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Brown Todd** LLC  
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COMMISSION

November 10, 2010

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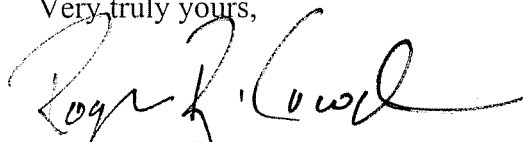
Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

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 Staff's Information Requests from the Informal Conference held on November 4, 2010.

Very truly yours,



Roger Cowden

Enclosures

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

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 Information Requests from the Informal Conference held on November 4, 2010 in the above-referenced case, 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 9th day of November, 2010.

Geop M. Willard  
Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013  
NOTARY ID #409352

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

**In the Matter of:**

<b>AN EXAMINATION BY THE PUBLIC SERVICE</b>	)	
<b>COMMISSION OF THE ENVIRONMENTAL</b>	)	
<b>SURCHARGE MECHANISM OF EAST KENTUCKY</b>	)	
<b>POWER COOPERATIVE, INC. FOR THE</b>	)	<b>CASE NO.</b>
<b>SIX-MONTH BILLING PERIOD ENDING</b>	)	<b>2010-00319</b>
<b>JUNE 30, 2010 AND THE PASS-THROUGH</b>	)	
<b>MECHANISM FOR ITS SIXTEEN MEMBER</b>	)	
<b>DISTRIBUTION COOPERATIVES</b>	)	

**RESPONSES OF EAST KENTUCKY POWER COOPERATIVE, INC.  
TO COMMISSION STAFF'S INFORMATION REQUESTS FROM  
INFORMAL CONFERENCE HELD ON NOVEMBER 4, 2010**



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2010-00319**

**ENVIRONMENTAL SURCHARGE**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INFORMATION REQUEST FROM INFORMAL  
CONFERENCE HELD ON 11/04/10**

**REQUEST 1**

**RESPONSIBLE PARTY:           Ann F. Wood**

**Request 1.**           Refer to the response to Request 1 of Commission Staff's First Information Request. EKPC provided information relating to the January 2010-June 2010 expense months (plus two subsequent expense months) versus the Commission Staff's request for information for the billing period under review (December 2009-May 2010, plus two subsequent expense months.) Please provide a revised response.

**Response 1.**           Please see pages 2 and 3 of this response for the billing period information.

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

Line	Description	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
1	<b>E(m) = RORB + OE - BAS</b>						
2	Rate Base	\$610,551,761	\$610,014,766	\$608,169,233	\$609,130,845	\$609,322,372	\$607,557,545
3	Rate Base / 12	\$50,879,313	\$50,834,564	\$50,680,769	\$50,760,904	\$50,776,864	\$50,629,795
4	Rate of Return	= 6.429%	6.051%	6.051%	6.051%	6.051%	6.051%
5	Return on Rate Base (RORB)	+ \$3,271,031	\$3,075,999	\$3,066,693	\$3,071,542	\$3,072,508	\$3,063,609
6	Operating Expenses (OE)	+ \$3,785,769	\$3,558,103	\$3,565,307	\$3,700,850	\$3,580,656	\$3,492,422
7	By-Product and Emission Allowance Sales (BAS)	-					
8	Sub-Total E(m)	\$7,056,800	\$6,634,102	\$6,632,001	\$6,772,392	\$6,653,164	\$6,556,031
8a	<b>Prior Periods Adjustments</b>						
9	Member System Allocation Ratio for the Month (Form 3.0)	98.66%	98.61%	98.66%	98.49%	98.21%	98.46%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$6,962,238	\$6,541,888	\$6,543,132	\$6,670,129	\$6,534,072	\$6,455,068
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$650,316	\$650,316	\$0	\$0	\$0
12a	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$6,962,238	\$7,192,204	\$7,193,448	\$6,670,129	\$6,534,072	\$6,455,068
12b	2-month true up adjustment	\$1,348,927	\$600,084	(\$988,935)	(\$3,611,167)	(\$2,674,594)	(\$117,599)
12c	E(m) = Ln 12a + Ln 12 b	\$8,311,165	\$7,792,289	\$6,204,513	\$3,058,962	\$3,859,479	\$6,337,469
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$56,964,397	\$57,234,360	\$58,107,422	\$58,057,214	\$57,174,483	\$57,077,299
14	CESF: Line 12 c / Line 13 E(m) / R(m); as a % of Revenue	14.59%	13.61%	10.68%	5.27%	6.75%	11.10%
15	BESF	1.21%	0.00%	0.00%	0.00%	0.00%	0.00%
16	MESF	13.38%	13.61%	10.68%	5.27%	6.75%	11.10%
17	Authorized Recovery Amount: Line 13 x Line 16	\$7,621,896	\$7,792,289	\$6,204,513	\$3,058,962	\$3,859,479	\$6,337,469
18	Environmental Surcharge Revenues Billed	\$5,695,619	\$11,233,064	\$10,466,863	\$6,322,112	\$2,112,822	\$3,067,770
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$988,935)	(\$3,611,167)	(\$2,674,594)	(\$117,599)	\$946,051	\$791,708

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

Line	Description	Jun-10	Jul-10
1	<b>E(m) = RORB + OE - BAS</b>		
2	Rate Base	\$605,748,113	\$603,722,880
3	Rate Base / 12	\$50,479,009	\$50,310,240
4	Rate of Return	6.051%	6.051%
5	Return on Rate Base (RORB)	\$3,054,485	\$3,044,273
6	Operating Expenses (OE)	\$3,709,990	\$3,884,632
7	By-Product and Emission Allowance Sales (BAS)	-	-
8	Sub-Total E(m)	\$6,764,475	\$6,928,904
8a	<b>Prior Periods Adjustments</b>		
9	Member System Allocation Ratio for the Month (Form 3.0)	98.44%	97.92%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$6,658,949	\$6,784,783
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$0
12a	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$6,658,949	\$6,784,783
12b	2-month true up adjustment	\$946,051	\$791,708
12c	E(m) = Ln 12a + Ln 12 b	\$7,605,000	\$7,576,491
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$57,662,277	\$58,759,809
14	CESF: Line 12 c / Line 13 E(m) / R(m); as a % of Revenue	13.19%	12.89%
15	BESF	0.00%	0.00%
16	MESF	13.19%	12.89%
17	Authorized Recovery Amount: Line 13 x Line 16	\$7,605,000	\$7,576,491
18	Environmental Surcharge Revenues Billed	\$6,691,031	\$8,798,197
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$353,562)	(\$1,193,197)





**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2010-00319**

**ENVIRONMENTAL SURCHARGE**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INFORMATION REQUEST FROM INFORMAL  
CONFERENCE HELD ON 11/04/10**

**REQUEST 2**

**RESPONSIBLE PARTY:           Ann F. Wood**

**Request 2.**           Refer to the response to Request 1 of Commission Staff's First Information Request, page 2 of 3. Certain amounts in the "Mar-10" column do not match the amounts included with the March expense month filing with the Commission. Please provide the corrected information.

**Response 2.**           Please see page 2 of the response to Request 1 for revisions to the "Mar-10" amounts.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2010-00319  
ENVIRONMENTAL SURCHARGE  
RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INFORMATION REQUEST FROM INFORMAL  
CONFERENCE HELD ON 11/04/10**

**REQUEST 3**

**RESPONSIBLE PARTY: Ann F. Wood**

**Request 3.** Refer to the response to Request 4 of Commission Staff's First Information Request. Please identify the specific maintenance project to which labor and benefits are being charged.

**Response 3.** Please see pages 2 through 7 of this response. EKPC has identified the specific maintenance project to which payroll expenses were charged.

Payroll costs are directly charged to accounts/projects on time sheets. Please note that benefits are accumulated in account 926 then allocated to accounts/projects based on labor hours or labor dollars.

**East Kentucky 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 (Unit 1 precipitator maintenance of \$.1K and Unit 1 SCR maintenance of \$1.7K.)

March - Reduction in contractor payments of \$17.9K with an increase in EKPC payroll and benefits of \$7.6K (Unit 1 precipitator maintenance of \$2.6K and Unit 1 SCR maintenance of \$5.0K.)

April - Contractor payments increased from prior month by \$3.6K with a reduction in EKPC payroll and benefits of \$0.5K (reduction in Unit 1 precipitator maintenance of \$2.5K and increase in Unit 1 SCR maintenance of \$2.0K.)

May - Reduction in contractor payments by \$3.6K, reduction in EKPC payroll and benefits of \$3.3K (increase in Unit 1 precipitator maintenance of \$.4K and reduction in Unit 1 SCR maintenance of \$3.7K) 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 (Unit 1 precipitator maintenance of \$.2K and Unit 1 SCR maintenance of \$3.8K), reduction in material from warehouse of \$3.3K.

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

51242	Mtce 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 (charged to Unit 2 SCR maintenance) 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 (charged to Unit 2 SCR maintenance) and benefits of \$0.7K and increase material taken from warehouse of \$1.7K

March - Increase in EKPC payroll (charged to Unit 2 SCR maintenance) and benefits of \$25.0K and a reduction of contractor payments of \$4.3K.

April - EKPC payroll (charged to Unit 2 SCR maintenance) 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 (charged to Unit 2 SCR maintenance) 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 (charged to Unit 2 SCR maintenance) 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 (for reference purposes)- Contractor expenses totaled \$412.5K and were for:

- 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 (increase in pollution control system maintenance of \$19.8K and reduction in baghouse, SNCR, & FDA maintenance of \$1.0K) 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 \$28.3K (pollution control system maintenance of \$25.5K and baghouse, SNCR, & FDA maintenance of \$2.8K), 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 \$7.3K (pollution control system maintenance of \$6.2K and baghouse, SNCR, & FDA maintenance of \$1.1K), 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 \$78.4K (pollution control system maintenance of \$60.2K and baghouse, SNCR, & FDA maintenance of \$18.2K), 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 Airforce Ash From FBHE Boxes
- Labor to Open Nozzles in the Combustion Chambers

**East Kentucky 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 \$65.1K (pollution control system maintenance of \$48.3K and baghouse, SNCR, & FDA maintenance of \$16.8K), 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 (pollution control system maintenance of \$.4K and baghouse, SNCR, & FDA maintenance of \$5.6K), 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 (pollution control system maintenance of \$3.3K and baghouse, SNCR, & FDA maintenance of \$4.1K), Materials increased by \$2.1K and contractor expenses increased by \$56.3K

February - EKPC payroll and benefits increased by \$18.9K (pollution control system maintenance of \$14.3K and baghouse, SNCR, & FDA maintenance of \$4.6K), Materials decreased by \$1.2K and contractor expenses decreased by \$39.1K.

March - EKPC payroll and benefits decreased by \$27.1K (pollution control system maintenance of \$17.6K and baghouse, SNCR, & FDA maintenance of \$9.5K), Materials decreased by \$0.8K and contractor expenses decreased by \$8.5K.

April - EKPC payroll and benefits increased by \$13.3K (pollution control system maintenance of \$6.5K and baghouse, SNCR, & FDA maintenance of \$6.8K), Materials increased by \$3.6K and contractor expenses increased by \$2.4K.

May - EKPC payroll and benefits decreased by \$0.6K (increase in pollution control system maintenance of \$4.2K and reduction in baghouse, SNCR, & FDA maintenance of \$4.8K), Materials increased by \$41.3K and contractor expenses decreased by \$11.1K.

June - EKPC payroll and benefits increased by \$27.3K (pollution control system maintenance of \$10.2K and baghouse, SNCR, & FDA maintenance of \$17.1K), 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 (charged to Unit 1 scrubber maintenance) and benefits increased \$15.1K, Material increased \$6.5K and contract expenses increased by \$382.5K. Contract expenses of \$849.1K 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 (charged to Unit 1 scrubber maintenance) and benefits decreased by \$13.1K, Material increased by \$11.6K and contract expenses decreased by \$397.3K

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

April - EKPC payroll (charged to Unit 1 scrubber maintenance) 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 (charged to Unit 1 scrubber maintenance) and benefits increased by \$11.1K, Materials increased by \$11.2K and Contract expenses decreased by \$212.2K

June - EKPC payroll (charged to Unit 1 scrubber maintenance) 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.

512432	Mtce 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 (charged to Unit 2 scrubber maintenance) 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 (charged to Unit 2 scrubber maintenance) 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 (charged to Unit 2 scrubber maintenance) 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 (charged to Unit 2 scrubber maintenance) and benefits decreased by \$17.5K and contract expenses decreased by \$246.9K.

June - EKPC payroll (charged to Unit 2 scrubber maintenance) and benefits increased by \$2.3K, Materials increased by \$7.4K and Contract expenses increased by \$59.2K.

**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.

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

Operating Expense- Ammonia		Dec	Jan	Feb	March	Apr	May	June
50641	Misc Stim Pwr Exp - Spurlock 1	\$ 60,249	\$ 64,360	\$ -	\$ 154,729	\$ 67,718	\$ -	\$ 115,701
	Expense Dollars							
	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		Dec	Jan	Feb	March	Apr	May	June
50642	Misc Steam Power Exp - Spurlock 2	\$ 58,704	\$ 62,710	\$ -	\$ 138,441	\$ 60,590	\$ -	\$ 91,300
	Expense Dollars							
	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		Dec	Jan	Feb	March	Apr	May	June
50644	Misc Steam Power Expense- Gilbert	\$ 21,628	\$ 23,104	\$ -	\$ 48,862	\$ 21,385	\$ -	\$ 36,608
	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%

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



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

Operating Expense- Limestone and Magnesium		Dec	Jan	Feb	March	Apr	May	June
506431	Misc Stm Pwr Exp- Spurlock 1							
	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 \$0.1K.

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.

Operating Expense-Limestone and Magnesium		Dec	Jan	Feb	March	Apr	May	June
506432	Misc Stm Pwr Exp- Spurlock 2							
	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)	\$ (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		Dec	Jan	Feb	March	Apr	May	June
506445	Misc Stm Pwr Exp- Spurlock 4							
	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.