,637	\$ -	\$ 11,904
	Limestone Expense	\$ 138,542	\$ 146,625	\$ 129,320	\$ 108,692	\$ 47,569	\$ 118,674	\$ 119,369
	Limestone Tons Used	14,344	13,880	12,528	10,470	16,359	11,387	11,486
	Expense Dollars	\$ 149,475	\$ 155,344	\$ 146,932	\$ 114,664	\$ 77,206	\$ 118,674	\$ 131,273
	Expense Dollars Change	\$ 5,869	\$ (8,412)	\$ (8,412)	\$ (32,268)	\$ (37,458)	\$ 41,468	\$ 12,599
	Percent Change		3.93%	-5.42%	-21.96%	-32.67%	53.71%	10.62%

March - Limestone expenses decreased by \$20.6K and Magnesium expenses decreased by \$11.6K.

April - Limestone expenses decreased by \$61.1K and Magnesium expenses increased by \$23.7K.

May - Limestone expenses increased by \$71.1K and Magnesium expenses decreased by \$29.6K.

June - Limestone expenses increased by \$0.7K and Magnesium expenses increased by \$11.9K

Operating Expense- Ammonia and Limestone

506445	Misc Strm Pwr Exp- Spurlock 4	Dec	Jan	Feb	March	Apr	May	June
	Ammonia Expense	\$ 13,904	\$ 14,852	\$ -	\$ 65,149	\$ 28,513	\$ -	\$ 42,756
	Limestone Expense	\$ 264,719	\$ 256,622	\$ 229,404	\$ 280,068	\$ 291,728	\$ 268,992	\$ 245,834
	Limestone Tons Used	26,809	25,367	22,485	27,362	28,401	26,082	23,607
	Expense Dollars	\$ 278,623	\$ 271,474	\$ 229,404	\$ 345,217	\$ 320,241	\$ 268,992	\$ 288,590
	Expense Dollars Change		\$ (7,149)	\$ (42,070)	\$ 115,813	\$ (24,976)	\$ (51,249)	\$ 19,598
	Percent Change		-2.57%	-15.50%	50.48%	-7.23%	-16.00%	7.29%

February - Limestone expenses decreased by \$27.2K and Ammonia expenses decreased by \$14.9K.

March - Limestone expenses increased by \$50.7K and Ammonia expenses increased by \$65.1K.

May - Limestone expenses decreased by \$22.7K and Ammonia expenses decreased by \$28.5K.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00319

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 9/7/10

REQUEST 5

RESPONSIBLE PARTY: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Provide the percentage of EKPC's debt issuances directly related to projects in the approved compliance plan that have a variable interest rate as of the May 2010 expense month.

Response 5. The percentage is 0%. The debt issuances directly related to the projects in the approved compliance plan are at fixed interest rates.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00319

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 9/7/10

REQUEST 6

RESPONSIBLE PARTY: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. The Settlement Agreement in Case No. 2004-00321 provides that the EKPC's rate of return on compliance-related capital expenditures will be updated to reflect current average debt cost at the conclusion of the six-month surcharge review. Provide the following information as May 2010:

a. The debt issuances directly related to projects in the approved compliance plan and subsequent amendment and corresponding outstanding balances of each debt issuance.

b. The debt cost for each debt issuance directly related to the projects in the approved compliance plan and subsequent amendment.

c. EKPC's calculation of the weighted average debt cost and the rate of return resulting from multiplying the weighted average debt cost by a 1.35 TIER. Include all supporting calculations showing how the weighted average debt cost was determined.

Response 6. a-c. Please see the schedule on pages 2 and 3 of this response for debt information associated with compliance plan projects approved in Case Nos. 2004-00321 and 2008-00115.

Weighted Average Cost of Debt

Compliance Project	Loan Source (1)	NBV 5/31/2010 (2)	Cost (3)	Weights (4)=(2)*(3)	Rate of Return (5) = (4)*1.35
1. Gilbert (Environmental Portion)	Z-8	\$ 59,871,260	4.71%	0.478%	
2. Spurlock 1 - Precipitator	Y-8	\$ 18,689,443	4.92%	0.156%	
3. Spurlock 1 - SCR	Y-8	\$ 62,334,241	4.92%	0.520%	
4. Spurlock 2 - SCR	Y-8	\$ 30,982,038	4.92%	0.258%	
5. Spurlock #4 (Environmental Portion)	AD-8	\$ 82,342,029	4.50%	0.628%	
6. Spurlock #1 Scrubber	AG-8	\$ 146,395,269	4.33%	1.076%	
7. Spurlock #2 Scrubber	AG-8	\$ 188,839,852	4.40%	1.409%	
		<u>\$ 589,454,132</u>		<u>4.525%</u>	<u>6.109%</u>

Y-8 30-year	Note Number (1)	Current Liability 5/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
	HO720	\$ 22,279,824	4.460%	\$ 993,680	
	HO725	\$ 22,411,370	4.819%	\$ 1,080,004	
	HO730	\$ 22,278,504	4.950%	\$ 1,102,786	
	HO750	\$ 22,507,827	5.091%	\$ 1,145,873	
	HO755	\$ 22,528,039	5.149%	\$ 1,159,969	
	HO760	\$ 22,498,726	5.065%	\$ 1,139,560	
	HO765	\$ 22,479,743	5.011%	\$ 1,126,460	
	HO770	\$ 24,330,282	5.149%	\$ 1,252,766	
	HO885	\$ 5,971,431	4.890%	\$ 292,003	
	HO960	\$ 10,471,002	4.338%	\$ 454,232	
	HO1005	\$ 4,068,584	4.306%	\$ 175,193	
		<u>\$ 201,825,331</u>		<u>\$ 9,922,527</u>	<u>4.92%</u>

Z-8 30-year	Note Number (1)	Current Liability 5/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
	HO810	\$ 46,940,811	4.744%	\$ 2,226,872	
	HO815	\$ 46,984,613	4.825%	\$ 2,267,008	
	HO820	\$ 47,049,106	4.946%	\$ 2,327,049	
	HO825	\$ 23,446,875	4.658%	\$ 1,092,155	
	HO830	\$ 23,402,049	4.497%	\$ 1,052,390	
	HO835	\$ 23,459,770	4.705%	\$ 1,103,782	
	HO840	\$ 23,355,055	4.332%	\$ 1,011,741	
	HO845	\$ 17,748,090	4.324%	\$ 767,427	
	HO855	\$ 28,072,641	4.468%	\$ 1,254,286	
	HO860	\$ 28,073,319	4.470%	\$ 1,254,877	
	HO870	\$ 28,172,630	4.769%	\$ 1,343,553	
	HO890	\$ 14,267,872	5.345%	\$ 762,618	
	HO895	\$ 9,510,832	5.333%	\$ 507,213	
	HO915	\$ 22,022,566	4.776%	\$ 1,051,798	
	HO920	\$ 22,264,286	4.812%	\$ 1,071,357	
	HO1025	\$ 3,548,609	3.801%	\$ 134,883	
		<u>\$ 408,319,124</u>		<u>\$ 19,229,009</u>	<u>4.71%</u>

AD-8 30-year	Note Number (1)	Current Liability 5/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
	HO925	\$ 49,297,513	4.821%	\$ 2,376,633	
	HO930	\$ 24,643,073	4.736%	\$ 1,167,096	
	HO935	\$ 49,277,081	4.669%	\$ 2,300,747	
	HO940	\$ 24,618,741	4.384%	\$ 1,079,286	
	HO945	\$ 49,274,221	4.648%	\$ 2,290,266	
	HO955	\$ 49,268,336	4.605%	\$ 2,268,807	
	HO965	\$ 7,878,269	4.396%	\$ 346,329	
	HO975	\$ 19,693,343	4.355%	\$ 857,645	
	HO980	\$ 19,694,083	4.368%	\$ 860,238	
	HO985	\$ 24,628,781	4.527%	\$ 1,114,945	
	HO990	\$ 24,644,283	4.754%	\$ 1,171,589	
	HO995	\$ 24,635,402	4.623%	\$ 1,138,895	
	HO1000	\$ 7,777,581	4.298%	\$ 334,280	
	HO1010	\$ 24,616,108	4.347%	\$ 1,070,062	
	HO1015	\$ 24,620,229	4.405%	\$ 1,084,521	
	HO1020	\$ 7,251,013	2.846%	\$ 206,364	
	HO1030	\$ 24,526,205	3.651%	\$ 895,452	
	HO1065	\$ 14,425,405	4.252%	\$ 613,368	
		<u>\$ 470,769,667</u>		<u>\$ 21,176,522</u>	<u>4.50%</u>

**AG-8 30-year
Spurlock #2 Scrubber**

Note Number (1)	Current Liability 5/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
FO1035	\$ 35,000,000	3.988%	\$ 1,395,800	
FO1040	\$ 25,000,000	4.374%	\$ 1,093,500	
FO1045	\$ 25,000,000	4.391%	\$ 1,097,750	
FO1050	\$ 25,000,000	4.605%	\$ 1,151,250	
FO1055	\$ 40,000,000	4.605%	\$ 1,842,000	
FO1060	\$ 25,000,000	4.600%	\$ 1,150,000	
FO1070 (Split btween Spur 1 & Spur 2)	\$ 11,353,800	4.262%	\$ 483,899	
FO1115 (Split btween Spur.1 & Spur.2)	\$ 1,641,860	4.175%	\$ 68,548	
FO1130	\$ 6,000,000	3.990%	\$ 239,400	
FO1170 (Split btween Spur.1 & Spur 2)	\$ 10,763,500	4.508%	\$ 485,219	
FO1190	\$ 910,000	3.922%	\$ 35,690	
	\$ 205,669,160		\$ 9,043,055	4.40%

**AG-8 30-year
Spurlock #1 Scrubber**

Note Number (1)	Current Liability 5/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
FO1070 (Split btween Spur 1 & Spur 2)	\$ 13,645,700	4.262%	\$ 581,580	
FO1075	\$ 25,000,000	4.100%	\$ 1,025,000	
FO1085	\$ 25,000,000	4.464%	\$ 1,116,000	
FO1100	\$ 25,000,000	4.569%	\$ 1,142,250	
FO1095	\$ 25,000,000	4.390%	\$ 1,097,500	
FO1105	\$ 7,259,740	4.142%	\$ 300,698	
FO1110	\$ 1,641,860	4.194%	\$ 68,860	
FO1115 (Split btween Spur 1 & Spur 2)	\$ 18,358,140	4.175%	\$ 766,452	
FO1170 (Split btween Spur 1 & Spur 2)	\$ 3,692,726	4.508%	\$ 166,468	
	\$ 144,598,166		\$ 6,264,808	4.33%