

Mark David Goss
Member
859.244.3232
mgoss@fbtlaw.com

March 24, 2011

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MAR 24 2011

PUBLIC SERVICE
COMMISSION

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

Re: PSC Case No. 2011-00032

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 February 28, 2011, 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,



Mark David Goss
Counsel

Enclosures

RECEIVED

MAR 24 2011

**PUBLIC SERVICE
COMMISSION**

**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)
DECEMBER 31, 2010 AND THE PASS-THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)**

**CASE NO.
2011-00032**

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

DATED FEBRUARY 28, 2011

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) 2011-00032
12 DECEMBER 31, 2010; AND THE PASS-THROUGH)
13 MECHANISM FOR ITS SIXTEEN MEMBER)
14 DISTRIBUTION COOPERATIVES)
15
16

17
18 DIRECT TESTIMONY OF ANN F. WOOD
19 ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.
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 Director 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, and in March 2011, I became Director
33 of Regulatory Services. I am a certified public accountant in Kentucky.

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

2 A. As Director of Regulatory Services, I am responsible for managing all filings with
3 the Public Service Commission (“Commission.”) I report directly to the Chief
4 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 and
12 Times Interest Earned Ratio (“TIER”) used in the environmental surcharge
13 calculation.

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

16 A. Yes. EKPC is preparing testimony on behalf of each member system. These
17 member systems are: Big Sandy Rural Electric Cooperative Corporation; Blue
18 Grass Energy Cooperative Corporation; Clark Energy Cooperative, Inc.;
19 Cumberland Valley Electric, Inc.; Farmers Rural Electric Cooperative
20 Corporation; Fleming-Mason Energy Cooperative; Grayson Rural Electric
21 Cooperative Corporation; Inter-County Energy Cooperative Corporation; Jackson
22 Energy Cooperative; Licking Valley Rural Electric Cooperative Corporation;
23 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. On September 24, 2010, the
23 Commission approved EKPC's second amendment to its compliance plan

1 (Case No. 2010-00083.) EKPC began to include those projects approved in
2 this compliance plan amendment in the September 2010 expense month.

3 • **Base/Current Method**

4 As a result of the Commission's Order in Case No. 2009-00317 dated January
5 28, 2010, EKPC's base factor is 0%.

6 • **Actual Emission Allowance Expense**

7 EKPC included only actual SO₂ and NO_x emission allowance expense in the
8 monthly filings.

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

10 EKPC has included a return on all environmental surcharge assets, including
11 emission allowances purchased for current and vintage years. This is
12 addressed in Response 3 to the First Data Request of Commission Staff.

13 EKPC has also included a return on its limestone inventory.

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

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

16 • **Rate of Return**

- 17 • EKPC's rate of return consists of two components: the average cost of debt
18 on its compliance plan projects and a Times Interest Earned Ratio (TIER)
19 component. For the July 2010 billing period (June 2010 expense month),
20 EKPC applied an average cost of debt of 4.482% and a 1.35 TIER to yield a
21 6.051% rate of return; this rate of return was approved in Case No. 2009-
22 00317. As a result of Commission Order in Case No. 2010-00021, EKPC
23 updated its average cost of debt at 4.54% and applied a 1.35 TIER, which

1 yielded a 6.129% rate of return. EKPC applied this rate of return beginning
2 with the November 2010 billing period (October 2010 expense month)
3 through the current billing period. Application of the rate of return is reflected
4 in Response 1 to the First Information Request of Commission Staff.

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

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

11 • **Pass-Through Mechanism**

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

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

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

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

3 A. Yes. However, as shown in Response 1 to the First Information Request of
4 Commission Staff, EKPC applied its December 2010 over-recovery to the
5 January 2011 expense month. Therefore, there are no cumulative over or under
6 recoveries to consider in this proceeding.

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

9 A. Yes. The over or under recovery amounts for each month and cumulatively for
10 the period under review are provided in Response 2 to the First Information
11 Request of Commission Staff.

12 **Q. How will the Member Systems reflect recovery of these over or under**
13 **recovery amounts?**

14 A. As approved by Commission Order in Case No. 2010-00021, dated November 5,
15 2010, EKPC proposes that the accumulated over or under recovery amounts be
16 amortized for each month in the six-month period following the Commission's
17 Order in this proceeding.

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

20 A. No. EKPC proposes no changes to its wholesale surcharge mechanism during
21 this review.

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

1 A. No. EKPC's member systems do not propose any changes to their surcharge
2 mechanism during this review.

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

4 A. Yes. As indicated in Response 6 the First Data Request of Commission Staff,
5 EKPC recommends that the Commission approve the average debt cost of
6 4.524%.

7 **Q. Does EKPC recommend any changes to its current TIER level of 1.35?**

8 A. Yes. As authorized by the Commission's Order in Case No. 2010-000167, EKPC
9 proposes to increase its TIER to 1.50. EKPC has reviewed the Orders in Case No.
10 2004-00321 (EKPC's implementation of the environmental surcharge) and Case
11 No. 2008-00115 (EKPC's first compliance plan amendment proceeding), as well
12 as KRS 278.183, and noted no limitations as to when TIER can be modified.

13 **Q. When does EKPC propose to apply the updated average debt cost and TIER
14 level to its rate of return calculation?**

15 A. EKPC plans to use the new average debt cost and 1.50 TIER level in its rate of
16 return calculation in the first month following the Commission's Final Order in
17 this proceeding.

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

19 A. Yes.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC ADMINISTRATIVE CASE 2011-00032

PUBLIC SERVICE COMMISSION INFORMATION REQUEST DATED 02/28/11

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 February 28, 2011. Each response with its associated supportive reference materials is individually tabbed.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

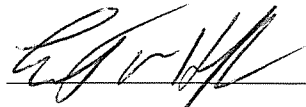
AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIOD ENDING)
DECEMBER 31, 2010 AND THE PASS-THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

CASE NO.
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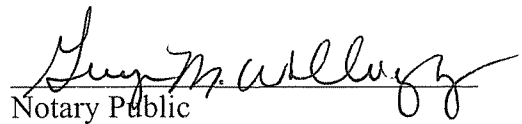
CERTIFICATE

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's Requests for Information contained in Appendix B in the above-referenced case dated February 28, 2011, 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 24th day of March, 2011.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

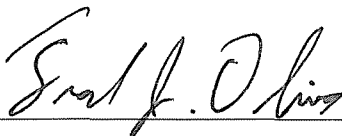
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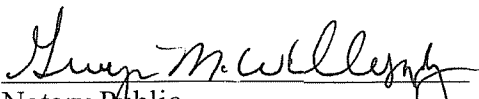
CERTIFICATE

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's Requests for Information contained in Appendix B in the above-referenced case dated February 28, 2011, 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 24th day of March, 2011.



Notary Public
MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00032

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 02/28/11

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 period 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. Because EKPC utilizes the one-month "true up" adjustment, EKPC has no accumulated over or under revenues for the period under review.

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	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
1	E(m) = RORB + OE - BAS							
2	Rate Base	\$605,748,113	\$603,722,860	\$602,103,182	\$656,511,504	\$658,507,629	\$672,249,903	\$689,078,438
3	Rate Base / 12	\$50,479,009	\$50,310,240	\$50,175,265	\$54,709,292	\$54,875,636	\$56,020,825	\$57,423,203
4	Rate of Return	6.051%	6.051%	6.051%	6.051%	6.129%	6.129%	6.129%
5	Return on Rate Base (RORB)	\$3,054,485	\$3,044,273	\$3,036,105	\$3,310,459	\$3,363,328	\$3,433,516	\$3,519,468
6	Operating Expenses (OE)	\$3,709,990	\$3,884,632	\$4,258,464	\$3,796,005	\$3,954,251	\$4,063,676	\$4,408,424
7	By-Product and Emission Allowance Sales (BAS)	\$0						
8	Sub-Total E(m)	\$6,764,475	\$6,928,905	\$7,294,569	\$7,106,464	\$7,317,579	\$7,497,192	\$7,927,892
8a	Prior Periods Adjustments							
9	Member System Allocation Ratio for the Month (Form 3.0)	98.44%	97.92%	97.36%	97.24%	97.30%	97.32%	97.41%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$6,658,949	\$6,784,783	\$7,101,992	\$6,910,326	\$7,120,004	\$7,296,268	\$7,722,559
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$0	\$0	\$0	\$522,666	\$522,666	\$0
12a	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$6,658,949	\$6,784,783	\$7,101,992	\$6,910,326	\$7,642,670	\$7,818,934	\$7,722,559
12b	2-month true up adjustment	\$946,051	\$791,708	(\$353,562)	(\$1,193,197)	(\$329,933)	\$1,626,354	\$1,195,887
12c	E(m)= Ln 12a + Ln 12 b	\$7,605,000	\$7,576,492	\$6,748,430	\$5,717,129	\$7,312,737	\$9,445,288	\$8,918,446
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	\$59,596,338	\$59,912,729	\$59,621,682	\$59,606,578	\$60,620,788
14	CESF: Line 12 c / Line 13 E(m) / R(m); as a % of Revenue	13.19%	12.89%	11.32%	9.54%	12.27%	15.85%	14.71%
15	BESF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	MESF	13.19%	12.89%	11.32%	9.54%	12.27%	15.85%	14.71%
17	Authorized Recovery Amount: Line 13 x Line 16	\$7,605,000	\$7,576,492	\$6,748,430	\$5,717,129	\$7,312,737	\$9,445,288	\$8,918,446
18	Environmental Surcharge Revenues Billed	\$6,691,031	\$8,798,197	\$8,600,595	\$6,054,258	\$4,090,774	\$6,116,850	\$12,919,387
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$353,562)	(\$1,193,197)	(\$1,024,104)	\$694,172	\$1,626,355	\$1,195,887	(\$3,474,099)

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

Line	Description	Jan-11	Feb-11
1	E(m) = RORB + OE - BAS		
2	Rate Base	\$692,024,473	\$702,068,777
3	Rate Base / 12	\$57,668,706	\$58,505,731
4	Rate of Return	6.109%	6.109%
5	Return on Rate Base (RORB)	\$3,522,981	\$3,574,115
6	Operating Expenses (OE)	\$4,071,561	\$4,084,959
7	By-Product and Emission Allowance Sales (BAS)		
8	Sub-Total E(m)	\$7,594,542	\$7,659,074
8a	Prior Periods Adjustments		
9	Member System Allocation Ratio for the Month (Form 3.0)	97.44%	97.24%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$7,400,122	\$7,447,684
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$0
12a	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$7,400,122	\$7,447,684
12b	1-month true up adjustment	(\$3,474,099)	(\$3,572,498)
12c	E(m) = Ln 12a + Ln 12 b	\$3,926,023	\$3,875,186
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$60,675,073	\$60,048,030
14	CESF: Line 12 c / Line 13 E(m) / R(m); as a % of Revenue	6.47%	6.45%
15	BESF	0.00%	0.00%
16	MESF	6.47%	6.45%
17	Authorized Recovery Amount: Line 13 x Line 16	\$3,926,023	\$3,875,186
18	Environmental Surcharge Revenues Billed	\$12,490,944	\$4,494,315
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$3,572,498)	(\$568,292)

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00032

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 02/28/11

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 the detail of each Member System's cumulative over or under recovery. As stated in testimony in this proceeding and as approved by the Commission in Case No. 2010-00021, EKPC's Member Systems will amortize the cumulative over or under recover over a six-month period.

Big Sandy RECC - Calculation of (Over)/Under

	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)
Jul-10	\$ 188,340	\$ 372,842	\$ (184,502)	\$ (184,502)
Aug-10	\$ 180,952	\$ 203,514	\$ (22,562)	\$ (207,064)
Sep-10	\$ 122,284	\$ (7,925)	\$ 130,209	\$ (76,855)
Oct-10	\$ 90,430	\$ 222,397	\$ (131,967)	\$ (208,822)
Nov-10	\$ 150,871	\$ 103,837	\$ 47,034	\$ (161,789)
Dec-10	\$ 320,045	\$ 199,067	\$ 120,978	\$ (40,811)
Jan-11	\$ 299,011	\$ 288,003	\$ 11,008	\$ 11,008
Feb-11	\$ 103,756	*	\$ 103,756	\$ 114,764

Cumulative 6-months (Over)/Under Recovery	\$ (40,811)
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Monthly Recovery (per month for six months)	\$ (6,802)
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* Information not available.

Blue Grass Energy - Calculation of (Over)/Under

	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)
Jul-10	\$ 924,029	\$ 856,798	\$ 67,231	\$ 67,231
Aug-10	\$ 901,945	\$ 523,657	\$ 378,288	\$ 445,519
Sep-10	\$ 639,861	\$ 584,089	\$ 55,772	\$ 501,292
Oct-10	\$ 412,183	\$ 531,234	\$ (119,051)	\$ 382,241
Nov-10	\$ 628,456	\$ 366,357	\$ 262,099	\$ 644,340
Dec-10	\$ 1,394,884	\$ 723,750	\$ 671,134	\$ 1,315,474
Jan-11	\$ 1,349,074	\$ 1,200,305	\$ 148,769	\$ 148,769
Feb-11	\$ 477,977	*	\$ 477,977	\$ 626,746

Cumulative 6-months (Over)/Under Recovery	\$ 1,315,474
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Monthly Recovery (per month for six months)	\$ 219,246
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* Information not available.

Clark Energy Cooperative - Calculation of (Over)/Under

	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)
Jul-10	\$ 252,236	\$ 310,229	\$ (57,993)	\$ (57,993)
Aug-10	\$ 337,889	\$ 410,301	\$ (72,412)	\$ (130,405)
Sep-10	\$ 325,936	\$ 384,096	\$ (58,160)	\$ (188,565)
Oct-10	\$ 221,652	\$ 204,226	\$ 17,426	\$ (171,139)
Nov-10	\$ 150,008	\$ 129,046	\$ 20,962	\$ (150,178)
Dec-10	\$ 238,270	\$ 277,630	\$ (39,360)	\$ (189,538)
Jan-10	\$ 535,872	\$ 498,188	\$ 37,684	\$ 37,684
Feb-10	\$ 509,568	*	\$ 509,568	\$ 547,252

Cumulative 6-months (Over)/Under Recovery	\$ (189,538)
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Monthly Recovery (per month for six months)	\$ (31,590)
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* Information not available.

Cumberland Valley Electric - Calculation of (Over)/Under

	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)
Jul-10	\$ 376,901	\$ 302,330	\$ 74,571	\$ 74,571
Aug-10	\$ 375,176	\$ 136,824	\$ 238,352	\$ 312,924
Sep-10	\$ 260,746	\$ 207,399	\$ 53,347	\$ 366,271
Oct-10	\$ 188,722	\$ 269,158	\$ (80,436)	\$ 285,835
Nov-10	\$ 292,509	\$ 217,497	\$ 75,012	\$ 360,847
Dec-10	\$ 612,116	\$ 429,827	\$ 182,289	\$ 543,136
Jan-11	\$ 569,010	\$ 566,362	\$ 2,648	\$ 2,648
Feb-11	\$ 203,616	*		\$ 2,648

Cumulative 6-months (Over)/Under Recovery	\$ 543,136
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Monthly Recovery (per month for six months)	\$ 90,523
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* Information not available.

Farmers RECC - Calculation of (Over)/Under				
	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)
Jul-10	\$ 294,493	\$ 377,186	\$ (82,693)	\$ (82,693)
Aug-10	\$ 390,476	\$ 411,898	\$ (21,422)	\$ (104,115)
Sep-10	\$ 375,561	\$ 396,192	\$ (20,631)	\$ (124,746)
Oct-10	\$ 254,559	\$ 237,746	\$ 16,813	\$ (107,934)
Nov-10	\$ 168,618	\$ 229,907	\$ (61,289)	\$ (169,222)
Dec-10	\$ 249,689	\$ 265,292	\$ (15,603)	\$ (184,825)
Jan-11	\$ 523,940	\$ 434,233	\$ 89,707	\$ 89,707
Feb-11	\$ 516,373	*	\$ 516,373	\$ 606,080
Cumulative 6-months (Over)/Under Recovery				\$ (184,825)
Monthly Recovery (per month for six months)				\$ (30,804)

* Information not available.

Fleming-Mason - Calc of (Over)/Under - Sch C + Spec Contracts					Fleming-Mason - Calc of (Over)/Under - 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)	Fleming-Mason Total (Over)/Under
Jul-10	\$ 378,531	\$ 378,531	\$ -	\$ -	\$ 40,360	\$ 315,085	\$ 188,661	\$ 126,424	\$ 126,424	\$ 126,424
Aug-10	\$ 371,557	\$ 371,557	\$ -	\$ -	\$ 40,391	\$ 304,053	\$ 317,739	\$ (13,686)	\$ 112,737	\$ 112,737
Sep-10	\$ 319,193	\$ 319,193	\$ -	\$ -	\$ 40,422	\$ 213,492	\$ 315,964	\$ (102,472)	\$ 10,266	\$ 10,266
Oct-10	\$ 241,517	\$ 241,517	\$ -	\$ -	\$ 40,452	\$ 147,193	\$ 182,407	\$ (35,214)	\$ (24,948)	\$ (24,948)
Nov-10	\$ 286,855	\$ 286,855	\$ -	\$ -	\$ 40,483	\$ 235,337	\$ 83,828	\$ 151,509	\$ 126,562	\$ 126,562
Dec-10	\$ 463,853	\$ 463,853	\$ -	\$ -	\$ 40,513	\$ 501,390	\$ 479,223	\$ 22,167	\$ 148,729	\$ 148,729
Jan-11	\$ 472,207	\$ 472,207	\$ -	\$ -	\$ 40,179	\$ 479,746	\$ 677,830	\$ (198,084)	\$ (198,084)	\$ (198,084)
Feb-11	\$ 190,118	*	\$ 190,118	\$ 190,118	\$ 40,210	\$ 172,274	*	\$ 172,274	\$ (25,810)	\$ 164,308
Cumulative 6-months (Over)/Under Recovery				\$ -	Cumulative 6-months (Over)/Under Recovery				\$ 148,729	\$ 148,729
Monthly Recovery (per month for six months)				\$ -	Monthly Recovery (per month for six months)				\$ 24,788	\$ 24,788

* Information not available.

Grayson - Calculation of (Over)/Under

	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)
Jul-10	\$ 201,507	\$ 242,994	\$ (41,487)	\$ (41,487)
Aug-10	\$ 193,051	\$ 163,387	\$ 29,664	\$ (11,823)
Sep-10	\$ 131,318	\$ 102,335	\$ 28,983	\$ 17,160
Oct-10	\$ 95,614	\$ 58,999	\$ 36,615	\$ 53,775
Nov-10	\$ 150,260	\$ 183,526	\$ (33,266)	\$ 20,509
Dec-10	\$ 306,182	\$ 284,357	\$ 21,825	\$ 42,334
Jan-11	\$ 291,386	*	\$ 291,386	\$ 291,386
Feb-11	\$ 104,937	*	\$ 104,937	\$ 396,323

Cumulative 6-months (Over)/Under Recovery	\$ 42,334
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Monthly Recovery (per month for six months)	\$ 7,056
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* Information not available.

Inter-County ECC - Calculation of (Over)/Under

	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)
Jul-10	\$ 257,024	\$ 316,573	\$ (59,549)	\$ (59,549)
Aug-10	\$ 337,690	\$ 424,109	\$ (86,419)	\$ (145,968)
Sep-10	\$ 328,285	\$ 371,578	\$ (43,293)	\$ (189,261)
Oct-10	\$ 224,753	\$ 168,149	\$ 56,604	\$ (132,657)
Nov-10	\$ 149,543	\$ 94,869	\$ 54,674	\$ (77,983)
Dec-10	\$ 237,752	\$ 279,230	\$ (41,478)	\$ (119,461)
Jan-11	\$ 562,919	*	\$ 562,919	\$ 562,919
Feb-11	\$ 541,944	*	\$ 541,944	\$ 1,104,863

Cumulative 6-months (Over)/Under Recovery	\$ (119,461)
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Monthly Recovery (per month for six months)	\$ (19,910)
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* Information not available.

Jackson Energy Cooperative - Calculation of (Over)/Under

	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)
Jul-10	\$ 694,586	\$ 555,760	\$ 138,826	\$ 138,826
Aug-10	\$ 680,845	\$ 413,795	\$ 267,050	\$ 405,876
Sep-10	\$ 468,294	\$ 302,346	\$ 165,948	\$ 571,824
Oct-10	\$ 334,746	\$ 312,911	\$ 21,835	\$ 593,659
Nov-10	\$ 531,311	\$ 657,956	\$ (126,645)	\$ 467,014
Dec-10	\$ 1,182,373	\$ 1,004,265	\$ 178,108	\$ 645,121
Jan-11	\$ 1,111,317	*	\$ 1,111,317	\$ 1,111,317
Feb-11	\$ 387,380	*	\$ 387,380	\$ 1,498,697

Cumulative 6-months (Over)/Under Recovery	\$ 645,121
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Monthly Recovery (per month for six months)	\$ 107,520
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* Information not available.

Licking Valley RECC - Calculation of (Over)/Under

	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)
Jul-10	\$ 200,622	\$ 261,328	\$ (60,706)	\$ (60,706)
Aug-10	\$ 197,089	\$ 233,276	\$ (36,187)	\$ (96,893)
Sep-10	\$ 131,109	\$ 80,811	\$ 50,298	\$ (46,595)
Oct-10	\$ 97,637	\$ 106,429	\$ (8,792)	\$ (55,386)
Nov-10	\$ 154,714	\$ 175,446	\$ (20,732)	\$ (76,119)
Dec-10	\$ 321,268	\$ 274,679	\$ 46,589	\$ (29,530)
Jan-11	\$ 304,850	*	\$ 304,850	\$ 304,850
Feb-11	\$ 106,993	*	\$ 106,993	\$ 411,843

Cumulative 6-months (Over)/Under Recovery \$ (29,530)

Monthly Recovery (per month for six months) \$ (4,922)

* Information not available.

Nolin RECC - Calculation of (Over)/Under

	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)
Jul-10	\$ 561,933	\$ 720,523	\$ (158,590)	\$ (158,590)
Aug-10	\$ 554,155	\$ 755,641	\$ (201,486)	\$ (360,076)
Sep-10	\$ 391,095	\$ 358,677	\$ 32,418	\$ (327,658)
Oct-10	\$ 253,184	\$ 315,314	\$ (62,130)	\$ (389,788)
Nov-10	\$ 365,054	\$ 396,483	\$ (31,429)	\$ (421,217)
Dec-10	\$ 791,216	\$ 724,619	\$ 66,597	\$ (354,620)
Jan-11	\$ 790,610	*	\$ 790,610	\$ 790,610
Feb-11	\$ 284,465	*	\$ 284,465	\$ 1,075,075

Cumulative 6-months (Over)/Under Recovery \$ (354,620)

Monthly Recovery (per month for six months) \$ (59,103)

* Information not available.

Owen Electric Cooperative - Calculation of (Over)/Under - Gallatin				Owen Electric Cooperative - Calculation of (Over)/Under - Sch B				Owen Electric Cooperative - Calculation of (Over)/Under - 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)	Owen Total (Over)/Under
Jul-10	\$ 436,644	\$ 436,644	\$ -	\$ -	Jul-10	\$ 612,169	\$ 658,656	\$ (46,367)	\$ (46,367)	Jul-10	\$ 612,169	\$ 658,656	\$ (46,367)	\$ (46,367)	\$ (46,367)
Aug-10	\$ 436,379	\$ 436,379	\$ -	\$ -	Aug-10	\$ 826,467	\$ 1,146,617	\$ (320,150)	\$ (366,518)	Aug-10	\$ 826,467	\$ 1,146,617	\$ (320,150)	\$ (366,518)	\$ (366,518)
Sep-10	\$ 298,299	\$ 298,299	\$ -	\$ -	Sep-10	\$ 808,179	\$ 1,060,342	\$ (252,163)	\$ (618,680)	Sep-10	\$ 808,179	\$ 1,060,342	\$ (252,163)	\$ (618,680)	\$ (618,680)
Oct-10	\$ 251,999	\$ 251,999	\$ -	\$ -	Oct-10	\$ 574,640	\$ 480,633	\$ 84,007	\$ (534,673)	Oct-10	\$ 574,640	\$ 480,633	\$ 84,007	\$ (534,673)	\$ (534,673)
Nov-10	\$ 320,488	\$ 320,488	\$ -	\$ -	Nov-10	\$ 319,975	\$ 339,549	\$ (19,574)	\$ (554,247)	Nov-10	\$ 319,975	\$ 339,549	\$ (19,574)	\$ (554,247)	\$ (554,247)
Dec-10	\$ 524,162	\$ 524,162	\$ -	\$ -	Dec-10	\$ 503,349	\$ 758,455	\$ (255,106)	\$ (809,353)	Dec-10	\$ 503,349	\$ 758,455	\$ (255,106)	\$ (809,353)	\$ (809,353)
Jan-11	\$ 571,134	\$ 571,134	\$ -	\$ -	Jan-11	\$ 1,050,001	*	\$ 1,050,001	\$ 1,050,001	Jan-11	\$ 1,050,001	*	\$ 1,050,001	\$ 1,050,001	\$ (809,353)
Feb-11	\$ 217,326	*	\$ -	\$ -	Feb-11	\$ 999,629	*	\$ 999,629	\$ 2,049,630	Feb-11	\$ 999,629	*	\$ 999,629	\$ 2,049,630	\$ (809,353)
Cumulative 6-months (Over)/Under Recovery				\$ -	Cumulative 6-months (Over)/Under Recovery				\$ (809,353)	Cumulative 6-months (Over)/Under Recovery				\$ (809,353)	\$ (809,353)
Monthly Recovery (per month for six months)				\$ -	Monthly Recovery (per month for six months)				\$ -	Monthly Recovery (per month for six months)				\$ (134,892)	\$ (134,892)

* Information not available.

Salt River RECC - Calculation of (Over)/Under

	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)
Jul-10	\$ 872,195	\$ 747,831	\$ 124,364	\$ 124,364
Aug-10	\$ 849,837	\$ 674,694	\$ 175,143	\$ 299,506
Sep-10	\$ 590,059	\$ 587,720	\$ 2,339	\$ 301,845
Oct-10	\$ 357,104	\$ 424,934	\$ (67,830)	\$ 234,015
Nov-10	\$ 527,681	\$ 248,414	\$ 279,267	\$ 513,283
Dec-10	\$ 1,132,552	\$ 707,147	\$ 425,405	\$ 938,688
Jan-11	\$ 1,081,962	*	\$ 1,081,962	\$ 1,081,962
Feb-11	\$ 389,593	*	\$ (389,593)	\$ 692,369

Cumulative 6-months (Over)/Under Recovery	\$ 938,688
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Monthly Recovery (per month for six months)	\$ 156,448
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* Information not available.

Shelby Energy Cooperative - Calculation of (Over)/Under

	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)
Jul-10	\$ 334,899	\$ 265,459	\$ 69,440	\$ 69,440
Aug-10	\$ 326,857	\$ 251,830	\$ 75,027	\$ 144,467
Sep-10	\$ 238,240	\$ 197,982	\$ 40,258	\$ 184,725
Oct-10	\$ 159,196	\$ 182,144	\$ (22,948)	\$ 161,777
Nov-10	\$ 232,585	\$ 225,940	\$ 6,645	\$ 168,423
Dec-10	\$ 461,580	\$ 380,100	\$ 81,480	\$ 249,902
Jan-11	\$ 443,372	*	\$ 443,372	\$ 443,372
Feb-11	\$ 163,345	*	\$ 163,345	\$ 606,717

Cumulative 6-months (Over)/Under Recovery	\$ 249,902
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Monthly Recovery (per month for six months)	\$ 41,650
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* Information not available.

South Kentucky RECC - Calculation of (Over)/Under				
Mo/Yr	EKPC Invoice Month recorded on EKPC'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	\$ 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	\$ 18,560
Aug-10	\$ 922,180	\$ 417,383	\$ 504,797	\$ 523,357
Sep-10	\$ 639,907	\$ 630,226	\$ 9,681	\$ 533,038
Oct-10	\$ 437,672	\$ 475,983	\$ (38,311)	\$ 494,727
Nov-10	\$ 675,828	\$ 365,336	\$ 310,492	\$ 805,219
Dec-10	\$ 1,557,426	\$ 801,654	\$ 755,772	\$ 1,560,991
Jan-11	\$ 1,501,542	*	\$ 1,501,542	\$ 1,501,542
Feb-11	\$ 524,348	*	\$ 524,348	\$ 2,025,890
Cumulative 6-months (Over)/Under Recovery				\$ 1,560,991
Monthly Recovery (per month for six months)				\$ 260,165

* Information not available.

Taylor County RECC - Calculation of (Over)/Under

	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)
Jul-10	\$ 278,216	\$ 339,764	\$ (61,548)	\$ (61,548)
Aug-10	\$ 362,149	\$ 444,116	\$ (81,967)	\$ (143,515)
Sep-10	\$ 355,089	\$ 442,582	\$ (87,493)	\$ (231,008)
Oct-10	\$ 245,125	\$ 223,011	\$ 22,114	\$ (208,894)
Nov-10	\$ 165,515	\$ 160,385	\$ 5,130	\$ (203,764)
Dec-10	\$ 250,775	\$ 243,262	\$ 7,513	\$ (196,251)
Jan-11	\$ 551,327	\$ 501,323	\$ 50,004	\$ 50,004
Feb-11	\$ 529,782	*	\$ 529,782	\$ 579,786

Cumulative 6-months (Over)/Under Recovery	\$ (196,251)
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Monthly Recovery (per month for six months)	\$ (32,709)
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* Information not available.

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2011-00032
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 02/28/11
REQUEST 3

RESPONSIBLE PARTY: Ernest W. Huff
COMPANY: East Kentucky Power Cooperative, Inc.

Request 3 and 3a. 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 and 3a. EKPC purchased no SO₂ emission allowances during the period under review.

Request 3b. For nitrogen oxide emission allowance inventory, explain the reasons for all purchases of allowances reported during these expense months.

Response 3b. EKPC purchased no seasonal NO_x allowances during the period under review. Please see the chart on page 2 of this response for purchase of annual NO_x allowances.

NO_x (annual) Emission Allowances

<u>Month</u>	<u>Quantity Acquired</u>	<u>Reason</u>
Jul-10	0	
Aug-10	1,500	For 2010 compliance or for other anticipated future needs.
Sep-10	0	
Oct-10	0	
Nov-10	0	
Dec-10	0	

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

Response 3c. 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. Final rules for the Clean Air Transport Rules ("CATR") are anticipated by the summer 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.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00032

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 02/28/11

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 22 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. Please note that EKPC labor costs are directly charged to accounts/maintenance projects based on hours reported on time sheets. Benefits are accumulated in account 926, then allocated to accounts/maintenance projects based on labor dollars or labor hours.

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

50144	Fuel Coal Gilbert	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 68,570	\$ 124,530	\$ 240,017	\$ -	\$ 227,773	\$ 88,905	\$ 525,594
	Expense Dollars Change	\$ 68,570	\$ 55,960	\$ 115,487	\$ (240,017)	\$ 227,773	\$ (138,868)	\$ 436,689
	Percent Change		81.61%	92.74%	-100.00%		-60.97%	491.19%

Monthly expense changes are due to increases or decreases in contractor payments for ash removal.

July - Payment for June \$124,530

August - Payment for July \$240,017

October - Payment for August \$133,545 and September \$94,227

November - Payment for October \$88,905

December - Payment for November \$153,295 and December \$372,299

501445	Fuel Coal Spurlock 4	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 68,570	\$ 124,530	\$ 240,017	\$ -	\$ 227,773	\$ 88,905	\$ 525,594
	Expense Dollars Change	\$ 68,570	\$ 55,960	\$ 115,487	\$ (240,017)	\$ 227,773	\$ (138,868)	\$ 436,689
	Percent Change		81.61%	92.74%	-100.00%		-60.97%	491.19%

Monthly expense changes are due to increases or decreases in contractor payments for ash removal.

July - Payment for June \$124,530

August - Payment for July \$240,017

October - Payment for August \$133,545 and September \$94,227

November - Payment for October \$88,905

December - Payment for November \$153,295 and December \$372,299

51241	Mice of Boiler Plant Spurlock 1	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 97,109	\$ 17,659	\$ 115,380	\$ 3,907	\$ 2,487	\$ 3,249	\$ 3,039
	Expense Dollars Change	\$ 97,109	\$ (79,450)	\$ 97,721	\$ (111,473)	\$ (1,420)	\$ 762	\$ (210)
	Percent Change		-81.82%	553.38%	-96.61%	-36.35%	30.64%	-6.46%

Project 03330 is for the Spurlock 1 Electrostatic Precipitator and Project 03501 is for Spurlock 1 SCR maintenance.

July - Project 03330 - Decrease in contractor payments of \$1.1K, increase in Materials of \$0.3K and decrease in EKPC payroll and benefits of \$0.8K
 Project 03501 - Decrease in contractor payments of \$71.1K, decrease in Materials of \$0.1K and decrease in EKPC payroll and benefits of \$6.7K
 Labor and materials to vacuum ducts and expansion joints

August - Project 03330 - Increase in contractor payments of \$44.6K, decrease in Materials of \$0.3K, and increase in EKPC payroll and benefits of \$3.7K
 Labor and Materials to supply oil to 2 ID Fans with forced lubrication
 Project 03501 - Increase in contractor payments of \$49.3K, increase in EKPC payroll and benefits of \$0.3K
 Supervision, Labor and material to vacuum ducts and expansion joints

September - Project 03330 - Decrease in contractor payments of \$48.4K, decrease in EKPC payroll and benefits of \$3.9K
 Project 03501 - Decrease in contractor payments of \$60.0K, increase in EKPC payroll and benefits of \$0.8K.
 Supervision, Labor and material to vacuum ducts and expansion joints

October - Project 03330 - Increase in EKPC payroll and benefits of \$0.8K
 Project 03501 - Decrease in contractor payments of \$2.9K and increase in EKPC payroll and benefits of \$0.6K

November - Project 03330 - Increase in EKPC payroll and benefits of \$0.6K
 Project 03501 - Increase in contractor payments of \$1.5K, increase in Materials of \$0.1K and decrease in EKPC payroll and benefits of \$1.4K

51242	Mtce of Boiler Plant Spurlock 2	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 4,568	\$ 25,057	\$ 14,861	\$ 22,462	\$ 1,442	\$ 18,631	\$ 23,352
	Expense Dollars Change		\$ 20,489	\$ (10,196)	\$ 7,601	\$ (21,020)	\$ 17,189	\$ 4,721
	Percent Change		448.53%	-40.69%	51.15%	-93.58%	1192.02%	25.34%

Project 03502 is for Spurlock 2 SCR maintenance.

July - Increase in contractor payments of \$13.4K, increase in Materials of \$8.0K and decrease in EKPC payroll and benefits of \$0.9K
 Labor and material to install NH3 100ppm sensor and 500ppm sensor and Sensalert 2 wire transmitter

August - Decrease in contractor payments of \$2.1K, decrease in Materials of \$11.1K and increase in EKPC payroll and benefits of \$3.0K

September - Decrease in contractor payments of \$4.2K, increase in materials of \$11.0K and increase in EKPC payroll and benefits of \$0.8K

October - Decrease in contractor payments of \$4.4K, decrease in Materials of \$11.0K and decrease in EKPC payroll and benefits of \$5.6K

November - Increase in contractor payments of \$6.1K, increase in Materials of \$3.1K and increase in EKPC payroll and benefits of \$7.9K

December - Increase in contractor payments of \$15.4K, decrease in Materials of \$3.1K and decrease in EKPC payroll and benefits of \$7.6K
 Furnish and install scaffolding for Maintenance, Supervision, Labor and material.

51244	Maintenance of Boiler Plant Gilbert	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	763,156	334,063	43,772	76,155	123,854	88,055	215,876
	Expense Dollars Change		(429,093)	(290,291)	32,383	47,699	(35,799)	127,821
	Percent Change		-56.23%	-86.90%	73.98%	62.63%	-28.90%	145.16%

Project 03206 is for Spurlock 3 Boiler Pollution Control equipment and Project 03350 is for Spurlock 3 Bag House, SNCR and FDA equipment.

July - Project 03206 - Decrease in contractor payments of \$611.3K, increase in Materials of \$4.1K and increase in EKPC payroll and benefits of \$3.2K
 Supervision, Labor and material to repair waterwall and mills
 Project 03350 - Increase in contractor payments of \$177.6K, decrease in Materials of \$0.1K and decrease in EKPC payroll and benefits of \$2.7K
 Supervision, Labor and material to repair airheater erosion and demobilize baghouse AR plates

August - Project 03206 - Decrease in contractor payments of \$81.8K, increase in Materials of \$1.8K and decrease in EKPC payroll and benefits of \$7.7K
 Supervision, Labor and material to repair waterwall and mills
 Project 03350 - Decrease in contractor payments of \$208.3K, increase in Materials of \$4.0K and increase in EKPC payroll and benefits of \$1.9K
 Supervision, Labor and material to repair airheater erosion and demobilize baghouse AR plates

September - Project 03206 - Increase in contractor payments of \$5.9K, decrease in Materials of \$5.2K and increase in EKPC payroll and benefits of \$4.8K
 Project 03350 - Increase in contractor payments of \$7.4K, decrease in Materials of \$0.1K and increase in EKPC payroll and benefits of \$19.4K

October - Project 03206 - Increase in contractor payments of \$24.7K, increase in Materials of \$31.2K and decrease in EKPC payroll and benefits of \$6.2K
 Labor, equipment and materials for refactory
 Project 03350 - Increase in contractor payments of \$25.9K, decrease in Materials of \$3.0K and decrease in EKPC payroll and benefits of \$25.0K
 Labor and rental of scaffolding, erecting and dismantling

November - Project 03206 - Decrease in contractor payments of \$66.1K, decrease in Materials of \$36.7K and decrease in EKPC payroll and benefits of \$0.8K
 Labor, equipment and materials for refactory
 Project 03350 - Increase in contractor payments of \$20.9K, increase in Materials of \$20.3K and increase in EKPC payroll and benefits of \$26.5K
 Labor and rental of scaffolding, erecting and dismantling

December - Project 03206 - Increase in contractor payments of \$28.8K, increase in Materials of \$46.8K and increase in EKPC payroll and benefits of \$8.6K
 Labor and materials to install reducer retro kit, RH and reducer shaft mount
 Project 03350 - Increase in contractor payments of \$744.0K, decrease in Materials of \$679.8K and decrease in EKPC payroll and benefits of \$20.6K
 Purchase and deliver hot shot filter bags
 Labor to vacuum FDA mixers

51245	Maintenance of Boiler Plant Spurlock 4	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	47,250	83,842	101,794	161,676	655,389	343,334	52,248
	Expense Dollars Change		36,592	17,952	59,882	493,713	(312,055)	(291,086)
	Percent Change		77.44%	21.41%	58.83%	305.37%	-47.61%	-84.78%

Project 03206 is for Spurlock 4 Boiler Pollution Control equipment and Project 03350 is for Spurlock 4 Bag House, SNCR and FDA equipment.

July - Project 03206 - Increase in contractor payments of \$33.5K and decrease in EKPC payroll and benefits of \$8.3K
 Labor and Material to rebuild Limestone Mill Journal Assemblies
 Project 03350 - Increase in contractor payments of \$31.6K, increase in Materials of \$0.4K and decrease in EKPC payroll and benefits of \$20.6K
 Labor and equipment to vacuum dust, debris and spilled material from ground floor area.

August - Project 03206 - Increase in contractor payments of \$36.8K, decrease in Materials of \$4.3K and decrease in EKPC payroll and benefits of \$1.7K
 Labor and Materials to repair and replace B seal pot expansion joint
 Project 03350 - Decrease in contractor payments of \$23.2K, increase in Materials of \$0.3K and increase in EKPC payroll and benefits of \$10.1K
 Labor and equipment to vacuum dust, debris and spilled material from ground floor area.

September - Project 03206 - Increase in contractor payments of \$27.6K, increase in Materials of \$25.2K and decrease in EKPC payroll and benefits of \$2.3K

Labor and Material for SRD Reducer up to shaft size 2
 Supervision, Labor and material to install Motor 30HP
 Project 03350 - Increase in contractor payments of \$12.9K, decrease in Materials of \$0.6K and decrease in EKPC payroll and benefits of \$2.9K
 Labor and equipment to vacuum dust, debris and spilled material from ground floor area.

October - Project 03206 - Increase in contractor payments of \$387.3K, decrease in Materials of \$14.7K and increase in EKPC payroll and benefits of \$76.6K
 Labor, equipment and material for refractory repairs
 Project 03350 - Increase in contractor payments of \$25.8K, increase in Materials of \$0.1K and increase in EKPC payroll and benefits of \$18.7K
 Labor, material and equipment to install Baghouse AR plate lining

November - Project 03206 - Decrease in contractor payments of \$188.7K, decrease in Materials of \$10.4K and decrease in EKPC payroll and benefits of \$77.9K.
 Labor, equipment and material for refractory repairs
 Project 03350 - Decrease in contractor payments of \$18.3K, decrease in Materials of \$0.2K and decrease in EKPC payroll and benefits of \$16.6K.
 Labor, material and equipment to install Baghouse AR plate lining

December - Project 03206 - Decrease in contractor payments of \$293.4K, decrease in Materials of \$0.6K and increase in EKPC payroll and benefits of \$7.5K.
 Labor, equipment and material for refractory repairs
 Project 03350 - Decrease in contractor payments of \$11.4K, increase in Materials of \$5.7K and increase in EKPC payroll and benefits of \$1.3K.
 Labor and equipment to vacuum mixers and cable trays.

512431	Mtce of Boiler Plant Scrubber 1	June	July	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 133,037	\$ 95,132	\$ 148,550	\$ 16,251	\$ 35,352	\$ 40,018	\$ 77,741
	Expense Dollars Change		\$ (37,905)	\$ 53,418	\$ (132,299)	\$ 19,101	\$ 4,666	\$ 37,723
	Percent Change		-28.49%	56.15%	-89.06%	117.54%	13.20%	94.27%

July - Decrease in contractor payments of \$36.5K, decrease in Materials of \$0.3K and decrease in EKPC payroll and benefits of \$1.1K

August - Increase in contractor payments of \$67.3K, decrease in Materials of \$19.6K and increase in EKPC payroll and benefits of \$5.7K

September - Decrease in contractor payments of \$152.1K, increase in Materials of \$15.2K and increase in EKPC payroll and benefits of \$4.6K

October - Increase in contractor payments of \$20.4K, increase in Materials of \$4.8K and decrease in EKPC payroll and benefits of \$6.1K

November - Increase in contractor payments of \$8.2K, decrease in Materials of \$2.8K and decrease in EKPC payroll and benefits of \$0.8K.

December - Increase in contractor payments of \$21.5K, increase in Materials of \$7.0 and increase in EKPC payroll and benefits of \$9.2K.

512432	Mtce of Boiler Plant Scrubber 2	June	July	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 78,570	\$ 244,844	\$ 7,052	\$ 46,449	\$ 13,675	\$ 322,370	\$ 349,702
	Expense Dollars Change		\$ 166,274	\$ (237,792)	\$ 39,397	\$ (32,774)	\$ 308,695	\$ 27,332
	Percent Change		211.63%	-97.12%	558.66%	-70.56%	2257.37%	8.48%

July - Increase in contractor payments of \$158.4K, increase in Materials of \$3.2K and increase in EKPC payroll and benefits of \$4.7K

August - Decrease in contractor payments of \$126.5K, decrease in Materials of \$108.2K and decrease in EKPC payroll and benefits of \$3.1K

September - Decrease in contractor payments of \$66.8K, increase in Materials of \$103.1K and increase in EKPC payroll and benefits of \$3.1K

October - Decrease in contractor payments of \$15.7K, decrease in Materials of \$6.8K and decrease in EKPC payroll and benefits of \$10.3K

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.

September - Limestone expenses decreased by \$67.6K and Ammonia expenses increased by \$12.0K.

October - Limestone expenses increased by \$102.9K and Ammonia expenses decreased by \$5.3K.

November - Limestone expenses decreased by \$100.6K and Ammonia expenses increased by \$10.7K

December - Limestone expenses increased by \$70.0K and Ammonia expenses decreased by \$46.3K

Operating Expense-Limestone and Magnesium

506431	Misc Stim Pwr Exp- Spurlock 1	June	Jul	Aug	Sep	Oct	Nov	Dec
	Magnesium Expense	\$ 6,003	\$ 29,118	\$ 11,897	\$ 11,720	\$ 11,296	\$ 5,692	\$ 5,880
	Limestone Expense	\$ 101,685	\$ 93,442	\$ 107,985	\$ 91,077	\$ 93,102	\$ 78,268	\$ 101,040
	Limestone Tons Used	9,785	9,049	10,452	8,714	8,791	7,448	9,873
	Expense Dollars	\$ 107,688	\$ 122,560	\$ 119,882	\$ 102,797	\$ 104,398	\$ 83,960	\$ 106,920
	Expense Dollars Change		\$ 14,872	\$ (2,678)	\$ (17,085)	\$ 1,601	\$ (20,438)	\$ 22,960
	Percent Change		13.81%	-2.19%	-14.25%	1.56%	-19.58%	27.35%

July - Limestone expenses decreased by \$8.3K and magnesium expenses increased by \$23.1K.

September - Limestone expenses decreased by \$16.9K and magnesium expenses decreased by \$0.2K.

November - Limestone expenses decreased by \$14.8K and magnesium expenses decreased by \$5.6K.

December - Limestone expenses increased by \$22.8K and magnesium expenses decreased by \$0.2K.

Operating Expense-Limestone and Magnesium

506432	Misc Stim Pwr Exp- Spurlock 2	June	Jul	Aug	Sep	Oct	Nov	Dec
	Magnesium Expense	\$ 11,904	\$ 5,860	\$ 23,548	\$ 35,133	\$ 18,189	\$ -	\$ 23,310
	Limestone Expense	\$ 119,369	\$ 181,387	\$ 149,121	\$ 131,062	\$ 38,028	\$ 61,496	\$ 172,041
	Limestone Tons Used	11,486	17,566	14,433	12,539	3,591	5,852	16,810
	Expense Dollars	\$ 131,273	\$ 187,247	\$ 172,669	\$ 166,195	\$ 56,217	\$ 61,496	\$ 195,351
	Expense Dollars Change		\$ 55,974	\$ (14,578)	\$ (6,474)	\$ (109,978)	\$ 5,279	\$ 133,855
	Percent Change		42.64%	-7.79%	-3.75%	-66.17%	9.39%	217.66%

July - Limestone expenses increased by \$62.0K and magnesium expenses decreased by \$6.0K.

October - Limestone expenses decreased by \$93.1K and magnesium expenses decreased by \$16.9K.

November - Limestone expenses increased by \$23.5K and magnesium expenses decreased by \$18.2K

December - Limestone expenses increased by \$110.5K and magnesium expenses increased by \$23.3K.

Operating Expense- Ammonia and Limestone		Jun	Jul	Aug	Sep	Oct	Nov	Dec
506445	Misc Stm Pwr Exp- Spurlock 4							
	Ammonia Expense	\$ 42,756	\$ 36,845	\$ 36,132	\$ 42,321	\$ 23,763	\$ 56,648	\$ 53,783
	Limestone Expense	\$ 245,834	\$ 267,876	\$ 320,057	\$ 105,560	\$ 236,030	\$ 356,640	\$ 323,649
	Limestone Tons Used	23,607	25,781	30,942	10,221	22,860	34,465	31,153
	Expense Dollars	\$ 288,590	\$ 304,721	\$ 356,189	\$ 147,881	\$ 259,793	\$ 413,288	\$ 377,432
	Expense Dollars Change		\$ 16,131	\$ 51,468	\$ (208,308)	\$ 111,912	\$ 153,495	\$ (35,856)
	Percent Change		5.59%	16.89%	-58.48%	75.68%	59.08%	-8.68%

August - Limestone expenses increased by \$52.2K and ammonia expenses decreased by \$0.7K.

September - Limestone expenses decreased by \$214.5K and ammonia expenses increased by \$6.2K.

October - Limestone expenses increased by \$130.4K and ammonia expenses decreased by \$18.6K.

November - Limestone expenses increased by \$120.6K and ammonia expenses increased by \$32.9K

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00032

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 02/28/11

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 October 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. 2011-00032
ENVIRONMENTAL SURCHARGE
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FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 02/28/11

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 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 October 31, 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 through 5 of this response for debt information associated with compliance plan projects approved in Case Nos. 2004-00321, 2008-00115 and 2010-00083. As stated in testimony in this proceeding, EKPC proposes to increase its TIER level to 1.50 as approved by the Commission in Case No. 2010-00167.

Weighted Average Cost of Debt

Compliance Project	Loan Source (1)	NBV 10/31/2010 (2)	Cost (3)	Weights (4)=(2)*(3)	Rate of Return (5) = (4)*1.50
1. Gilbert (Environmental Portion)	Z-8	\$ 59,160,200	4.71%	0.471%	
2. Spurlock 1 - Precipitator	Y-8	\$ 18,430,586	4.92%	0.153%	
3. Spurlock 1 - SCR	Y-8	\$ 61,470,886	4.92%	0.511%	
4. Spurlock 2 - SCR	Y-8	\$ 30,579,674	4.92%	0.254%	
5. Spurlock #4 (Environmental Portion)	AD-8	\$ 81,464,182	4.50%	0.619%	
6. Spurlock #1 Scrubber	AG-8	\$ 144,560,598	4.33%	1.059%	
7. Spurlock #2 Scrubber	AG-8	\$ 194,507,437	4.40%	1.446%	
8. Dale 1&2 - Low Nox Burners	AH-8	\$ 1,474,107	4.40%	0.011%	
		<u>\$ 591,647,670</u>		<u>4.524%</u>	<u>6.786%</u>

Y-8 30-year Note Number	Current Liability 10/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
HO720	\$21,989,745	4.460%	\$ 980,743	
HO725	22,132,915	4.819%	\$ 1,066,585	
HO730	22,006,421	4.950%	\$ 1,089,318	
HO750	22,238,006	5.091%	\$ 1,132,137	
HO755	22,260,040	5.149%	\$ 1,146,169	
HO760	22,228,087	5.065%	\$ 1,125,853	
HO765	22,207,399	5.011%	\$ 1,112,813	
HO770	24,040,843	5.149%	\$ 1,237,863	
HO885	5,897,925	4.890%	\$ 288,409	
HO960	10,332,503	4.338%	\$ 448,224	
HO1005	4,014,547	4.306%	\$ 172,866	
	<u>\$ 199,348,431</u>		<u>\$ 9,800,979</u>	<u>4.92%</u>

Z-8 30-year		Current	Interest	Yearly	Composite
Note Number	Liability	Rate	Interest	Total (4) / Total (2)	Rate
(1)	(2)	(3)	(4)	(5)	(5)
HO810	\$ 46,546,290	4.744%	\$ 2,208,156		
HO815	46,595,216	4.825%	\$ 2,248,219		
HO820	46,667,278	4.946%	\$ 2,308,164		
HO825	23,246,869	4.658%	\$ 1,082,839		
HO830	23,196,835	4.497%	\$ 1,043,162		
HO835	23,261,268	4.705%	\$ 1,094,443		
HO840	23,144,410	4.332%	\$ 1,002,616		
HO845	17,587,797	4.324%	\$ 760,496		
HO855	27,825,247	4.468%	\$ 1,243,232		
HO860	27,826,003	4.470%	\$ 1,243,822		
HO870	27,936,870	4.769%	\$ 1,332,309		
HO890	14,159,900	5.345%	\$ 756,847		
HO895	9,438,707	5.333%	\$ 503,366		
HO915	21,838,495	4.776%	\$ 1,043,007		
HO920	22,079,350	4.812%	\$ 1,062,458		
HO1025	3,513,612	3.801%	\$ 133,552		
	<u>\$ 404,864,146</u>		<u>\$ 19,066,688</u>		<u>4.71%</u>

AD-8 30-year		Current	Interest	Yearly	Composite
Note Number	Liability	Rate	Interest	Total (4) / Total (2)	Rate
(1)	(2)	(3)	(4)	(5)	(5)
HO925	\$ 48,936,841	4.821%	\$ 2,359,245		
HO930	24,459,882	4.736%	\$ 1,158,420		
HO935	48,906,150	4.669%	\$ 2,283,428		
HO940	24,423,358	4.384%	\$ 1,070,720		
HO945	48,901,855	4.648%	\$ 2,272,958		
HO955	48,893,019	4.605%	\$ 2,251,524		
HO965	7,815,883	4.396%	\$ 343,586		
HO975	19,536,211	4.355%	\$ 850,802		
HO980	19,537,322	4.368%	\$ 853,390		

HO985	24,438,424	4.527%	\$ 1,106,327		
HO990	24,461,699	4.754%	\$ 1,162,909		
HO995	24,448,362	4.623%	\$ 1,130,248		
HO1000	7,714,869.79	4.298%	\$ 331,585		
HO1010	24,419,408	4.347%	\$ 1,061,512		
HO1015	24,425,590	4.405%	\$ 1,075,947		
HO1020	7,175,253	2.846%	\$ 204,208		
HO1030	24,303,807	3.651%	\$ 887,332		
HO1065	14,308,104	4.252%	\$ 608,381		
	<u>\$ 467,106,037</u>		<u>\$ 21,012,522</u>		<u>4.50%</u>

AG-8 30-year					
Spurlock #2 Scrubber					
Note Number	Current Liability 10/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)	
FO1035	\$ 34,851,150	3.988%	\$ 1,389,864		
FO1040	24,901,133	4.374%	\$ 1,089,176		
FO1045	24,901,453	4.391%	\$ 1,093,423		
FO1050	24,905,404	4.605%	\$ 1,146,894		
FO1055	39,848,647	4.605%	\$ 1,835,030		
FO1060	24,905,313	4.600%	\$ 1,145,644		
FO1070 (Split between Spur.1 & Spur.2)	11,307,936	4.262%	\$ 481,944		
FO1115 (Split between Spur.1 & Spur.2)	1,635,118	4.175%	\$ 68,266		
FO1130	5,974,492	3.990%	\$ 238,382		
FO1170 (Split between Spur.1 & Spur.2)	10,722,008	4.508%	\$ 483,348		
FO1190	908,136	3.922%	\$ 35,617		
	<u>\$ 204,860,792</u>		<u>\$ 9,007,589</u>		<u>4.40%</u>

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

Note Number (1)	Current Liability 10/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
FO1070 (Split between Spur.1 & Spur.2)	13,590,577	4.262%	\$ 579,230	
FO1075	24,895,883	4.100%	\$ 1,020,731	
FO1085	24,902,814	4.464%	\$ 1,111,662	
FO1100	24,904,748	4.569%	\$ 1,137,898	
FO1095	24,901,434	4.390%	\$ 1,093,173	
FO1105	7,229,743	4.142%	\$ 299,456	
FO1110	587,307	4.194%	\$ 24,632	
FO1115 (Split between Spur.1 & Spur.2)	18,282,754	4.175%	\$ 763,305	
FO1170 (Split between Spur.1 & Spur.2)	3,678,491	4.508%	\$ 165,826	
	<u>\$ 142,973,751</u>		<u>\$ 6,195,913</u>	<u>4.33%</u>

AH-8 30 year

Note Number (1)	Current Liability 10/31/2010 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
H1090	2,004,580.00	4.40%	\$ 88,121	<u>4.40%</u>