## Goss』Samfordme

December 13, 2012

## RECEIVED

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

DEC 132012
PUBLIC SERVICE COMMISSION

Re: PSC Case No. 2012-00486
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 November 16, 2012, and the Prepared Testimony of Ann F. Wood and Isaac S. Scott on behalf of EKPC. Documents contained in this filing, with the exception of two responses to Request 2, are also being filed on behalf of EKPC's member systems.

Very truly yours,


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 TWO-YEAR BILLING PERIOD ENDING JUNE 30, 2011, FOR THE SIX MONTH BILLING
# RECEIVED 

PERIODS ENDING DECEMBER 31, 2011 AND JUNE 30, 2012, AND THE PASS THROUGH MECHANISM FOR ITS SIXTEEN MEMBER

DEC 132012
PUBLIC SEPVICE COMMISSION

CASE NO.
) 2012-00486
)
)

BEFORE THE PUBLIC SERVICE COMMISSION
In the Matter of:

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AN EXAMINATION BY THE PUBLIC SERVICE )
COMMISSION OF THE ENVIRONMENTAL )
SURCHARGE MECHANISM OF EAST KENTUCKY )
POWER COOPERATIVE, INC. FOR THE ) CASE NO.
TWO-YEAR BILLING PERIOD ENDING ) 2012-00486
JUNE 30, 2011, FOR THE SIX-MONTH BILLING )
PERIODS ENDING DECEMBER 31, 2011 AND JUNE )
30, 2012, AND THE PASS-THROUGH MECHANISM )
FOR ITS SIXTEEN MEMBER DISTRIBUTION )
COOPERATIVES )
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DIRECT TESTIMONY OF ANN F. WOOD
ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: December 13, 2012
Q. Please state your name, business address and occupation.
A. My name is Ann F. Wood and my business address is East Kentucky Power Cooperative ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391. I am the Director of Regulatory Services for EKPC.
Q. Please state your education and professional experience.
A. I received a B.S. Degree in Accounting from Georgetown College. After graduation I accepted an audit position with Coopers \& Lybrand in the Lexington office. My responsibilities ranged from performing detailed audit testing to managing audits. In October 1995, I started working for Lexmark International, Inc. as an analyst. In May 1997, I joined EKPC and held various management positions in the accounting, internal auditing, and regulatory services areas. In February 2011, I became Director of Regulatory Services at EKPC. I am a certified public accountant in Kentucky.
Q. Please provide a brief description of your duties at EKPC.
A. As Director of Regulatory Services, I am responsible for managing all filings with the Public Service Commission ("Commission.") I report directly to the Chief Financial Officer.

## Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe how EKPC and its Member Systems have applied the environmental surcharge mechanism in a reasonable manner during the periods under review. My testimony will also propose updating the rate of return used in the environmental surcharge calculation, and will describe a proposed tariff change, along with a proposed change to the monthly
environmental surcharge reporting forms. The testimony of Mr. Scott will address EKPC's position regarding a roll-in to existing base rates.
Q. Is EKPC preparing testimony and responding to data requests on behalf of its member systems?
A. EKPC is preparing testimony on behalf of each member system. These member systems are: Big Sandy Rural Electric Cooperative Corporation; Blue Grass Energy Cooperative Corporation; Clark Energy Cooperative, Inc.; Cumberland Valley Electric, Inc.; Farmers Rural Electric Cooperative Corporation ("Farmers RECC"); Fleming-Mason Energy Cooperative; Grayson Rural Electric Cooperative Corporation; Inter-County Energy Cooperative Corporation; Jackson Energy Cooperative; Licking Valley Rural Electric Cooperative Corporation; Nolin Rural Electric Cooperative Corporation; Owen Electric Cooperative ("Owen Electric"); Salt River Electric Cooperative Corporation; Shelby Energy Cooperative, Inc.; South Kentucky Rural Electric Cooperative Corporation; and Taylor County RECC. Please note that Jennie Gibson Phelps, Vice President, Finance and Accounting of Farmers RECC, has provided the response to Request 2 for Farmers RECC, and Rebecca Witt, Senior Vice President of Corporate Services of Owen Electric, has provided the response to Request 2 for Owen Electric.
Q. Have other EKPC representatives provided responses to Commission Staff's First Request for Information in this proceeding?
A. Yes. Isaac S. Scott, Manager of Pricing, has provided responses to the member system pass-through summaries, other than those for Farmers RECC and Owen Electric, to respond to Request 2 and has provided responses to Request 7. Ernest W. Huff has provided emission allowance information to respond to Request 3.

Frank J. Oliva, Director of Finance and Treasurer, has provided the debt and average interest rate information to respond to Requests 5 and 6.
Q. Previous Commission Orders required EKPC and its Member Systems to incorporate certain provisions into the calculation of the monthly environmental surcharge factors. Please comment on how EKPC and the Member Systems have addressed the most significant aspects of these Orders during the periods under review.
A. A brief description of each component of the environmental surcharge calculation, applied consistently with Commission Orders, is discussed below.

## - Compliance Plan Projects

 EKPC currently has 13 projects in its Environmental Compliance Plan. These projects were approved by the Commission in Case Nos. 2004-00321, 2008 00115, and 2010-00083. The monthly environmental surcharge reports, incorporated by reference in this case, show the capital costs for these projects.- Base/Current Method

As reflected in the response to Request 1, EKPC's BESF is $0 \%$.

- Actual Emission Allowance Expense EKPC included only actual SO 2 and NOx emission allowance expense in the monthly filings.
- Return on Emission Allowance Inventory and Limestone Inventory EKPC has included a return on all environmental surcharge assets, including emission allowances purchased for current and vintage years. This is addressed in Response 3 to the First Data Request of Commission Staff. EKPC has also included a return on its limestone inventory.
- Return on Construction Work in Process (CWIP), Net of Allowance for Funds Used During Construction (AFUDC) As approved in Case No. 2008-00115, EKPC has included a return on CWIP during the periods under review.
- Rate of Return

EKPC's rate of return consists of two components: the average cost of debt on its compliance plan projects and a Times Interest Earned Ratio (TIER) component. The table below reflects the rates of return used during the periods under review.

Rate of Return Case No. Approving Expense Months Used 6.58\% 2007-00378 July 2009-September 2009 $6.429 \% \quad 2009-00039$

October 2009-December 2009
$6.051 \% \quad 2009-00317$
January 2010-September 2010
6.129\%

2010-00021
October 2010-December 2010
6.109\%

2010-00319
January 2011-June 2011
6.786\%

2011-00032
July 2011-June 2012
The Commission approved a 1.50 TIER in Case No. 2011-00032. EKPC proposes to maintain its current TIER level. Support for EKPC's proposed rate of return in this proceeding is included in the response to Request 5.

- Operation and Maintenance (O\&M) Expenses

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

- Pass-Through Mechanism

The environmental surcharge factors computed for retail customers were billed by EKPC's Member Systems at approximately the same time as EKPC billed the Member Systems at wholesale. The calculation of the monthly factors for each Member System was provided in the monthly reports filed with the Commission. EKPC and the Member Systems adhered to these and all other requirements and provisions of the Commission's Orders for the periods under review.
Q. Were the environmental-related amounts included in the monthly surcharge calculation based on booked costs?
A. Yes. EKPC continues to use the amounts booked for the various cost categories included in the surcharge calculation and these costs were actual costs and incurred in a prudent manner.
Q. Did EKPC incur any over and under recoveries during the periods under review?
A. Yes. However, as shown in Response 1 to the First Information Request of Commission Staff, EKPC applied its June 2012 under-recovery to the July 2012 expense month, which was billed in August 2012.
Q. Did the Member Systems incur any over or under recoveries during the review periods?
A. Yes. The over or under recovery amounts are shown in Response 2 to the First Data Request of Commission Staff.
Q. How will the Member Systems reflect recovery of these over or under recovery amounts?
A. As approved by Commission Order in Case No. 2010-00021, dated November 5, 2010, the member systems continue to propose that the accumulated over or under recovery amounts be amortized for each month in the six-month period following the Commission's Order in this proceeding.
Q. Does EKPC propose any changes to its surcharge mechanism?
A. No, EKPC does not propose any changes to the surcharge mechanism itself, but does propose certain changes to its surcharge tariff and monthly surcharge forms.
Q. What changes are needed to EKPC's Environmental Surcharge tariff (Rate ES)?
A. As a result of an oversight, one change is needed to EKPC's Rate ES tariff. The times interest earned ratio stated in the tariff at 1.35 needs to be updated to 1.50 in accordance with the Commission's Order in Case No. 2011-00032. Both a strikethrough and clean version of the tariff are provided in Exhibit AFW-1.
Q. Are changes to the Environmental Surcharge Tariff Sheets for each of the Member Systems required?
A. No. Changes to the Member System tariffs are not required.
Q. What other changes does EKPC propose to make to its monthly environmental surcharge filings?
A. EKPC proposes to make a change to Forms 2.4 and 2.5 in its monthly environmental surcharge filings. Item 12 of the Settlement Agreement approved in Case No. 2004-00321 states:

The Parties agree to use a $12-\mathrm{month}$ rolling average of $\mathrm{O} \& \mathrm{M}$ expenses for the surcharge calculation. The accounts subject to this provision are Accts. 50144, 50621, 50631, 50642, 50644, 50645, 51241, 51242, and 51244. The Parties agree that the environmentally-related O\&M expenses for the Gilbert generating unit (Accts. 50144, 50644, 51244) shall be recovered by using the actual cost in month one of operation; for month two, use the
average of expenses incurred in months one and two, for month three, use the average of expenses incurred in months one, two and three. This process will continue until the end of the first twelve months of operation at which time the Gilbert O\&M costs will be treated like all other eligible O\&M costs.

Forms 2.4 and 2.5 were originally established to track this incremental accounting for Gilbert and, subsequently, other projects. EKPC now receives a cash return on CWIP and begins cost recovery of the investment as the project is constructed. Although EKPC proposes to continue using a 12 -month rolling average of $\mathrm{O} \& \mathrm{M}$ expenses for the surcharge calculation, it no longer needs to distinguish projects based on "incremental" accounting treatment of its O\&M expenses. EKPC would note that its current Rate ES tariff does not include the incremental distinction for the Gilbert O\&M expenses. Consequently, EKPC proposes to eliminate the separation of 12 -month averages of $O \& M$ expenses currently reflected on Form 2.4. For Form 2.5, EKPC proposes to eliminate the project summary sections that are shown at the bottom of the form, as they are redundant and simply repeat information contained in the upper section of the form. The accounts and subaccount information shown in the upper section of the form track all O\&M expense accounts that EKPC is authorized to include in its environmental surcharge. In the proposed revision of Form 2.5, EKPC has added an additional expense description, but has not added any accounts that were not already being included in the environmental surcharge calculation. Exhibit AFW-2 provides the current format of Forms 2.4 and 2.5, along with the proposed formats of those forms.

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

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

## $7 \quad$ Q. Does this conclude your testimony?

8 A. Yes.

## COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION
In re the Matter of:

| AN EXAMINATION BY THE PUBLIC SERVICE |  |
| :--- | :--- |
| COMMISSION OF THE ENVIRONMENTAL |  |
| SURCHARGE MECHANISM OF EAST KENTUCKY ) |  |
| POWER COOPERATIVE, INC. FOR THE |  |
| TWO-YEAR BILLING PERIOD ENDING |  |
| JUNE 30, 2011, FOR THE SIX MONTH BILLING | () |
| PERIODS ENDING DECEMBER 31, 2011 AND | () |
| JUNE 30, 2012, AND THE PASS THROUGH |  |
| MECHANISM FOR ITS SIXTEEN MEMBER | ) |
| DISTRIBUTION COOPERATIVES |  |

## AFFIDAVIT

## STATE OF KENTUCKY )

## COUNTY OF CLARK )

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

Subscribed and sworn before me on this Soup n Mrwilloyg

MY COMMISSION EXPIRES NOVEMBER 30, 2013 NOTARY ID \#409352

# RATE ES - ENVIRONMENTAL SURCHARGE 

## APPLICABILITY

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

## AVAILABILITY

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

## RATE

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

CESF $=E(m) / R(m)$

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

MESF $=$ Monthly Environmental Surcharge Factor
CESF = Current Environmental Surcharge Factor
BESF $=$ Base Environmental Surcharge Factor of 0\%
where $E(m)$ is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and $R(m)$ is the revenue for the current expense month as expressed below.

## Definitions

(1) $\mathrm{E}(\mathrm{m})=[(\mathrm{RB} / 12)(\mathrm{RORB})+\mathrm{OE}-\mathrm{BAS}+($ Over $)$ Under Recovery
where:
(a) RB is the Environmental Compliance Rate Base, defined as electric plant in service for applicable environmental projects adjusted for accumulated depreciation, CWIP, cash working capital, spare parts and limestone inventory, emission allowance inventory;
(b) RORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a times-interest-earned ratio of 1.351 .50 ;

DATE OF ISSUE November 15,2010 August 2, 2011 DATE EFFECTIVE: November 5,2010 August 2, 2011
ISSUED BY $\qquad$ TITLE President \& Chief Executive Officer

For All Counties Served
P.S.C. No. 34

Seeend Third Revised Sheet No. 25
Canceling P.S.C. No. 34
EAST KENTUCKY POWER COOPERATIVE, INC
First Second Revised Sheet No. 25
(c) OE is the Monthly Pollution Control Operating Expenses, defined as the average of the twelve month operating and maintenance expense; depreciation expense, property taxes, insurance expense, emission allowance expense, and consulting fees.;
(d) BAS is the net proceeds from By-Products and Emission Allowance Sales, and;
(e) (Over) or Under recovery amount resulting from the amortization of amounts determined by the Commission during six-month and two-year reviews and the one-month "true-up" adjustment.
(2) Total $\mathrm{E}(\mathrm{m})$ is multiplied by the Member System Allocation Ratio to arrive at Net $\mathrm{E}(\mathrm{m})$. The Member System Allocation Ratio is based on the ratio of the 12 -month total revenue from sales to Member Systems to which the Surcharge will be applied, ending with the current expense month, divided by the 12 -month total revenue from sales to Member Systems and off-system sales.
(3) The revenue $R(m)$ is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC for the twelve months ending with the current expense month.
(4) The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE November 15,2010 August 2, 2011 DATE EFFECTIVE: November 5,2010 August 2, 2011
ISSUED BY $\qquad$ TITLE President \& Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2010-00021-2011-00032 Dated November 5, 2010 August 2, 2011

## RATE ES - ENVIRONMENTAL SURCHARGE

## APPLICABILITY

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

## AVAILABILITY

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

## RATE

The Environmental Surcharge shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:
$\mathrm{CESF}=\mathrm{E}(\mathrm{m}) / \mathrm{R}(\mathrm{m})$

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

MESF = Monthly Environmental Surcharge Factor
CESF $=$ Current Environmental Surcharge Factor
BESF $=$ Base Environmental Surcharge Factor of 0\%
where $E(m)$ is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and $R(m)$ is the revenue for the current expense month as expressed below.

## Definitions

(1) $E(m)=[(R B / 12)($ RORB $)+\mathrm{OE}-\mathrm{BAS}+($ Over $)$ Under Recovery
where:
(a) RB is the Environmental Compliance Rate Base, defined as electric plant in service for applicable environmental projects adjusted for accumulated depreciation, CWIP, cash working capital, spare parts and limestone inventory, emission allowance inventory;
(b) RORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a times-interest-earned ratio of 1.50;

DATE OF ISSUE August 2, 2011 DATE EFFECTIVE: August 2. 2011
ISSUED BY $\qquad$ TITLE President \& Chief Executive Officer
Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2011-00032 Dated August 2, 2011

# For All Counties Served 

P.S.C. No. 34

Third Revised Sheet No. 25
Canceling P.S.C. No. 34
EAST KENTUCKY POWER COOPERATIVE, INC
Second Revised Sheet No. 25
(c) OE is the Monthly Pollution Control Operating Expenses, defined as the average of the twelve month operating and maintenance expense; depreciation expense, property taxes, insurance expense, emission allowance expense, and consulting fees.;
(d) BAS is the net proceeds from By-Products and Emission Allowance Sales, and;
(e) (Over) or Under recovery amount resulting from the amortization of amounts determined by the Commission during six-month and two-year reviews and the one-month "true-up" adjustment.
(2) Total $\mathrm{E}(\mathrm{m})$ is multiplied by the Member System Allocation Ratio to arrive at Net $\mathrm{E}(\mathrm{m})$. The Member System Allocation Ratio is based on the ratio of the 12-month total revenue from sales to Member Systems to which the Surcharge will be applied, ending with the current expense month, divided by the 12-month total revenue from sales to Member Systems and off-system sales.
(3) The revenue $R(m)$ is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC for the twelve months ending with the current expense month.
(4) The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE August 2, 2011 DATE EFFECTIVE: August 2, 2011
ISSUED BY $\qquad$ TITLE President \& Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2011-00032 Dated August 2. 2011

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O\&M Expenses and Determination of Cash Working Capital Allowance
For the Expense Month Ending $\qquad$

| Eligible O\&M Expenses | Projects 1-6 | Projects $7-13$ | Total |
| :--- | ---: | ---: | ---: |
| 11th previous month | xx | xx | xx |
| 10th previous month | xx | xx | xx |
| 9th previous month | xx | xx | xx |
| 8th previous month | xx | xx | xx |
| 7th previous month | xx | xx | xx |
| 6th previous month | xx | xx | xx |
| 5th previous month | xx | xx | xx |
| 4rd previous month | xx | xx | xx |
| 3nd previous month | xx | xx | xx |
| 2nd previous month | xx | xx | xx |
| Previous month | xx | xx | xx |
| Current Month | xx | xx | xx |
| Total 12 Month O\&M | xx |  | xx |


| Average Monthly O\&M | $x x$ | $x x$ | $x x$ |
| :--- | :--- | :--- | :--- |


| Determination of Working <br> Capital Allowance |  |  |  |
| :--- | ---: | :--- | :--- |
| 12 Months |  | $x x$ |  |
| O\&M Expense |  | $x x$ |  |
| One-Eighth (1/8) of 12 Month |  | $x x$ |  |
| O\&M Expenses |  |  |  |

Current

Expense Type
Acct No.
I Maintenance

| 501010 | CPXX |
| :--- | :--- |
| 501010 | SP03 |
| 501010 | SP04 |
| 512000 | CPXX |
| 512000 | SP01 |
| 512000 | SP02 |
| 512000 | SP03 |
| 512000 | SP04 |
| 512000 | SP21 |
| 512000 | SP22 |

Account Description
Amount

Fuel Coal Cooper (Unit \# 2 AQCS)
Fuel Coal Gilbert
Fuel Coal Spurlock 4
Maintenance of Cooper Unit \# 2 AQCS
Maintenance of Boller Plant Spurlock 1
Maintenance of Boiler Plant Spurlock 2
Maintenance of Boiler Plant Gilbert
Maintenance of Boiler Plant Spurlock 4
Maintenance of Boiler Plant Scrubber 1
Maintenance of Boiler Plant Scrubber 2
Total
Misc Steam Power Environmental Cooper
Misc Steam Power Environmental Dale
Misc Steam Power Environmental Spurlock
Total
$x \times$

III Operating Expense Ammonia \& Limestone

| 506001 | CO00 |
| :--- | :--- |
| 506001 | COXX |
| 506001 | DA00 |
| 506001 | SP01 |
| 506001 | SP02 |
| 506001 | SP03 |
| 506001 | SP04 |
| 506001 | SP21 |
| 506001 | SP22 |


| Misc Steam Power Expense - Cooper | xx |
| :--- | :--- |
| Misc Steam Power Expense - Cooper Unit \# 2 AQCS | xx |
| Misc Steam Power Expense - Dale | xx |
| Misc Steam Power Expense - Spurlock 1 | xx |
| Misc Steam Power Expense - Spurlock 2 | xx |
| Misc Steam Power Expense - Gilbert | xx |
| Misc Steam Power Expense - Spurlock 4 | xx |
| Misc Steam Power Expense - Spurlock 1 | xx |
| Misc Steam Power Expense - Spurlock 2 | xx |
|  |  |
|  | Total |
|  |  |

501010
512000
512000
512000
512000
506002
506002
506002
506002
506001
506001
506001

## Summary - Project 1-6

Fuel Coal Gilbert
Maintenance of Boiler Plant Gibert
Maintenance of Boiler Plant Spurlock 1
Maintenance of Boller Plant Spurlock 2
Misc Steam Power Environmental Cooper
Misc Steam Power Environmental Dale
Misc Steam Power Environmental Spurlock
Misc Stearm Power Expense - Spurlock 1
Misc Steam Power Expense - Spurlock 2
Misc Steam Power Expense - Gilbert

## Summary - Projects 7-13

512000
512000
506001
506001
506001
512000
501010
501010
512000
506001
506001
506001

Maintenance of Boiler Plant Spurlock 4
Maintenance of Boiler Plant Scrubber 1
Maintenance of Boiler Plant Scrubber 1
Misc Steam Power Expense - Spurlock 4
Misc Steam Power Expense - Spurlock 1
Misc Steam Power Expense - Spurlock 2
Maintenance of Boiler Plant Scrubber 2
Fuel Coal Cooper (Unit \# 2 AQCS)
Fuel Coal Spurlock 4
Maintenance of Cooper Unit \# 2 AQCS
Misc Steam Power Expense - Cooper
Misc Steam Power Expense - Cooper Unit \# 2 AQCS
Misc Steam Power Expense - Dale

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

## O\&M Expenses and Determination of Cash Working Capital Allowance

For the Expense Month Ending $\qquad$

| Eligible O\&M Expenses | Total |
| :--- | :---: |
| 11th previous month |  |
| 10th previous month | xx |
| 9th previous month | xx |
| 8th previous month | xx |
| 7th previous month | xx |
| 6th previous month | xx |
| 5th previous month | xx |
| 4rd previous month | xx |
| 3nd previous month | xx |
| 2nd previous month | xx |
| Previous month | xx |
| Current Month | xx |
| Total 12 Month O\&M | xx |


| Average Monthly O\&M | xx |
| :--- | :--- |


| Determination of Working <br> Capital Allowance |  |
| :--- | ---: |
| 12 Months |  |
| O\&M Expense |  |
| One-Eighth (1/8) of 12 Month |  |
| O\&M Expenses |  |

East Kentucky Power Cooperative, Inc. Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending

Expense Type
Account Description
Amount

| 1 | Ash Handling | 501010 | CPXX |
| :---: | :---: | :---: | :---: |
|  |  | 501010 | SP03 |
|  |  | 501010 | SP04 |
| 11 | Operating Expense - | 506001 | COOO |
|  | Ammonia \& | 506001 | COXX |
|  | Limestone | 506001 | DADO |
|  |  | 506001 | SP01 |
|  |  | 506001 | SP02 |
|  |  | 506001 | SP03 |
|  |  | 506001 | SP04 |
|  |  | 506001 | SP21 |
|  |  | 506001 | SP22 |
| III | Air Permit Fees | 506002 | CPOO |
|  |  | 506002 | DA00 |
|  |  | 506002 | SPOO |
| IV | Maintenance | 512000 | CPXX |
|  |  | 512000 | SP01 |
|  |  | 512000 | SP02 |
|  |  | 512000 | SP03 |
|  |  | 512000 | SP04 |
|  |  | 512000 | SP21 |
|  |  | 512000 | SP22 |


| Fuel Coal Cooper (Unit \# 2 AQCS) |  | xx |
| :---: | :---: | :---: |
| Fuel Coal Gilbert |  | xx |
| Fuel Coal Spurlock 4 |  | xx |
| Misc Steam Power Expense - Cooper |  | xx |
| Misc Steam Power Expense - Cooper Unit \# 2 AQCS |  | xx |
| Misc Steam Power Expense - Dale |  | xx |
| Misc Steam Power Expense - Spurlock 1 |  | xX |
| Misc Steam Power Expense - Spurlock 2 |  | xx |
| Misc Steam Power Expense - Gilbert |  | xx |
| Misc Steam Power Expense - Spurlock 4 |  | xX |
| Misc Steam Power Expense - Spurlock 1 |  | XX |
| Misc Steam Power Expense - Spurlock 2 |  | xx |
| Misc Steam Power Environmental Cooper |  | xx |
| Misc Steam Power Environmental Dale |  | xx |
| Misc Steam Power Environmental Spurlock |  | xx |
| Maintenance of Cooper Unit \# 2 AQCS |  | xx |
| Maintenance of Boiler Plant Spurlock 1 |  | xx |
| Maintenance of Boiler Plant Spurlock 2 |  | xx |
| Maintenance of Boiler Plant Gilbert |  | xx |
| Maintenance of Boiler Plant Spurlock 4 |  | xx |
| Maintenance of Boiler Plant Scrubber 1 |  | xx |
| Maintenance of Boiler Plant Scrubber 2 |  | xx |
| Total | \$ | $x \times$ |

## COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:


#### Abstract

AN EXAMINATION BY THE PUBLIC SERVICE ) COMMISSION OF THE ENVIRONMENTAL ) SURCHARGE MECHANISM OF EAST KENTUCKY ) POWER COOPERATIVE, INC. FOR THE ) CASE NO. TWO-YEAR BILLING PERIOD ENDING ) 2012-00486 JUNE 30, 2011, FOR THE SIX-MONTH BILLING ) PERIODS ENDING DECEMBER 31, 2011 AND JUNE ) 30, 2012, AND THE PASS-THROUGH MECHANISM ) FOR ITS SIXTEEN MEMBER DISTRIBUTION ) COOPERATIVES )


DIRECT TESTIMONY OF ISAAC S. SCOTT
ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: December 13, 2012
Q. Please state your name, business address, and occupation.
A. My name is Isaac S. Scott and my business address is East Kentucky Power Cooperative ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391. I am the Manager of Pricing for EKPC.
Q. Please state your education and professional experience.
A. I received a B.S. degree in Accounting, with distinction, from the University of Kentucky in 1979. After graduation I was employed by the Kentucky Auditor of Public Accounts, where I performed audits of numerous state agencies. In December 1985, I transferred to the Kentucky Public Service Commission ("Commission") as a public utilities financial analyst, concentrating on the electric and natural gas industries. In August 2001, I became manager of the Electric and Gas Revenue Requirements Branch in the Division of Financial Analysis at the Commission. In this position I supervised the preparation of revenue requirement determinations for electric and natural gas utilities as well as determined the revenue requirements for the major electric and natural gas utilities in Kentucky. I retired from the Commission effective August 1, 2008. In November 2008, I became the Manager of Pricing at EKPC.
Q. Please provide a brief description of your duties at EKPC.
A. As Manager of Pricing, I am responsible for rate-making activities which include designing and developing wholesale and retail electric rates and developing pricing concepts and methodologies. I report directly to the Director of Regulatory Services.
Q. What is the purpose of your testimony in this proceeding?
A. The purpose of my testimony is to discuss EKPC's position concerning a roll-in of the environmental surcharge into its wholesale base rates.
Q. Does EKPC believe that its environmental surcharge should be rolled into its wholesale base rates?
A. No. While EKPC is providing the information related to a potential roll-in of the environmental surcharge into the wholesale base rates in the response to Item 7, EKPC does not believe it is appropriate at this time to roll its environmental surcharge into its wholesale base rates.

## Q. Would you explain the reasons in support of EKPC's position?

A. Yes. EKPC would initially note that whether or not there are amounts of environmental costs incorporated into wholesale base rates, the effect on EKPC, the member cooperatives, and the retail ratepayer is that the total environmental revenue requirement should remain the same. In addition, EKPC believes there are several reasons why a rollin of the environmental surcharge is not appropriate at this time.

First, like the environmental surcharge mechanisms approved for Kentucky Utilities Company, Louisville Gas and Electric Company, and Kentucky Power Company ("Kentucky Power"), the environmental costs included in EKPC's revenue requirement represent both investment costs and energy costs. As a general matter, investment costs are usually reflected in demand charges while energy costs are reflected in the energy charge. Because both investment costs and energy costs make up the environmental costs, a roll-in of the surcharge into base rates is more complicated than the roll-in performed in a two-year fuel adjustment clause proceeding. In the two-year fuel adjustment clause proceeding, only energy costs are rolled into the energy charge of base rates. If EKPC is required to roll-in its environmental surcharge into its wholesale base rates, it believes the roll-in will have to be allocated to both the demand and energy
charges. Included in the response to Item 7 is a rough allocation of the calculated roll-in amount between demand and energy components.

Ideally, such an allocation should be performed utilizing a cost-of-service study. However, there has not been any time in this review proceeding for EKPC to undertake a cost-of-service study that would provide a reasonable allocation of an environmental surcharge roll-in into demand and energy related components. The belief that a cost-ofservice study should be the basis for allocating a surcharge roll-in between demand and energy rate components is the primary reason why EKPC believes a roll-in of environmental costs should occur at the time of a wholesale base rate case proceeding. Including a roll-in as part of a wholesale base rate case would allow for the allocation of environmental costs in a manner consistent with other costs through the utilization of a cost-of-service study. EKPC notes that the Commission has accepted the argument that a surcharge roll-in should be undertaken as part of a base rate case in previous environmental surcharge reviews. ${ }^{1}$

The second reason concerns how the change in the wholesale base rates would be reflected in the member cooperatives' retail base rates. When the Commission approved the environmental surcharge mechanism for EKPC and the corresponding pass-through mechanism for the member cooperatives, there was no discussion of how or when retail base rates would be adjusted to reflect the change in the wholesale base rates resulting from the surcharge roll-in. Clearly any adjustment to the retail base rates should be accomplished in the same proceeding as the roll-in to wholesale base rates and both changes in the base rates become effective at the same time. If a surcharge roll-in was

[^0]required as part of the two-year review case, EKPC believes the necessary adjustments to the retail base rates need to correspond as closely as possible to the change in the wholesale base rates. The change in the wholesale demand-related base rates should be reflected in the corresponding retail customer charges and demand base rates. The change in the wholesale energy-related base rates should be reflected in the corresponding retail energy base rates. However, as a surcharge roll-in during the twoyear review to the wholesale base rates would not be cost-of-service based, neither would the corresponding adjustment to the retail base rates be cost-of-service based.

From May 2011 through August 2012, EKPC undertook a detailed rate design project that looked closely at cost-of-service study results and the potential impacts on the member cooperatives. ${ }^{2}$ The member cooperatives participated in numerous discussions held during this period. One of the topics discussed extensively was whether or not the environmental surcharge should be rolled into the wholesale base rates in conjunction with a base rate proceeding. While there was a difference of opinion among the member cooperatives concerning whether there should be a roll-in, the member cooperatives were in general agreement that a roll-in should only take place during a base rate proceeding. As with a roll-in to its wholesale base rates, EKPC believes that the corresponding adjustment to retail base rates should be performed in conjunction with a base rate proceeding and not as part of a two-year surcharge review. The amount of the roll-in each member cooperative receives as a result of the change in wholesale base rates would be cost-of-service based. If the member cooperative elected to do so, it could file its own

[^1]base rate case in conjunction with EKPC's proceeding and reflect its portion of the roll-in through its own cost-of-service study allocations.

A final reason is related to the disclosure of the cost of environmental compliance to retail customers. EKPC's currently approved environmental compliance plan contains 13 projects and the monthly surcharge filings reflect the investment costs and operating expenses associated with those projects. The monthly cost of environmental compliance will be known to EKPC even if there is a roll-in of the surcharge revenue requirement into wholesale base rates. As there to date has been no roll-in of the environmental surcharge into base rates, the member cooperatives' monthly surcharge pass-through factors serve as a means to disclose to the retail customer the cost of environmental compliance for the approved projects. However, if there were a roll-in, a significant portion of the EKPC monthly surcharge factor would be collected through wholesale base rates and the corresponding member cooperatives' monthly surcharge pass-through factors would be reduced. The monthly surcharge pass-through factors would no longer easily disclose to retail customers the full cost of environmental compliance for the approved projects. Several of the member cooperatives believe it is important that retail customers be aware of the full cost of environmental compliance for the approved projects and the impact this compliance cost has on the monthly retail bill. Consequently, until an acceptable method can be developed to continue the disclosure of the full cost of environmental compliance, EKPC and the member cooperatives believe roll-in should not be undertaken as part of the two-year review proceeding.

## Q. Does this conclude your testimony?

A. Yes it does.

## COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

| AN EXAMINATION BY THE PUBLIC SERVICE |  |
| :--- | :--- |
| COMMISSION OF THE ENVIRONMENTAL |  |
| SURCHARGE MECHANISM OF EAST KENTUCKY ) |  |
| POWER COOPERATIVE, INC. FOR THE |  |
| TWO-YEAR BILLING PERIOD ENDING |  |
| JUNE 30, 2011, FOR THE SIX MONTH BILLING | ) |
| PERIODS ENDING DECEMBER 31, 2011 AND | () |
| JUNE 30, 2012, AND THE PASS THROUGH |  |
| MECHANISM FOR ITS SIXTEEN MEMBER | ) |
| DISTRIBUTION COOPERATIVES |  |

## AFFIDAVIT

## STATE OF KENTUCKY )

 COUNTY OF CLARK )Isaac S . Scott, being duly sworn, states that he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.


Subscribed and sworn before me on this $13^{\text {th }}$ day of December, 2012.


MY COMMISSION EXPIRES NOVEMBER 30,2013 NOTARY ID \#4.409352

# EAST KENTUCKY POWER COOPERATIVE, INC. 

## PSC CASE NO. 2012-00486

## PUBLIC SERVICE COMMISSION REQUEST DATED 11/16/12

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 November 16, 2012. 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 |  |
| TWO-YEAR BILLING PERIOD ENDING |  |
| JUNE 30, 2011, FOR THE SIX MONTH BILLING | ) |
| PERIODS ENDING DECEMBER 31, 2011 AND | () |
| JUNE 30, 2012, AND THE PASS THROUGH |  |
| MECHANISM FOR ITS SIXTEEN MEMBER | ) |
| DISTRIBUTION COOPERATIVES |  |

## 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

First Request for Information contained in Appendix B in the above-referenced case dated
November 16, 2012, 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 $13^{\text {te }}$ day of December 2012.


## 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 |  |
| TWO-YEAR BILLING PERIOD ENDING |  |
| JUNE 30, 2011, FOR THE SIX MONTH BILLING | ) |
| PERIODS ENDING DECEMBER 31, 2011 AND | () |
| JUNE 30, 2012, AND THE PASS THROUGH |  |
| MECHANISM FOR ITS SIXTEEN MEMBER | ) |
| DISTRIBUTION COOPERATIVES | ) |

## 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

First Request for Information contained in Appendix B in the above-referenced case dated November 16,2012 , 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 $\qquad$ day of December 2012.


MY COMMIISSION EXPIRES NOVEMBER 30, 2013 NOTARY ID \#409352

## COMMONWEALTH OF KENTUCKY

## BEFORE THE PUBLIC SERVICE COMMISSION

## IN THE MATTER OF:

| AN EXAMINATION BY THE PUBLIC SERVICE |  |
| :--- | :--- |
| COMMISSION OF THE ENVIRONMENTAL |  |
| SURCHARGE MECHANISM OF EAST KENTUCKY ) |  |
| ( |  |
| POWER COOPERATIVE, INC. FOR THE |  |
| TWO-YEAR BILLING PERIOD ENDING |  |
| JUNE 30, 2011, FOR THE SIX MONTH BILLING | ) |
| PERIODS ENDING DECEMBER 31, 2011 AND | CASE NO. |
| JUNE 30, 2012, AND THE PASS THROUGH |  |
| MECHANISM FOR ITS SIXTEEN MEMBER | ) |
| DISTRIBUTION COOPERATIVES |  |

## CERTIFICATE

## STATE OF KENTUCKY )

COUNTY OF BARREN )

Jennie Gibson Phelps, being duly sworn, states that she has supervised the preparation of the responses of Farmers Rural Electric Cooperative Corporation, a party to this proceeding, to the Public Service Commission Staff's First Request for Information contained in Appendix B in the above-referenced case dated November 16,2012, 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.


Subscribed and sworn before me on this $10^{\text {th }}$ day of December 2012.


## 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 |  |
| TWO-YEAR BILLING PERIOD ENDING |  |
| JUNE 30, 2011, FOR THE SIX MONTH BILLING | ) |
| PERIODS ENDING DECEMBER 31, 2011 AND | () |
| JUNE 30, 2012, AND THE PASS THROUGH |  |
| MECHANISM FOR ITS SIXTEEN MEMBER |  |
| DISTRIBUTION COOPERATIVES | ) |

## CERTIFICATE

## STATE OF KENTUCKY ) <br> COUNTY OF CLARK )

Isaac S . Scott, 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

First Request for Information contained in Appendix B in the above-referenced case dated
November 16, 2012, 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 $13^{\text {th }}$ day of December 2012.


## 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 )
TWO-YEAR BILLING PERIOD ENDING )
JUNE 30, 2011, FOR THE SIX MONTH BILLING )
CASE NO.
PERIODS ENDING DECEMBER 31, 2011 AND )
JUNE 30, 2012, AND THE PASS THROUGH )
MECHANISM FOR ITS SIXTEEN MENBER )
DISTRIBUTION COOPERATIVES )

## CERTIFICATE

## STATE OF KENTUCKY )

## COUNTY OF OWEN )

Rebecca Witt, being duly sworn, states that she has supervised the preparation of the responses of Owen Electric Cooperative, a party to this proceeding, to the Public Service Commission Staff's First Request for Information contained in Appendix B in the above-
referenced case dated November 16,2012, 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.


Subscribed and sworn before me on this $5^{\text {th }}$ day of December 2012.
$\frac{\operatorname{Laun} \text { NU. Acroggins }}{\text { Notary Public }}$

## 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 ) TWO-YEAR BILLING PERIOD ENDING ) JUNE 30, 2011, FOR THE SIX MONTH BILLING ) 2012-00486 PERIODS ENDING DECEMBER 31, 2011 AND ) JUNE 30, 2012, AND THE PASS THROUGH ) MECHANISM FOR ITS SIXTEEN MEMBER ) DISTRIBUTION COOPERATIVES )

## CERTIFICATE

## STATE OF KENTUCKY )

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's First Request for Information contained in Appendix B in the above-referenced case dated November 16,2012, 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.


Subscribed and sworn before me on this $\square$ day of December 2012.


# EAST KENTUCKY POWER COOPERATIVE, INC. <br> PSC CASE NO. 2012-00486 <br> ENVIRONMENTAL SURCHARGE MECHANISM RESPONSE TO INFORMATION REQUEST 

## COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 11/16/12 REQUEST 1

 RESPONSIBLE PARTY:Ann F. Wood

Request 1. Prepare a summary schedule showing the calculation of $\mathrm{E}(\mathrm{m})$ and the surcharge factor for the expense months covered by the applicable billing period. 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 6 -month and the 2 -year 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.
East Kentucky Power Cooperative, Inc. Environmental Surcharge Report Calculation of Current Month Environmental Surcharge Factor (CESF)

East Kentucky Power Cooperative, Inc. Environmental Surcharge Report
Calculation of Current Month Environmental Surcharge Factor (CESF)

| Line | Description |  | Dec-11 | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | $E(m)=R O R B+O E-B A S$ |  |  |  |  |  |  |  |  |  |  |
| 2 | Rate Base |  | \$769,335,523 | \$779.525,830 | \$783,955,683 | \$785,759,721 | \$790,851,909 | \$794,479,027 | \$800,096,474 | \$802,853,181 | \$797,905,264 |
| 3 | Rate Base / 12 |  | \$64,111,294 | \$64,960,486 | \$65,329,640 | \$65,479,977 | \$65,904,326 | \$66,206,586 | \$66,674,706 | \$66,904,432 | \$66,492,105 |
| 4 | Rate of Return |  | 6.786\% | 6.786\% | 6.786\% | 6.786\% | 6.786\% | 6.786\% | 6.786\% | 6.786\% | 6.786\% |
| 5 | Return on Rate Base (RORB) |  | \$4,350,592 | \$4,408,219 | \$4,433,269 | \$4,443,471 | \$4,472,268 | \$4,492,779 | \$4,524,546 | \$4,540,135 | \$4,512,154 |
| 6 | Operating Expenses (OE) |  | \$4,430,020 | \$4,297,601 | \$4.234,958 | \$4,294,766 | \$4,151,053 | \$4,209,960 | \$4,247,816 | \$4,242,045 | \$5,282,714 |
| 7 | By-Product and Emission Allowance Sales (BAS) | - | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 8 | Sub-Total E(m) |  | \$8,780,612 | \$8,705,820 | \$8,668,227 | \$8,738,237 | \$8,623,321 | \$8,702,739 | \$8,772,362 | \$8,782,180 | \$9,794,868 |
| 8 a | Prior Periods Adjustments |  |  |  |  |  |  |  |  |  |  |
| 9 | Member System Allocation Ratio for the Month (Form 3.0) |  | 96.50\% | 96.33\% | 96.38\% | 96.45\% | 97.14\% | 97.52\% | 97.92\% | 98.25\% | 98.63\% |
| 10 | Subtotal $E(m)=$ Subtotal $E(m) \times$ Member System Allocation Ratio |  | \$8,473,291 | \$8,386,316 | \$8,354,438 | \$8,428,030 | \$8,376,694 | \$8,486,911 | \$8,589,896 | \$8,628,492 | \$9,660,679 |
| 11 | Adjustment for (Over)/Under Recovery, as applicable |  | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 12a | $E(m)=$ Subtotal $E(m)$ plus (Over)//Under Recovery |  | \$8,473,291 | \$8,386,316 | \$8,354,438 | \$8.428,030 | \$8,376,694 | \$8,486,911 | \$8,589,896 | \$8,628,492 | \$9,660,679 |
| 12b | 1-month true up adjustmen |  | \$461,889 | (\$890,155) | $(\$ 1,698,766)$ | $(\$ 491,775)$ | \$759,107 | \$1,878,027 | \$924,959 | \$222,425 | (\$1,110,781) |
| 12c | $E(m)=\operatorname{Ln} 12 a+\operatorname{Ln} 12 \mathrm{~b}$ |  | \$8,935,180 | \$7,496,161 | \$6,655,672 | \$7,936,255 | \$9,135,800 | \$10,364,938 | \$9,514,856 | \$8,850,916 | \$8,549,897 |
| 13 | $R(m)=$ Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0) |  | \$62,858,405 | \$62,018,367 | \$61,735,512 | \$61,405,927 | \$61,145,913 | \$61,344,769 | \$61,172,695 | \$60,980,450 | \$60,509,665 |
| 14 | CESF: Line $12 \mathrm{c} /$ Line 13 <br> $E(m) / R(m)$; as a \% of Revenue |  | 14.21\% | 12.09\% | 10.78\% | 12.92\% | 14.94\% | 16.90\% | 15.55\% | 14.51\% | 14.13\% |
| 15 | BESF |  | 0.00\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% | 0.00\% |
| 16 | MESF |  | 14.21\% | 12.09\% | 10.78\% | 12.92\% | 14.94\% | 16.90\% | 15.55\% | 14.51\% | 14.13\% |
| 17 | Authorized Recovery Amount: Line $13 \times$ Line 16 |  | \$8,935,180 | \$7,496,161 | \$6,655,672 | \$7,936,255 | \$9,135,800 | \$10,364,938 | \$9,514,856 | \$8,850,916 | \$8,549,897 |
| 18 | Environmental Surcharge Revenues Billed |  | \$10,536,389 | \$10,633,946 | \$7,987,936 | \$5,896,565 | \$6,058,228 | \$8,210,841 | \$10,142,513 | \$10,625,637 | \$9,110,105 |
| 19 | Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18 |  | $(\$ 890,155)$ | (\$1,698,766) | (\$491, 775 ) | \$759,107 | \$1,878,027 | \$924,959 | \$222.425 | (\$1,110,781) | $(\$ 259,189)$ |

# EAST KENTUCKY POWER COOPERATIVE, INC. <br> PSC CASE NO. 2012-00486 <br> ENVIRONMENTAL SURCHARGE MECHANISM RESPONSE TO INFORMATION REQUEST 

## COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 11/16/12 REQUEST 2 <br> RESPONSIBLE PARTY: Isaac S. Scott/Jennie Gibson Phelps/Rebecca Witt

Request 2. For each of the 16 member distribution cooperatives, prepare a summary schedule showing the distribution cooperative's pass-through revenue requirement for the months corresponding with each 6 -month and the 2 -year review. Include the two months subsequent to the billing period included in the applicable review period. Include a calculation of any additional over- or under-recovery amount the distribution cooperative believes needs to be recognized for each 6 -month and the 2 -year review. Include all supporting calculations and documentation for the additional over- or under recovery.

Response 2. Please see pages 2 through 15 of this response for the supporting calculations for the member distribution cooperatives other than Farmers RECC and Owen Electric. Please see pages 16 and 17 of this response for supporting narrative and calculations for Farmers RECC and pages 18 through 20 of this response for supporting narrative and calculations for Owen Electric.

Big Sandy RECC - Calculation of (Over)/Under

|  |  | EKPC <br> Invoice <br> Month <br> recorded <br> Member's <br> Books | Billed to <br> Retail <br>  <br> recorded on <br> Member's <br> Books | Monthly (Over) or Under | Cumulative (Over) or Under |
| :---: | :---: | :---: | :---: | :---: | :---: |
| $\mathrm{Mo} / \mathrm{Yr}$ |  | (1) | (2) | (3) | (4) |
| Jan-11 | \$ | 299,011 | \$ 288,003 | \$ 11,008 | \$ 11,008 |
| Feb-11 | \$ | 103,759 | \$ 67,840 | \$ 35,919 | \$ 46,927 |
| Mar-11 | \$ | 85,723 | \$ 86,098 | \$ (375) | \$ 46,552 |
| Apr-11 | \$ | 121,966 | \$ 133,938 | \$ (11,972) | \$ 34,580 |
| May-11 | \$ | 138,146 | \$ 140,907 | \$ $(2,761)$ | \$ 31,819 |
| Jun-11 | \$ | 186,852 | \$ 164,396 | \$ 22,456 | \$ 54,275 |
| Jul-11 | \$ | 208,357 | \$ 216,642 | \$ $(8,285)$ | \$ 45,990 |
| Aug-11 | \$ | 186,628 | \$ 167,814 | \$ 18,814 | \$ 64,804 |
| Sep-11 | \$ | 129,888 | \$ 116,939 | \$ 12,949 | \$ 77,753 |
| Oct-11 | \$ | 139,932 | \$ 136,244 | \$ 3,688 | \$ 81,441 |
| Nov-11 | \$ | 211,907 | \$ 197,504 | \$ 14,403 | \$ 95,844 |
| Dec-11 | \$ | 254,523 | \$ 254,201 | \$ 322 | \$ 96,166 |
| Jan-12 | \$ | 245,368 | \$ 238,879 | \$ 6,489 | \$ 102,655 |
| Feb-12 | \$ | 190,574 | \$ 187,692 | \$ 2,882 | \$ 105,537 |
| Mar-12 | \$ | 127,471 | \$ 131,039 | \$ $(3,568)$ | \$ 101,969 |
| Apr-12 | \$ | 131,429 | \$ 136,807 | \$ $(5,378)$ | \$ 96,591 |
| May-12 | \$ | 170,217 | \$ 174,558 | \$ $(4,341)$ | \$ 92,250 |
| Jun-12 | \$ | 212,111 | \$ 193,497 | \$ 18,614 | \$ 110,864 |
| Jul-12 | \$ | 220,735 | \$ 236,741 | \$ $(16,006)$ | \$ 94,858 |
| Aug-12 | \$ | 182,332 | \$ 185,699 | \$ $(3,367)$ | \$ 91,491 |


| Cumulative 18-months (Over)/Under Recovery | $\$ 110,864$ |
| :--- | :--- |

Monthly Recovery (per month for six months)
\$ 18,477

Blue Grass Energy - 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 |
| :---: | :---: | :---: | :---: | :---: |
| $\mathrm{Mo} / \mathrm{Yr}$ | (1) | (2) | (3) | (4) |
| Jan-11 | \$ 1,349,074 | \$ 1,200,305 | \$ 148,769 | \$ 148,769 |
| Feb-11 | \$ 477,977 | \$ 1,312,689 | \$ (834,712) | \$ (685,943) |
| Mar-11 | \$ 393,558 | \$ 434,421 | \$ $(40,863)$ | \$ (726,806) |
| Apr-11 | \$ 588,219 | \$ 414,440 | \$ 173,779 | \$ $(553,027)$ |
| May-11 | \$ 688,758 | \$ 557,376 | \$ 131,382 | \$ (421,645) |
| Jun-11 | \$ 936,598 | \$ 710,652 | \$ 225,946 | \$ (195,699) |
| Jul-11 | \$ 1,054,879 | \$ 807,096 | \$ 247,783 | \$ 52,084 |
| Aug-11 | \$ 949,747 | \$ 1,019,757 | \$ $(70,010)$ | \$ (17,926) |
| Sep-11 | \$ 646,651 | \$ 1,092,630 | \$ (445,979) | \$ (463,905) |
| Oct-11 | \$ 643,859 | \$ 774,434 | \$ (130,575) | \$ (594,480) |
| Nov-11 | \$ 905,746 | \$ 870,051 | \$ 35,695 | \$ $(558,785)$ |
| Dec-11 | \$ 1,089, 148 | \$ 1,178,659 | \$ $(89,511)$ | \$ (648,296) |
| Jan-12 | \$ 1,138,391 | \$ 1,467,047 | \$ $(328,656)$ | \$ $(976,952)$ |
| Feb-12 | \$ 837,574 | \$ 1,383,680 | \$ (546,106) | \$(1,523,058) |
| Mar-12 | \$ 607,746 | \$ 785,789 | \$ (178,043) | \$(1,701, 101) |
| Apr-12 | \$ 609,992 | \$ 562,455 | \$ 47,537 | \$(1,653,564) |
| May-12 | \$ 857,922 | \$ 660,677 | \$ 197,245 | \$(1,456,319) |
| Jun-12 | \$ 1,073,376 | \$ 856,167 | \$ 217,209 | \$(1,239,110) |
| Jul-12 | \$ 1,131,123 | \$ 1,156,852 | \$ (25,729) | \$(1,264,839) |
| Aug-12 | \$ 954,546 | \$ 1,119,373 | \$ $(164,827)$ | \$(1,429,666) |


| Cumulative 18-months (Over)/Under Recovery | $\$(1,239,110)$ |
| :--- | :--- |

Monthly Recovery (per month for six months)
\$ $(206,518)$

Clark Energy Coop - Calculation of (Over)/Under

|  | EKPC <br> Invoice <br> Month recorded Member's Books | Billed to Retail Consumer \& recorded on Member's Books | Monthly (Over) or Under | Cumulative (Over) or Under |
| :---: | :---: | :---: | :---: | :---: |
| $\mathrm{Mo} / \mathrm{Yr}$ | (1) | (2) | (3) | (4) |
| Jan-11 | \$ 535,872 | \$ 498,188 | \$ 37,684 | 37,684 |
| Feb-11 | \$ 509,568 | \$ 495,074 | \$ 14,494 | 52,179 |
| Mar-11 | \$ 176,590 | \$ 172,840 | 3,750 | \$ 55,928 |
| Apr-11 | \$ 143,496 | \$ 139,987 | \$ 3,509 | \$ 59,437 |
| May-11 | \$ 209,610 | \$ 214,110 | \$ $(4,500)$ | \$ 54,937 |
| Jun-11 | \$ 241,719 | \$ 253,438 | \$ (11,719) | \$ 43,218 |
| Jul-11 | \$ 326,762 | \$ 282,876 | \$ 43,886 | \$ 87,104 |
| Aug-11 | \$ 376,096 | \$ 384,966 | \$ $(8,870)$ | \$ 78,234 |
| Sep-11 | \$ 329,965 | \$ 278,176 | \$ 51,789 | \$ 130,023 |
| Oct-11 | \$ 222,053 | \$ 187,652 | \$ 34,401 | \$ 164,424 |
| Nov-11 | \$ 229,616 | \$ 213,155 | \$ 16,461 | \$ 180,885 |
| Dec-11 | \$ 333,061 | \$ 314,620 | 18,441 | \$ 199,326 |
| Jan-12 | \$ 410,601 | \$ 410,311 | \$ 290 | \$ 199,616 |
| Feb-12 | \$ 421,329 | \$ 363,423 | \$ 57,906 | \$ 257,523 |
| Mar-12 | \$ 311,563 | \$ 237,440 | \$ 74,123 | \$ 331,646 |
| Apr-12 | \$ 215,308 | \$ 203,163 | \$ 12,146 | \$ 343,792 |
| May-12 | \$ 221,265 | \$ 236,736 | $(15,471)$ | \$ 328,320 |
| Jun-12 | \$ 298,373 | \$ 289,189 | \$ 9,184 | \$ 337,504 |
| Jul-12 | \$ 382,076 | \$ 406,742 | \$ (24,666) | \$ 312,838 |
| Aug-12 | \$ 408,872 | \$ 397,805 | \$ 11,067 | \$ 323,905 |


| Cumulative 18-months (Over)/Under Recovery | $\$ 337,504$ |
| :--- | :--- |


| Monthly Recovery (per month for six months) | \$ 56,251 |
| :--- | :--- |



| Cumulative 18-months (Over)/Under Recovery | $\$(519,785)$ |
| :--- | :--- |

Monthly Recovery (per month for six months)

S90'LL

Grayson RECC - Calculation of (Over)/Under

|  | EKPC <br> Invoice <br> Month recorded Member's Books | Billed to Retail Consumer \& recorded on Member's Books | Monthly (Over) or Under | Cumulative (Over) or Under |
| :---: | :---: | :---: | :---: | :---: |
| Mo/Yr | (1) | (2) | (3) | (4) |
| Jan-11 | \$ 291,386 | \$ 272,346 | \$ 19,040 | \$ 19,040 |
| Feb-11 | \$ 104,937 | \$ 84,751 | \$ 20,186 | \$ 39,226 |
| Mar-11 | \$ 87,042 | \$ 76,642 | \$ 10,400 | \$ 49,626 |
| Apr-11 | \$ 127,178 | \$ 123,010 | \$ 4,168 | \$ 53,794 |
| May-11 | \$ 144,517 | \$ 152,922 | \$ $(8,405)$ | \$ 45,389 |
| Jun-11 | \$ 192,761 | \$ 201,207 | \$ $(8,446)$ | \$ 36,943 |
| Jul-11 | \$ 222,934 | \$ 216,368 | \$ 6,566 | \$ 43,509 |
| Aug-11 | \$ 197,165 | \$ 171,052 | \$ 26,113 | \$ 69,622 |
| Sep-11 | \$ 138,382 | \$ 131,746 | \$ 6,636 | \$ 76,258 |
| Oct-11 | \$ 146,542 | \$ 168,708 | \$ $(22,166)$ | \$ 54,092 |
| Nov-11 | \$ 208,406 | \$ 235,914 | \$ $(27,508)$ | \$ 26,584 |
| Dec-11 | \$ 247,447 | \$ 275,962 | \$ $(28,515)$ | \$ $(1,931)$ |
| Jan-12 | \$ 243,615 | \$ 239,594 | \$ 4,021 | \$ 2,090 |
| Feb-12 | \$ 184,170 | \$ 162,305 | \$ 21,865 | \$ 23,955 |
| Mar-12 | \$ 131,654 | \$ 122,991 | \$ 8,663 | \$ 32,618 |
| Apr-12 | \$ 134,443 | \$ 139,169 | \$ $(4,726)$ | \$ 27,892 |
| May-12 | \$ 177,828 | \$ 182,188 | \$ $(4,360)$ | \$ 23,532 |
| Jun-12 | \$ 223,682 | \$ 250,141 | \$ $(26,459)$ | \$ $(2,927)$ |
| Jul-12 | \$ 238,279 | \$ 222,282 | \$ 15,997 | \$ 13,070 |
| Aug-12 | \$ 197,923 | \$ 184,291 | \$ 13,632 | \$ 26,702 |


| Cumulative 18-months (Over)/Under Recovery | $\$ \quad(2,927)$ |
| :--- | :--- |

Monthly Recovery (per month for six months)
S

| Inter-County ECC - 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 |
| $\mathrm{Mo} / \mathrm{Yr}$ |  | (1) | (2) |  | (3) |  | (4) |
| Jan-11 | \$ | 562,919 | \$ 533,216 | \$ | 29,703 | \$ | 29,703 |
| Feb-11 | \$ | 541,944 | \$ 512,836 | \$ | 29,108 |  | 58,811 |
| Mar-11 | \$ | 188,611 | \$ 169,618 | \$ | 18,993 |  | 77,804 |
| Apr-11 | \$ | 148,290 | \$ 140,217 | \$ | 8,073 |  | 85,877 |
| May-11 | \$ | 212,768 | \$ 203,671 | \$ | 9,097 | \$ | 94,974 |
| Jun-11 | \$ | 242,248 | \$ 224,568 | \$ | 17,680 | \$ | 112,654 |
| Jul-11 | \$ | 336,441 | \$ 345,632 | \$ | $(9,191)$ |  | 103,463 |
| Aug-11 | \$ | 384,163 | \$ 374,246 | \$ | 9,917 |  | 113,380 |
| Sep-11 | \$ | 338,799 | \$ 298,329 | \$ | 40,470 |  | 153,850 |
| Oct-11 | \$ | 225,243 | \$ 188,298 | \$ | 36,945 |  | 190,795 |
| Nov-11 | \$ | 237,341 | \$ 225,860 | \$ | 11,481 |  | 202,276 |
| Dec-11 | \$ | 342,453 | \$ 351,946 | \$ | $(9,493)$ | \$ | 192,783 |
| Jan-12 | \$ | 424,084 | \$ 421,206 | \$ | 2,878 |  | 195,661 |
| Feb-12 | \$ | 441,956 | \$ 380,492 | \$ | 61,464 |  | 257,125 |
| Mar-12 | \$ | 325,125 | \$ 309,136 | \$ | 15,989 |  | 273,114 |
| Apr-12 | \$ | 218,534 | \$ 163,787 | \$ | 54,747 |  | 327,861 |
| May-12 | \$ | 219,698 | \$ 231,482 | \$ | $(11,784)$ |  | 316,077 |
| Jun-12 | \$ | 300,449 | \$ 295,735 | \$ | 4,714 | \$ | 320,791 |
| Jul-12 | \$ | 380,888 | \$ 422,588 | \$ | $(41,700)$ | \$ | 279,091 |
| Aug-12 | \$ | 415,365 | \$ 406,658 | \$ | 8,707 | \$ | 287,798 |


| Cumulative 18-months (Over)/Under Recovery | $\$ 320,791$ |
| :--- | :--- |

Monthly Recovery (per month for six months)
\$ 53,465

| Jackson Energy Coop - Calculation of (Over)/Under |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | EKPC <br> Invoice <br> Month recorded Member's Books | Billed to Retail <br> Consumer \& recorded on Member's Books | Monthly (Over) or Under | Cumulative (Over) or Under |
| Mo/Yr | (1) | (2) | (3) | (4) |
| Jan-11 | \$ 1,111,317 | \$ 1,014,269 | 97,048 | 97,048 |
| Feb-11 | \$ 387,380 | \$ 348,257 | 39,123 | 136,171 |
| Mar-11 | \$ 313,991 | \$ 313,867 | 124 | 136,295 |
| Apr-11 | \$ 455,351 | \$ 443,983 | 11,368 | 147,663 |
| May-11 | \$ 501,250 | 529,602 | $(28,352)$ | 119,312 |
| Jun-11 | \$ 673,151 | \$ 598,387 | 74,764 | 194,076 |
| Jul-11 | \$ 750,859 | \$ 647,174 | 103,685 | 297,760 |
| Aug-11 | \$ 684,377 | \$ 735,518 | $(51,141)$ | 246,620 |
| Sep-11 | \$ 462,873 | 524,994 | $(62,121)$ | 184,498 |
| Oct-11 | \$ 506,585 | \$ 643,293 | \$ $(136,708)$ | \$ 47,790 |
| Nov-11 | \$ 735,811 | \$ 897,910 | \$ (162,099) | \$ $(114,309)$ |
| Dec-11 | 885,400 | \$ 1,082,812 | \$ (197,412) | \$ (311,720) |
| Jan-12 | \$ 886,397 | \$ 1,011,677 | \$ (125,280) | \$ $(437,001)$ |
| Feb-12 | \$ 672,305 | \$ 606,038 | \$ 66,267 | \$ (370,734) |
| Mar-12 | \$ 459,197 | \$ 433,944 | \$ 25,253 | \$ $(345,481)$ |
| Apr-12 | \$ 470,639 | \$ 516,737 | \$ $(46,098)$ | \$ $(391,579)$ |
| May-12 | \$ 614,116 | \$ 646,018 | \$ (31,902) | \$ $(423,481)$ |
| Jun-12 | \$ 763,748 | \$ 831,416 | \$ (67,668) | \$ $(491,149)$ |
| Jul-12 | \$ 806,106 | \$ 806,718 | (612) | \$ (491,761) |
| Aug-12 | \$ 675,830 | \$ 663,654 | \$ 12,176 | \$ $(479,585)$ |


| Cumulative 18-months (Over)/Under Recovery | $\$(491,149)$ |
| :--- | :--- |


| Monthly Recovery (per month for six months) | $\$ \quad(81,858)$ |
| :--- | :--- |

Licking Valley RECC - Calculation of (Over)/Under

|  | EKPC <br> Invoice Month recorded Member's Books | Billed to Retail Consumer \& recorded on Member's Books | Monthly (Over) or Under | Cumulative (Over) or Under |
| :---: | :---: | :---: | :---: | :---: |
| Mo/Yr | (1) | (2) | (3) | (4) |
| Jan-11 | \$ 304,850 | \$ 315,869 | \$ (11,019) | \$ (11,019) |
| Feb-11 | \$ 106,993 | \$ 90,254 | \$ 16,739 | \$ 5,720 |
| Mar-11 | \$ 88,589 | \$ 89,178 | (589) | \$ 5,131 |
| Apr-11 | \$ 129,794 | \$ 120,265 | 9,529 | \$ 14,660 |
| May-11 | \$ 147,075 | \$ 137,694 | \$ 9,381 | \$ 24,041 |
| Jun-11 | \$ 194,025 | \$ 173,415 | \$ 20,610 | \$ 44,651 |
| Jul-11 | \$ 222,377 | \$ 226,460 | \$ $(4,083)$ | \$ 40,569 |
| Aug-11 | \$ 199,362 | \$ 178,869 | \$ 20,493 | \$ 61,062 |
| Sep-11 | \$ 138,697 | \$ 115,255 | \$ 23,442 | \$ 84,503 |
| Oct-11 | \$ 148,604 | \$ 167,617 | \$ (19,013) | \$ 65,491 |
| Nov-11 | \$ 214,227 | \$ 218,956 | \$ (4,729) | \$ 60,762 |
| Dec-11 | \$ 256,676 | \$ 277,959 | \$ $(21,283)$ | 39,479 |
| Jan-12 | \$ 250,111 | \$ 229,966 | \$ 20,145 | \$ 59,624 |
| Feb-12 | \$ 190,952 | \$ 175,010 | \$ 15,942 | \$ 75,566 |
| Mar-12 | \$ 128,325 | \$ 126,486 | \$ 1,839 | \$ 77,404 |
| Apr-12 | \$ 139,597 | \$ 150,229 | \$ (10,632) | \$ 66,772 |
| May-12 | \$ 181,197 | \$ 184,810 | \$ (3,613) | \$ 63,159 |
| Jun-12 | \$ 227,580 | \$ 242,466 | \$ $(14,886)$ | 48,273 |
| Jul-12 | \$ 241,025 | \$ 232,527 | \$ 8,498 | \$ 56,771 |
| Aug-12 | \$ 201,232 | \$ 192,418 | \$ 8,814 | \$ 65,586 |


| Cumulative 18-months (Over)/Under Recovery | \$ 48,273 |
| :--- | :--- |


| Monthly Recovery (per month for six months) | $\$ 8,045$ |
| :--- | :--- | ---: |


| Nolin RECC - Calculation of (Over)/Under |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | EKPC <br> Invoice <br> Month recorded Member's Books | Billed to Retail Consumer \& recorded on Member's Books | Monthly (Over) or Under |  | mulative Over) or Under |
| Mo/Yr | (1) | (2) | (3) |  | (4) |
| Jan-11 | \$ 790,610 | \$ 793,796 | $(3,186)$ | \$ | $(3,186)$ |
| Feb-11 | \$ 284,465 | \$ 277,151 | \$ 7,314 | \$ | 4,128 |
| Mar-11 | \$ 232,758 | \$ 231,422 | 1,336 | \$ | 5,463 |
| Apr-11 | \$ 353,897 | \$ 353,550 | 347 | \$ | 5,811 |
| May-11 | \$ 408,229 | \$ 409,046 | (817) | \$ | 4,994 |
| Jun-11 | \$ 569,046 | \$ 509,723 | 59,323 | \$ | 64,317 |
| Jul-11 | \$ 637,293 | \$ 633,961 | 3,332 | \$ | 67,649 |
| Aug-11 | \$ 579,822 | \$ 475,502 | \$ 104,320 | \$ | 171,970 |
| Sep-11 | \$ 397,029 | \$ 311,492 | \$ 85,537 | \$ | 257,507 |
| Oct-11 | \$ 388,918 | \$ 342,466 | 46,452 | \$ | 303,958 |
| Nov-11 | \$ 545,776 | \$ 495,394 | 50,382 | \$ | 354,341 |
| Dec-11 | \$ 645,520 | \$ 604,938 | \$ 40,582 | \$ | 394,922 |
| Jan-12 | \$ 673,839 | \$ 589,377 | \$ 84,462 | \$ | 479,385 |
| Feb-12 | \$ 500,689 | \$ 483,536 | 17,153 | \$ | 496,538 |
| Mar-12 | \$ 365,939 | \$ 353,343 | \$ 12,596 | \$ | 509,133 |
| Apr-12 | \$ 373,546 | \$ 404,543 | \$ (30,997) | \$ | 478,136 |
| May-12 | \$ 538,221 | \$ 515,418 | \$ 22,803 | \$ | 500,939 |
| Jun-12 | \$ 659,613 | \$ 690,237 | \$ $(30,624)$ | \$ | 470,315 |
| Jul-12 | \$ 707,927 | \$ 697,256 | \$ 10,671 | \$ | 480,985 |
| Aug-12 | \$ 589,886 | \$ 577,829 | 12,057 | \$ | 493,042 |
| Cumulative 18-months (Over)/Under Recovery |  |  |  | \$ | 470,315 |
| Monthly Recovery (per month for six months) |  |  |  | \$ | 78,386 |

Salt River RECC - Calculation of (Over)/Under

|  | EKPC <br> Invoice <br> Month recorded Member's Books | Billed to Retail Consumer \& recorded on Member's Books | Monthly (Over) or Under | Cumulative (Over) or Under |
| :---: | :---: | :---: | :---: | :---: |
| $\mathrm{Mo} / \mathrm{Yr}$ | (1) | (2) | (3) | (4) |
| Jan-11 | \$ 1,081,962 | \$ 1,013,816 | \$ 68,146 | \$ 68,146 |
| Feb-11 | \$ 389,593 | \$ 896,150 | \$ $(506,557)$ | \$ (438,412) |
| Mar-11 | \$ 329,360 | \$ 392,463 | \$ $(63,103)$ | \$ (501,515) |
| Apr-11 | \$ 507,330 | \$ 297,597 | \$ 209,733 | \$ (291,782) |
| May-11 | \$ 634,976 | \$ 571,925 | \$ 63,051 | \$ $(228,731)$ |
| Jun-11 | \$ 896,002 | \$ 678,645 | \$ 217,357 | \$ (11,374) |
| Jul-11 | \$ 1,028,157 | \$ 828,271 | \$ 199,886 | \$ 188,512 |
| Aug-11 | \$ 907,059 | \$ 970,615 | \$ (63,556) | \$ 124,957 |
| Sep-11 | \$ 602,442 | \$ 855,534 | \$ $(253,092)$ | \$ $(128,135)$ |
| Oct-11 | \$ 555,921 | \$ 634,602 | \$ (78,681) | \$ (206,817) |
| Nov-11 | \$ 777,107 | \$ 776,290 | \$ 817 | \$ $(206,000)$ |
| Dec-11 | \$ 938,033 | \$ 1,067,989 | \$ (129,956) | \$ $(335,956)$ |
| Jan-12 | \$ 946,733 | \$ 1,204,994 | \$ (258,261) | \$ (594,217) |
| Feb-12 | \$ 702,764 | \$ 1,027,751 | \$ (324,987) | \$ $(919,204)$ |
| Mar-12 | \$ 527,962 | \$ 600,453 | \$ $(72,491)$ | \$ (991,695) |
| Apr-12 | \$ 532,683 | \$ 508,870 | \$ 23,813 | \$ (967,882) |
| May-12 | \$ 823,711 | \$ 682,361 | \$ 141,350 | \$ (826,532) |
| Jun-12 | \$ 1,021,323 | \$ 893,460 | \$ 127,863 | \$ $(698,669)$ |
| Jul-12 | \$ 1,116,106 | \$ 1,197,569 | \$ $(81,463)$ | \$ $(780,132)$ |
| Aug-12 | \$ 927,244 | \$ 1,010,779 | \$ $(83,535)$ | \$ $(863,667)$ |


| Cumulative 18-months (Over)/Under Recovery | $\$(698,669)$ |
| :--- | :--- |

Monthly Recovery (per month for six months) \$ $(116,445)$

Shelby Energy Coop - Calculation of (Over)/Under

|  | EKPC <br> Invoice <br> Month <br> recorded <br> Member's <br> Books | Billed to <br> Retail <br>  <br> recorded on <br> Member's <br> Books | Monthly <br> (Over) or <br> Under | Cumulative <br> (Over) or <br> Under |  |
| ---: | :---: | :---: | :---: | :---: | :---: |
| Mo/Yr | $(1)$ |  | $(2)$ |  | $(3)$ |
| Jan-11 | $\$$ | 443,372 | $\$$ | 436,329 | $\$$ |


| Cumulative 18-months (Over)/Under Recovery | $\$(180,054)$ |
| :--- | :--- |

Monthly Recovery (per month for six months)
$\$(30,009)$

South Kentucky RECC - Calculation of (Over)/Under

|  | EKPC <br> Invoice <br> Month recorded Member's Books | Billed to Retail Consumer \& recorded on Member's Books | Monthly (Over) or Under | Cumulative (Over) or Under |
| :---: | :---: | :---: | :---: | :---: |
| $\mathrm{Mo} / \mathrm{Yr}$ | (1) | (2) | (3) | (4) |
| Jan-11 | \$ 1,501,542 | \$ 1,388,310 | \$ 113,232 | \$ 113,232 |
| Feb-11 | \$ 524,348 | \$ 1,471,920 | \$ (947,572) | \$ (834,340) |
| Mar-11 | \$ 416,910 | \$ 470,854 | \$ (53,944) | \$ $(888,284)$ |
| Apr-11 | \$ 624,157 | \$ 410,889 | \$ 213,268 | \$ (675,016) |
| May-11 | \$ 694,912 | \$ 584,693 | \$ 110,219 | \$ (564,797) |
| Jun-11 | \$ 954,390 | \$ 753,399 | \$ 200,991 | \$ (363,806) |
| Jul-11 | \$ 1,052,243 | \$ 833,082 | \$ 219,161 | \$ (144,646) |
| Aug-11 | \$ 967,198 | \$ 1,057,825 | \$ $(90,627)$ | \$ (235,272) |
| Sep-11 | \$ 659,332 | \$ 1,184,030 | \$ (524,698) | \$ (759,970) |
| Oct-11 | \$ 681,438 | \$ 813,822 | \$ (132,384) | \$ (892,354) |
| Nov-11 | \$ 984,904 | \$ 936,139 | \$ 48,765 | \$ (843,589) |
| Dec-11 | \$ 1,183,019 | \$ 1,312,987 | \$ $(129,968)$ | \$ $(973,557)$ |
| Jan-12 | \$ 1,200,047 | \$ 1,604,735 | \$ (404,688) | \$ (1,378,245) |
| Feb-12 | \$ 906,106 | \$ 1,441,105 | \$ $(534,999)$ | \$ (1,913,244) |
| Mar-12 | \$ 628,844 | \$ 791,881 | \$ (163,037) | \$ $(2,076,281)$ |
| Apr-12 | \$ 651,068 | \$ 602,691 | \$ 48,377 | \$ $(2,027,904)$ |
| May-12 | \$ 862,747 | \$ 733,731 | \$ 129,016 | \$ (1,898,888) |
| Jun-12 | \$ 1,077,755 | \$ 909,371 | \$ 168,384 | \$ (1,730,504) |
| Jul-12 | \$ 1,130,920 | \$ 1,225,637 | \$ $(94,717)$ | \$ (1,825,221) |
| Aug-12 | \$ 951,065 | \$ 1,148,986 | \$ (197,921) | \$ $(2,023,143)$ |


| Cumulative 18-months (Over)/Under Recovery | $\$(1,730,504)$ |
| :--- | :--- |
| Monthly Recovery (per month for six months) | $\$(288,417)$ |


| Taylor County RECC - Calculation of (Over)/Under |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | EKPC <br> Invoice <br> Month <br> recorded <br> Member's <br> Books | Billed to Retail Consumer \& recorded on Member's Books |  | Monthly Over) or Under |  | umulative Over) or Under |
| $\mathrm{Mo} / \mathrm{Yr}$ |  | (1) | (2) |  | (3) |  | (4) |
| Jan-11 | \$ | 551,327 | \$ 501,323 | \$ | 50,004 | \$ | 50,004 |
| Feb-11 | \$ | 529,782 | \$ 517,576 | \$ | 12,206 | \$ | 62,210 |
| Mar-11 | \$ | 189,316 | \$ 190,135 | \$ | (819) | \$ | 61,391 |
| Apr-11 | \$ | 155,836 | \$ 158,415 | \$ | $(2,579)$ | \$ | 58,812 |
| May-11 | \$ | 233,026 | \$ 221,496 | \$ | 11,530 | \$ | 70,342 |
| Jun-11 | \$ | 263,488 | \$ 261,657 | \$ | 1,831 | \$ | 72,173 |
| Jul-11 | \$ | 367,034 | \$ 305,447 | \$ | 61,587 | \$ | 133,760 |
| Aug-11 | \$ | 413,898 | \$ 419,470 | \$ | $(5,572)$ | \$ | 128,188 |
| Sep-11 | \$ | 370,319 | \$ 333,311 | \$ | 37,008 | \$ | 165,196 |
| Oct-11 | \$ | 247,800 | \$ 213,026 | \$ | 34,774 | \$ | 199,970 |
| Nov-11 | \$ | 251,170 | \$ 227,215 | \$ | 23,955 | \$ | 223,925 |
| Dec-11 | \$ | 362,818 | \$ 319,136 | \$ | 43,682 | \$ | 267,607 |
| Jan-12 | \$ | 435,128 | \$ 425,163 | \$ | 9,965 | \$ | 277,572 |
| Feb-12 | \$ | 433,558 | \$ 397,445 | \$ | 36,113 |  | 313,685 |
| Mar-12 | \$ | 324,233 | \$ 325,133 | \$ | (900) | \$ | 312,785 |
| Apr-12 | \$ | 230,829 | \$ 237,783 | \$ | $(6,954)$ | \$ | 305,831 |
| May-12 | \$ | 239,746 | \$ 256,568 | \$ | $(16,822)$ |  | 289,009 |
| Jun-12 | \$ | 328,759 | \$ 325,665 | \$ | 3,094 | \$ | 292,103 |
| Jul-12 | \$ | 416,039 | \$ 397,590 | - | 18,449 | \$ | 310,552 |
| Aug-12 | \$ | 447,357 | \$ 455,035 | \$ | $(7,678)$ | \$ | 302,874 |


| Cumulative 18-months (Over)/Under Recovery | $\$ 292,103$ |
| :--- | :--- |

Monthly Recovery (per month for six months)

# Narrative Regarding Farmers Rural Electric Cooperative Corporation's Over/Under Recovery Schedule Included on Page 17 

Since the inception of Farmers Rural Electric Cooperative Corporation ("Farmers"), the monthly cost for purchased power had been recorded one month in arrears, which resulted in an inaccurate matching of power cost to energy revenue. In consultation with our financial audit firm and the Rural Utilities Service ("RUS"), Farmers invoked a "change in accounting principle", effective for the year ending December 31, 2011. This decision enabled Farmers to make a one-time true up of the purchased power cost to begin recording in the appropriate month. This accounting change was noted in Farmers' audited financial statements for the years ended December 31, 2011, and was also noted in its annual Form 7 filed with RUS as well as the annual financial statement filed with the Kentucky Public Service Commission ("PSC").

Historically, previously in these review cases, the environmental surcharge included in the cost of purchased power was recorded one month in arrears, as was reflected on Column (1) entitled "EKPC Invoice Month Recorded on Member's Books". The last review, Case No. 2011-00032, included the East Kentucky Power Cooperative ("EKPC") power bills through the month of November 2010, which, at the time, was recorded on the December financials of Farmers.

Following in succession, the 18-month review of this Case No. 2012-00486 should begin with the environmental surcharge on the December 2010 EKPC's purchased power invoice. In order to account for the "change in accounting principle", effective for the year ending December 31,2011, and appropriately document when the EKPC invoice is recorded on Farmers' books, the data submitted, for this review, shall include 19 months of power bills. Therefore, data for January 2011, column (1), includes the environmental surcharges from the December 2010 and January 2011 cost of purchased power bills.

| Farmers RECC - Calculation of (Over)/Under |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | EKPC Invoice Month recorded Member's Books | Billed to <br> Retail <br>  <br> recorded on <br> Member's <br> Books |  | Monthly (Over) or Under |  | umulative Over) or Under |
| $\mathrm{Mo} / \mathrm{Yr}$ | (1) | (2) |  | (3) |  | (4) |
| Jan-11 | \$ 1,040,313 | 434,232.52 | \$ | 606,080 | \$ | 606,080 |
| Feb-11 | \$ 188,543 | 480,900.84 | \$ | $(292,358)$ | \$ | 313,723 |
| Mar-11 | \$ 152,373 | 178,617.65 |  | $(26,245)$ |  | 287,478 |
| Apr-11 | \$ 236,344 | 144,569.82 | \$ | 91,774 |  | 379,252 |
| May-11 | \$ 272,532 | 220,925.38 | \$ | 51,607 |  | 430,859 |
| Jun-11 | \$ 384,222 | 275,533.40 | \$ | 108,689 | \$ | 539,547 |
| Jul-11 | \$ 430,883 | 331,028.51 | \$ | 99,854 |  | 639,402 |
| Aug-11 | \$ 390,472 | 426,734.61 | \$ | $(36,263)$ | \$ | 603,139 |
| Sep-11 | \$ 262,490 | 333,512.51 | \$ | $(71,023)$ |  | 532,117 |
| Oct-11 | \$ 255,356 | 209,257.46 | \$ | 46,099 |  | 578,215 |
| Nov-11 | \$ 361,025 | 248,800.92 | \$ | 112,224 |  | 690,439 |
| Dec-11 | \$ 425,081 | 372,924.62 | \$ | 52,156 | \$ | 742,596 |
| Jan-12 | \$ 430,691 | 426,226.03 | \$ | 4,465 | \$ | 747,061 |
| Feb-12 | \$ 326,179 | 386,621.98 | \$ | $(60,443)$ | \$ | 686,618 |
| Mar-12 | \$ 237,126 | 237,439.78 | \$ | (314) | \$ | 686,304 |
| Apr-12 | \$ 250,585 | 228,852.77 | \$ | 21,732 | \$ | 708,036 |
| May-12 | \$ 355,826 | 277,241.33 | \$ | 78,585 | + | 786,621 |
| Jun-12 | \$ 449,216 | 364,481.64 | \$ | 84,734 | \$ | 871,355 |
| Jul-12 | \$ 479,014 | 488,013.20 | \$ | $(8,999)$ | \$ | 862,356 |
| Aug-12 | \$ 391,766 | 460,493.55 | \$ | $(68,728)$ | + | 793,628 |


| Cumulative 18-months (Over)/Under Recovery | $\$ 871,355$ |
| :--- | :--- |


| Monthly Recovery (per month for six months) | $\$ 145,226$ |
| :--- | :--- |

** To follow in succession from the last review case and account for the "change in accounting principle", data includes the environmental surcharges from the December 2010 and January 2011 cost of purchase power bills.

## Narrative Regarding Owen Electric Cooperative Inc.'s

## Over/Under Recovery Schedule Included on Page 20

Since its inception, Owen Electric Cooperative, Inc. ("Owen"), has recorded the monthly cost for purchased power one month in arrears (i.e. in the month in which the power bill was paid, as opposed to when the expense was incurred), which resulted in an inaccurate matching of power cost to energy revenue. In consultation with our financial audit firm and Rural Utilities Service ("RUS"), Owen invoked a "change in accounting principle", effective for the year ending December 31,2011. This decision enabled Owen to make a one-time true up of the purchased power cost to begin recording the bill in the appropriate month. As Owen's audited financial statements present a two year audit period, the true up entry was recorded as of the beginning of the first period presented, January 1,2010 , in accordance with generally accepted accounting principles. This accounting change was noted in Owen's audited financial statements for the years ended December 31, 2011, and was also noted in its annual Form 7 filed with the RUS as well as the annual financial statement filed with the Kentucky Public Service Commission ("PSC").

In previous environmental surcharge review cases, the columns marked "EKPC Invoice Month Recorded on Member's Books" listed the environmental surcharge amount one month in arrears, accurately reflecting the lag in the recording of the power bill. The final month reported in the last two year review case, Case No. 2009-00317, June 2009, reported the environmental surcharge amount paid to East Kentucky Power Cooperative on the May 2009 power bill, recorded on Owen's books in June 2009.

Following the historical approach, the 18-month review in Case No. 2012-00486 would have included the environmental surcharge on the December 2010 East Kentucky Power Cooperative's purchased power invoice as the January 2011amount in the columns marked "EKPC Invoice Month Recorded on Member's Books". However, since the "change in
accounting principle" was invoked for the year ending December 31, 2011, and to accurately document the recording of the power bill in Owen's books, the 18-month review shall include 19 months of power bills. Therefore, data for January 2011, listed in the power cost columns, include the environmental surcharges from the December 2010 and January 2011 cost of purchased power bills.


# EAST KENTUCKY POWER COOPERATIVE, INC. PSC CASE NO. 2012-00486 <br> ENVIRONMENTAL SURCHARGE MECHANISM RESPONSE TO INFORMATION REQUEST 

# COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 11/16/12 REQUEST 3 <br> RESPONSIBLE PARTY: <br> Ernest W. Huff 

Request 3. Refer to Form 2.3, Inventory and Expense of Emission Allowances, for each of the expense months covered by the applicable billing period.

Request 3a. For the sulfur dioxide (" $\mathrm{SO}_{2}$ ") emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

Response 3a. No purchases were made during the period of July 1, 2009, through June 30, 2012. $\mathrm{SO}_{2}$ allowances in the amount of 39,390 are recorded each January, which are allocated to EKPC by the Environmental Protection Agency ("EPA") for use in covering its actual emissions. In addition to this allocation, for the years 2010 through 2014, EKPC transfers 1,000 additional allowances from future years to the current year to reflect later vintage years of prior purchases that become useable in the current year. The total of these two quantities, recorded from 2010 through 2014, is 40,390 allowances. Under the Clean Air Interstate Rule trading program, each Title IV $\mathrm{SO}_{2}$ allowance issued for 2010 through 2014 will be used for compliance at a two-to-one ratio and authorize $1 / 2$ ton of $\mathrm{SO}_{2}$ emissions. EKPC records its amounts in equivalent tons of emissions, thereby, reducing the amount recorded each January from 40,390 allowances to 20,195 equivalent tons of emissions.

Request 3b. For the nitrogen oxide (" $\mathrm{NO}_{\mathrm{x}}{ }^{\text {" }}$ ) emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

Response 3b. One purchase of $\mathrm{NO}_{\mathrm{x}}$ allowances was made during the period of July 1 , 2009, through June 30, 2012. A purchase of 1,500 allowances or tons was made in August 2010. These allowances are used for 2010 compliance or for other future anticipated needs. $\mathrm{NO}_{\mathrm{x}}$ allowances totaling 11,725 are allocated to EKPC by EPA each year and these are recorded in January of each year.

Request 3c. Explain how the purchases of allowances in the expense months covered by the applicable billing periods comply with EKPC's emissions allowance strategy plan.

Response 3c. EKPC monitors the number of tons of $\mathrm{SO}_{2}$ and $\mathrm{NO}_{x}$ 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 $\mathrm{SO}_{2}$ and $\mathrm{NO}_{\mathrm{x}}$ 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 $\mathrm{SO}_{2}$ and $\mathrm{NO}_{\mathrm{x}}$ allowances. Beginning in 2009, the Clean Air Interstate Rules (CAIR) have requirements for seasonal as well as annual $\mathrm{NO}_{\mathrm{x}}$ allowances. Final rules for the Clean Air Transport Rules (CATR), later recognized as Cross State Air Pollution Rule (CSAPR), had an effective compliance date of January 1, 2012, that has been delayed indefinitely since the D.C. court remanded the rule back to EPA for revision or replacement. Since it is unknown whether any allowance banks (inventory) will be allowed to carry forward into a new program, EKPC has modified its purchasing strategy in the short term to reduce its allowance inventory as much as possible until new rules are in place.

# PSC Request 4 

Page 1 of 24

# EAST KENTUCKY POWER COOPERATIVE, INC. PSC CASE NO. 2012-00486 <br> ENVIRONMENTAL SURCHARGE MECHANISM RESPONSE TO INFORMATION REQUEST 

## COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 11/16/12 REQUEST 4 <br> RESPONSIBLE PARTY: <br> Ann F. Wood

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

Response 4. Expense level changes for the July 2009 through December 2009 expense period were provided in EKPC's responses to the Commission's Appendix B Information Request in Case No. 2010-00021, filed with the Commission on March 3, 2010. Expense level changes for the January 2010 through June 2010 expense period were provided in EKPC's responses to the Commission's Appendix B Information Request in Case No. 2010-00319, filed with the Commission on October 7, 2010. Expense level changes for the July 2010 through December 2010 expense period were provided in EKPC's responses to the Commission's Appendix B Information Request in Case No. 2011-00032, filed with the Commission on March 24, 2011.

Expense level changes for the January 2011 through June 2011 expense period, for the July 2011 through December 2011 expense period, and for the January 2012 through June 2012 expense period are provided on pages 2 through 9 of this response, pages 10 through 16 of this response, and pages 17 through 24 of this response, respectively.
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period January - June 2011

|  | Fuel Coal Gilbert | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 501010 - SP03 |  | \$ | 525,594 | \$ | 137,846 | \$ | 124,106 | \$ | 15,159 | \$ | $(42,657)$ | \$ | 278,395 | \$ | $(17.222)$ |
|  | Expense Dollars Change | $\psi$ | 525,594 | $\$$ | $(387,748)$ | \$ | $(13,740)$ | \$ | $(108,947)$ | \$ | $(57,816)$ | \$ | 321,052 | \$ | $(295,617)$ |
|  | Percent Change |  |  |  | -73.77\% |  | -9.97\% |  | -87.79\% |  | -381.40\% |  | -752.64\% |  | -106.19\% |

Monthly expense changes are due to increases or decreases in contractor payments for ash removal.
April and June have credit balances as estimates were accrued and reversed; estimates were higher than the actual invoices.

| 501010 - SP04 | Fuel Coal Spurlock 4 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 501010 -SP04 |  |  |  | \$ | 137,846 | \$ | 129,751 | \$ | 136,432 | \$ | $(42,657)$ | \$ | 278,395 | \$ | (15,364) |
|  | Expense Dollars Change |  |  | \$ | (387, 748 ) | \$ | $(8,095)$ | \$ | 6,681 | \$ | $(179,089)$ | \$ | 321,052 | \$ | $(293,759)$ |
|  | Percent Change |  |  |  | -73.77\% |  | -5.87\% |  | 5.15\% |  | -131.27\% |  | -752.64\% |  | -105.52\% |

Monthly expense changes are due to increases or decreases in contractor payments for ash removal.
April and June have credit balances as estimates were accrued and reversed; estimates were higher than the actual invoices.
Project 03330 is for the Spurlock 1 Electrostatic Precipitator and Project 03501 is for Spurlock 1 SCR maintenance.
January - Project 03330 - Increase in EKPC payroll and benefits of $\$ 0.7 \mathrm{~K}$.
January - Project 03330 - Increase in EKPC payr expenses of $\$ 3.0 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 0.7 \mathrm{~K}$.
February - Project 03330 - Increase in materials of $\$ 0.2 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 1.0 \mathrm{~K}$. Project 03501 - Decrease in EKPC payroll and benefits of $\$ 0.9 \mathrm{~K}$
March - Project 03330 - Decrease in materials of $\$ 0.2 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 1.3 \mathrm{~K}$.
Project 03501 - Increase in Contractor expenses of $\$ 0.7 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 0.5 \mathrm{~K}$
Project 03501 - Increase in Contractor expenses of $\$ 0.7 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 0.5 \mathrm{~K}$
April - Project 03330 - Increase in EKPC payroll and benefits of $\$ 15.0 \mathrm{~K}$.
May - Project 03330 - Increase in Contractor payments of $\$ 1.2 \mathrm{~K}$ and a decrease in EKPC payrol and benef benefits of $\$ 1.1 \mathrm{~K}$
Project 03501 - Increase in Cor pact to inspect and labor and materials to repair precipitators
Labor and materials to repair breakers

| 512000 - SP01 | Mtce of Boiler Plant Spurlock 1 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | \$ | 1,389 | \$ | 1.727 | \$ | 1,394 | \$ | 16,256 | \$ | 23,139 | \$ | 151.432 |
|  | Expense Dollars Change |  |  | \$ | $(1,650)$ | \$ | 338 | \$ | (333) | \$ | 14.862 | \$ | 6,883 | \$ | 128,293 |
|  | Percent Change |  |  |  | -54.29\% |  | 24.33\% |  | -19.28\% |  | 1066.14\% |  | 42.34\% |  | 554.44\% |

June - Project 03330 - Increase in Contractor payments of $\$ 149.1 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 5.4 \mathrm{~K}$
Labor and materials to repair breakers
Project 03501 - Decrease in Contractor expenses of $\$ 13.8 \mathrm{~K}$ and an decrease in EKPC payroll and benefits of $\$ 1.6 \mathrm{~K}$
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2011

| 512000 SP02 | Mtce of Boiler Plant Spurlock 2 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP02 |  |  |  | \$ | 4,239 | \$ | 133,678 | \$ | 73,834 | \$ | 2,966 | \$ | 69,789 | \$ | 69,216 |
|  | Expense Dollars | \$ | 23,352 | \$ | 4,239 $(19,113)$ | \$ | 129,439 | \$ | $(59,844)$ | \$ | $(70,868)$ | \$ | 66,823 | \$ | (573) |
|  | Percent Change |  |  |  | -81.85\% |  | 3053.53\% |  | -44.77\% |  | -95.98\% |  | 2252.97\% |  | -0.82\% |

Project 03330 is for the Spurlock 2 Electrostatic Precipitator* and Project 03501 is for Spurlock 2 SCR maintenance.
*Note that the Spurlock 2 Electrostatic Precipitator project is not an EKPC compliance plan project that is eligible for recovery through the surcharge. This project was inadvertently included in the surcharge calculation for 2011. In January 2012, a catch-up correction was made to the surcharge calculation which removed expenses associated with this project.
January - Project 03330 - Increase in EKPC payroll and benefits of $\$ 3.4 \mathrm{~K}$.
February - Project 03330 - Increase in Contractor expenses of $\$ 122.8 \mathrm{~K}$, increase in materials of $\$ 0.2 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 2.1 \mathrm{~K}$
Supervision, labor and rental to vacuum Ash B Side Precipitators and Precipitator Floor
Project 03501 - Decrease in Contractor expenses of $\$ 0.6 \mathrm{~K}$, increase in materials of $\$ 3.0 \mathrm{~K}$ and
March - Project 03330 - Decrease in Contractor expenses of $\$ 86.4 \mathrm{~K}$, increase in materials of $\$ 14.0 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 16.5 \mathrm{~K}$ Supervision, labor and rental to vacuum out Ash Building
Mroject 03501 - Increase in Contractor expenses of $\$ 0.6 \mathrm{~K}$, decrease in materials of $\$ 3.0 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 1.6 \mathrm{~K}$
April - Project 03330 - Decrease in Contractor expenses of $\$ 36.4 \mathrm{~K}$, decrease in materials of $\$ 14.0 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 19.4 \mathrm{~K}$ Supervision, labor and rental to vacuum out Ash Building
Project 03501 - Decrease in Contractor expenses of $\$ 0.6 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 0.5 \mathrm{~K}$
3330 - Increase in Contractor expenses of $\$ 1.7 \mathrm{~K}$, increase in materials of $\$ 33.7 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 17.7 \mathrm{~K}$
Material: Rapper insulators,
Material: Rapper insulators,
Project 03501 - Increase in Contractor expenses of $\$ 12.8 \mathrm{~K}$, and an increase in EKPC payroll and benefits of $\$ 0.9 \mathrm{~K}$ Catalyst testing on unit 2 SCR

| 512000 - SP03 | Maintenance of Boiler Plant Gilbert | Dec | Jan | Feb | March | Apr | May | June |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Expense Dollars Expense Dollars Change Percent Change | 215,876 | 20,668 | 249,622 | 1,205,458 | 457,056 | 1,140,346 | 250,370 |
|  |  |  | $(195,208)$ | 228,954 | 955,836 | $(748,402)$ | 683,290 | $(889,976)$ |
|  |  |  | -90.43\% | 1107.77\% | 382.91\% | -62.08\% | 149.50\% | -78.04\% |

Project 03206 - Decrease in Contractor expenses of $\$ 37.6 \mathrm{~K}$, decrease in materials of $\$ 47.8 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 10.6 \mathrm{~K}$ January - Project 03206 - Decrease in Contractor expenses of Limestone Crusher, A2 Hopper and Hopper Floors and Baghouse Mixers Material: Seal wear rings, oil shaft seal and upper bearing shim set Purchase and deliver hot shot filter bags and Labor to vacuum FDA Mixers Material: Membrane filter bags

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2011

February - Project 03206 - Increase in Contractor expenses of $\$ 169.1 \mathrm{~K}$, increase in materials $\$ 12.4$ and an increase in EKPC payroll and benefits of $\$ 23.1 \mathrm{~K}$ Labor and material to replace cyclone ammonia spray bars
Material: Timing belt, $6^{\prime \prime}$ outlet tee, $8^{\prime \prime}$ sluice elbows $\$ 16.0 \mathrm{~K}$, decrease in materials of $\$ 1.1 \mathrm{~K}$ and a increase in EKPC payroll and benefits of $\$ 9.4 \mathrm{~K}$ roject 03350 - increase in Contramet to install Baghouse alarms

$$
\begin{aligned}
& \text { Materials: Diffuser assembly feeder, feeder body, } 21 / 2 \text { vent valve, 8 seals of } \$ 674.6 \mathrm{~K} \text { and an increase in EKPC payroll and benefits of } \$ 8.6 \mathrm{~K} \\
& \text { it } 03350 \text { - Increase in Contractor expenses of } \$ 167.0 \mathrm{~K} \text {, increase in materials on }
\end{aligned}
$$

$$
\begin{aligned}
& 03350 \text { - Increase in Contractor expenses of } \$ 16 / \text { Un, } \\
& \text { General Baghouse maintenance, Baghouse Leak testing and Baghouse pre-coating }
\end{aligned}
$$

General Baghouse maintenals

$$
\begin{aligned}
& \text { April - Project } 03206 \text { - Decrease in Contractor expenses of \$9 } \\
& \text { Material and labor to realign FBHE reheater }
\end{aligned}
$$

$$
\begin{aligned}
& \text { Rental, erect and disassemble scaffolding } \\
& \text { Materials: Diffuser assembly feeder, feeder body, } 21 / 2^{\prime \prime} \text { vent valve, } 8^{\prime \prime} \text { seal discs, } 8^{\prime \prime} \text { seal disc lever, ball bearings, plow body holder }
\end{aligned}
$$

$$
\begin{aligned}
& \text { Rental, erect als } \\
& \text { Materials: Diffuser assembly feeder, feeder body, } 21 / 2^{\prime \prime} \text { vent valve, } 8^{\prime \prime} \text { seal discs, } 8 \text { " seal disc lever, ball bearings, plow doay noidel }
\end{aligned}
$$

$$
\text { Project } 03350 \text { - Increase in Contractor expenses of } \$ 90
$$

Labor and material to install isolation vaives Supervision, labor and rental to vacuum and open nozzles in fire box

Materials: Membrane Filter bags
May - Project 03206 - Increase in Contractor expenses of $\$ 874.8 \mathrm{~K}$, decrease in materials of $\$ 0.6 \mathrm{~K}$ and an decrease in EKPC payroll and benefits of $\$ 49.6 \mathrm{~K}$
Labor, Material and Equipment for Refractory Repairs for Boiler Pollution Control Equipment May - Project 03206 - $n c r e a s i a l$ and Equipment for Refractory Repairs for Boiler Pollution Control Equipment

[^2] June - Project 03206 - Decrease in Contractor expenses of $\$ 770.8 \mathrm{~K}$, Labor, Material and Equs soienoid valve
Material: Element filters, soienoid valve
Project 03350 -Decrease in Contractor expenses of $\$ 150.8 \mathrm{~K}$. Decrease in materials of $\$ 0.1 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 2.7 \mathrm{~K}$ Labor to replace baghouse hopper

|  |  |  |  | Feb | March | Apr | May | June |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP04 | Maintenance of Boiler Plant Spurlock 4 | Dec | Jan | $\frac{\text { Feb }}{52.912}$ | 55,472 | 83,136 | 75,905 | 52,388 |
| 512000 -SP04 | Expense Dollars | 52,248 | 65,049 |  | 2,560 | 27,664 | (7,231) | $(23,517)$ |
|  | Expense Dollars Change Percent Change |  | $24.50 \%$ | $-18.66 \%$ | 4.84\% | 49.87\% | -8.70\% | -30.98\% |

 Project 03350 - Decrease in Contractor expenses of $\$ 20.5 \mathrm{~K}$, incre
Supervision, labor and rental to vacuum out CO2 A mixers

January
February - Project 03206 - Decrease in Contractor expenses of $\$ 2.3 \mathrm{~K}$, decrease in materials of $\$ 3.5 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 19.0 \mathrm{~K}$

$$
\mathrm{S}
$$

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2011
March - Project 03206 - Increase in Contractor expenses of $\$ 1.6 \mathrm{~K}$, increase in materials of $\$ 8.1 \mathrm{~K}$ and a decrease in EKPC payrol and and benefits of $\$ 0.5 \mathrm{~K}$ Project 03350 - increase in Contractor expenses of $\$ 13.2 K$, de
April - Project 03206 - Increase in Contractor expenses of $\$ 18.1 \mathrm{~K}$. decrease in materials of $\$ 0.1 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 14.1 \mathrm{~K}$
Downspout elbow with chromium carbide and paint system
Project 03350 - Increase in Contractor expenses of $\$ 3.0 \mathrm{~K}$, increase in materials of $\$ 0.4 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 7.9 \mathrm{~K}$
May - Project 03206 - Decrease in Contractor expenses of $\$ 11.6 \mathrm{~K}$, decrease in materials of $\$ 3.7 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 1.5 \mathrm{~K}$
Install $81^{\prime \prime}$ air regulators with isolation valve in 2 air line on top of baghouse
Project 03350 - Decrease in Contractor expenses of $\$ 9.6 \mathrm{~K}$, increase in materials of $\$ 3.0 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 13.2 \mathrm{~K}$
June - Project 03206 - Decrease in Contractor expenses of $\$ 4.4 \mathrm{~K}$, Increase in materials of $\$ 0.9 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 7.7 \mathrm{~K}$

| 512000 SP21 | Mtce of Boiler Plant Scrubber 1 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP21 |  | \$ | 77,741 | \$ | 39,709 | \$ | 150,354 | \$ | 87,287 | \$ | 86,425 | \$ | 162,191 | \$ | 132,262 |
|  | Expense Dollars Change |  |  | \$ | $(38,032)$ | \$ | 110,645 | \$ | $(63,067)$ | \$ | (862) | \$ | 75,766 | \$ | $(29,929)$ |
|  | Percent Change |  |  |  | -48.92\% |  | 278.64\% |  | -41.95\% |  | -0.99\% |  | 87.67\% |  | -18.45\% |

[^3]East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2011

| 512000-SP22 | Mtce of Boiler Plant Scrubber 2 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | \$ |  |  |  | \$ | 117,849 | \$ | 68,784 | \$ | 90.979 |
|  | Expense Dollars Expense Dollars Change | \$ | 349,702 |  |  | \$ | 433,907 84,205 | \$ | $(3,955)$ $(437,862)$ | \$ | 483,039 | \$ | $(365,190)$ | $\$$ | $(49,065)$ | $\$$ | 22,195 |
|  | Percent Change |  |  |  | 24.08\% |  | -100.91\% |  | 12313.38\% |  | -75.60\% |  | -41.63\% |  | 32.27\% |

January - Increase in Contractor expenses of $\$ 68.4 \mathrm{~K}$, increase in materials of $\$ 19.3 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 3.5 \mathrm{~K}$ Labor to inspect and make repairs to Unit 2 Scrubber WESP
Material: Throat bushing
February - Decrease in Contractor expenses of $\$ 411.4 \mathrm{~K}$, decrease in materials of $\$ 18.6 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 7.9 \mathrm{~K}$. Corrections made in February for January caused February to have a credit balance; February expenses were recorded in March. Labor to Install burners
Labor to Mill coil heaters
Material: Mechanical Seal
March - Increase in Contractor expenses of $\$ 455.3 \mathrm{~K}$, decrease in materials of $\$ 12.2 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 43.9 \mathrm{~K}$ Difference of $\$ 213,865$ included in March calculation from omission in February 2011.
Labor \& Equipment to pull burners and replace tips and nozzles
Material: Mechanical Seal

[^4]East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2011

| Air Permit Fees |  | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | ¢ |  |  |  | - | \$ | - | \$ | \$ - |
| 50621 | Expense Dollars Expense Dollars Change Percent Change |  |  | \$ | 267,607 |  |  |  |  |  | \$ | $\begin{gathered} (267,607) \\ -100.00 \% \end{gathered}$ | \$ | - | \$ | - | \$ |
|  |  | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| 50631 | Misc Stm Pwr Env - Cooper |  |  |  |  |  |  | \$ | - | \$ | - | \$ | - |
| 50631 | Expense Dollars Expense Dollars Change Percent Change | \$ | 344,966 |  |  | \$ | $\begin{aligned} & (344,966) \\ & -100.00 \% \end{aligned}$ | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
|  |  | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| 50645 | Misc Stm Pwr Env - Spurlock |  |  |  | Jan |  |  | \$ |  | \$ | - | \$ | - | \$ | - |
| 50645 | Expense Dollars Expense Dollars Change Percent Change | \$ | 349,836 | \$ | $\begin{array}{r} (349,836) \\ -100.00 \% \\ \hline \end{array}$ | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |

Air permit fees paid in December for Dale, Cooper and Spurlock for calendar 2010 emissions.

| Operating Expense-Ammonia |  | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001-SP01 | Misc Stm Pwr Exp - Spurlock 1 |  |  | \$ | 54,834 |  |  | \$ | 80,885 | \$ | 47,921 | \$ | 53,413 |
|  | Expense Dollars | \$ | 111,374 |  |  | \$ |  | \$ | 184,869 180,609 | \$ | 54,034 $(130,035)$ | \$ | 26,051 | \$ | $(32,964)$ | \$ | 5,492 |
|  | Expense Dollars Change Percent Change |  |  | \$ | $\begin{array}{r}\text { (107.114 } \\ -96.18 \% \\ \hline\end{array}$ | \$ | 4239.65\% | \$ | -70.34\% |  | 47.51\% |  | -40.75\% |  | 11.46\% |

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 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001 -SP02 | Misc Steam Power Exp - Spurlock 2 |  |  | \$ | 52,011 |  |  | \$ | 118,900 | \$ | 87,649 | \$ | 97,536 |
|  | Expense Dollars | \$ | 115,174 |  |  | \$ | $\begin{array}{r} 4,260 \\ (110.914) \end{array}$ | \$ | $\begin{aligned} & 169,746 \\ & 165,486 \end{aligned}$ | \$ | (117,735) | \$ | 66,889 | \$ | $(31,251)$ | \$ | 9.887 |
|  | Expense Dollars Change |  |  | \$ | -96.30\% |  | 3884.65\% |  | -69.36\% |  | 128.61\% |  | -26.28\% |  | 11.28\% |

\footnotetext{
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 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001-SP03 | Misc Steam Power Expense- Gilbert |  |  | \$ | 45,789 | \$ | 46,630 | \$ | 18,530 | \$ | 26,654 | \$ | 34,834 |
|  | Ammonia Expense Limestone Expense | \$ | 324,705 |  |  | \$ | 42,515 338,576 | \$ | 292,636 | \$ | 30,690 | \$ | 306,803 | \$ | 338,475 | \$ | 347,711 |
|  | Limestone Expense Limestone Tons Used |  | $31,255$ |  | 31,995 |  | 27,094 |  | 2,819 |  | 27,701 |  | 30,097 |  | 30,563 |
|  | Total Expense Dollars | \$ | 324,705 | \$ | 381,091 | \$ | 338,425 | \$ | 77,320 | \$ | 325,333 | \$ | 365,129 | \$ | 382,545 17416 |
|  | Expense Dollars Change |  |  | \$ | 56,386 | \$ | $(42,666)$ | \$ | $(261,105)$ | \$ | 248,013 | \$ | 39,796 | \$ | 17.416 $4.77 \%$ |
|  | Percent Change |  |  |  | 17.37\% |  | -11.20\% |  | -77.15\% |  | 320.76\% |  | 12.23\% |  | 4.77\% |

East Kentucky Power Cooperative, Inc.

## Environmental Surcharge Operating and Expense Month over Month Analysis

For the Expense Period January - June 2011
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.

$$
\text { January - Limestone expenses increased by } \$ 13.9 \mathrm{~K} \text { and Ammonia expenses increased by } \$ 42.5 \mathrm{~K} \text {. }
$$

February - Limestone expenses decreased by $\$ 45.9 \mathrm{~K}$ and Ammonia expenses increased by $\$ 3.3 \mathrm{~K}$.
March - Limestone expenses decreased by $\$ 261.9 \mathrm{~K}$ and Ammonia expenses increased by $\$ 1.0 \mathrm{~K}$. Note that unit was on outage during March.

## April - Limestone expenses increased by $\$ 276.1 \mathrm{~K}$ and Ammonia expenses decreased by $\$ 28.1 \mathrm{~K}$

May - Limestone expenses increased by $\$ 31.7 \mathrm{~K}$ and Ammonia expenses increased by $\$ 8.1 \mathrm{~K}$

| Operating Expense- Limestone and Magnesium |  | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001 - SP21 | Misc Stm Pwr Exp- Spurlock 1 | \$ | - 5,880 | \$ | 11,872 | \$ | 6.029 | \$ | 18,199 | \$ | - | \$ | 6,177 | \$ | 12,257 |
|  | Limestone Expense | \$ | 101,040 | \$ | 100,395 | \$ | 97,838 | \$ | 105,096 | \$ | 24,310 | \$ | 57,803 | \$ | 109,721 |
|  | Limestone Tons Used |  | 9,873 |  | 9,604 |  | 9,087 |  | 9,740 |  | 2,176 |  | 5,056 |  | 9,798 |
|  | Expense Dollars | \$ | 106,920 | \$ | 112,267 | \$ | 103,867 | \$ | 123,295 | \$ | 24,310 | \$ | 63,980 | \$ | 121,978 |
|  | Expense Dollars Change |  |  | \$ | 5,347 | \$ | $(8,400)$ | \$ | 19,428 | \$ | $(98,985)$ | \$ | 39,670 | \$ | 57,998 |
|  | Percent Change |  |  |  | 5.00\% |  | -7.48\% |  | 18.70\% |  | -80.28\% |  | 163.18\% |  | 90.65\% |

[^5]April - Limestone expenses decreased by $\$ 80.8 \mathrm{~K}$ and Magnesium expenses decreased by $\$ 18.2 \mathrm{~K}$. Note that unit was on outage most of April and part of May.
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2011


[^6]| Operating Expense- Ammonia and Limestone |  | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | 61,799 |  |  | \$ | 42,590 |  |  | \$ | 46,445 |
|  | Ammonia Expense |  |  | \$ | 53,783 323,649 |  |  | \$ | 2,070 | \$ | 39,398 | \$ | 34,127 336,765 | \$ | 64,799 | \$ | 326,221 | \$ | 356,584 |
|  | Limestone Tons Used | \$ | 323,649 31,153 | + | 32,553 |  | 27,591 |  | 30,790 |  | 31,408 |  | 29,014 |  | 31,343 |
|  | Expense Dollars | \$ | 377,432 | \$ | 346,595 | \$ | 337,395 | \$ | 370,892 | \$ | 409,434 | \$ | 368,811 | \$ | 403.029 |
|  | Expense Dollars Change |  |  | \$ | $(30,837)$ | \$ | $(9,200)$ | \$ | 33,497 | \$ | 38,542 | \$ | $(40,623)$ | \$ | 34,218 |
|  | Percent Change |  |  |  | -8.17\% |  | -2.65\% |  | 9.93\% |  | 10.39\% |  | -9.92\% |  | 9.28\% |

April - Limestone expenses increased by $\$ 10.9 \mathrm{~K}$ and Ammonia expenses increased by $\$ 27.7 \mathrm{~K}$
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period July - December 2011

|  |  |  | Jun |  | Jul | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 501010 -SP03 | Fuel Coal Gilbert <br> Expense Dollars Expense Dollars Change Percent Change | \$ (17,222) |  |  |  | \$ | 139,411 | \$ | 126,540 | \$ | 59,659 | \$ | 85,258 | \$ | 15,638 |
|  |  |  |  | \$ | $\begin{aligned} & 129,011 \\ & 146,233 \end{aligned}$ | \$ | 139,411 10,400 | \$ | (12,871) | \$ | $(66,881)$ | \$ | 25,599 | \$ | (69,620) |
|  |  |  |  |  | -849.11\% |  | 8.06\% |  | -9.23\% |  | -52.85\% |  | 42.91\% |  | -81.66\% |
| Monthly expense changes are due to increases or decreases in contractor payments for ash removal. Unit was on outage parts of October through December. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Fuel Coal Spurlock 4 | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| 501010-SP04 |  |  |  | \$ | 138,294 | \$ | 68,137 | \$ | $(4,837)$ | \$ | 84,569 | \$ | 114,679 |
|  | Expense Dollars | \$ | $(15,364)$ |  |  | \$ | 114,406 129,770 | \$ | 138,294 23,888 | \$ | (70,157) | \$ | $(72,974)$ | \$ | 89,406 | \$ | 30,110 |
|  | Percent Change |  |  |  | -844.64\% |  | 20.88\% |  | -50.73\% |  | -107.10\% |  | -1848.38\% |  | 35.60\% |

Monthly expense changes are due to increases or decreases in contractor payments for ash removal. In October, received a haul rate credit for Jan-May 2011 that exceeded October's expense.
Project 03330 is for the Spurlock 1 Electrostatic Precipitator and Project 03501 is for Spurlock 1 SCR maintenance.

|  | Mtce of Boiler Plant Spurlock 1 | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000 - SP01 |  |  |  | \$ | 32,332 | \$ | 14,037 | \$ | 544 | \$ | 4,575 | \$ | 2,878 | \$ | 23,263 |
|  | Expense Dollars Change |  |  | \$ | $(119,100)$ | \$ | $(18,295)$ | \$ | $(13,493)$ | \$ | 4,031 | \$ | (1,697) | \$ | 20,385 |
|  | Percent Change |  |  |  | -78.65\% |  | -56.58\% |  | -96.12\% |  | 740.99\% |  | -37.09\% |  | 708.30\% |

[^7]East Kentucky Power Cooperative, inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2011

|  | Mtce of Boiler Plant Spurlock 2 | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP02 |  |  |  | \$ | 4,103 |  |  | \$ | 32,262 | \$ | 39,171 | \$ | 20,905 |
|  | Expense Dollars | \$ | 69,216 |  |  | \$ | 51,578 <br> (17.638) | \$ |  | \$ | $(14,291)$ | \$ | 28,159 | \$ | 6,909 | \$ | $(18,266)$ |
|  | Expense Dollars Change |  |  | \$ | $\begin{aligned} & (17,638) \\ & -25.48 \% \end{aligned}$ | \$ | $-64.34 \%$ | \$ | $-77.69 \%$ | \$ | 586.30\% |  | 21.42\% |  | -46.63\% |

[^8]*Note that the Spurlock 2 Electrostatic Precipitator project is not an EKPC compliance plan project that is eligible for recovery through the associated with this project.
July - Project 03330 - Increase in Contractor payments of $\$ 0.8 \mathrm{~K}$, Increase in Materials of $\$ 0.6 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 15.1 \mathrm{~K}$
Project 03501 August - Project 03330 - Decrease in Contractor expenses of $\$ 40.4 \mathrm{~K}$, Decrease in materials of $\$ 0.5 \mathrm{~K}$ and an increase $\$ 2.5 \mathrm{~K}$
September - Project 03330 - Decrease in Contractor expenses of $\$ 1.2 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 4.8 \mathrm{~K}$
Project 03501 - Decrease in Contractor expenses of $\$ 9.4 \mathrm{~K}$, and an Increase in EKPC payroll and benefits of $\$ 1.1 \mathrm{~K}$
October - Project 03330 - Decrease in Contractor expenses of $\$ 0.5 \mathrm{~K}$, Increase in materials of $\$ 13.2 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 10.7 \mathrm{~K}$
Material: Rapper Insulator, Outer needle bearing and packing
Project 03501 - Increase in Materials of $\$ 0.3 \mathrm{~K}$ and a increase in EKPC payroll and benefits of $\$ 4.5 \mathrm{~K}$
November - Project 03330 - Increase in Contractor expenses of $\$ 8.3 \mathrm{~K}$. Decrease in Materials of $\$ 5.4 \mathrm{~K}$ and an Decrease in EKPC payroll and benefits of $\$ 3.9 \mathrm{~K}$
Project 0301
Material: Interface module and $1 / 3 \mathrm{HP}$ motor
Project 03501 - Increase in Contractor expenses of $\$ 6.9 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 3.3 \mathrm{~K}$

|  |  |  |  | Aug | Sep | Oct | Nov | Dec |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP03 | Maintenance of Boiler Plant Gilbert | Jun | Jul | $\frac{\text { Aug }}{} 33.718$ | S2,724 | 39,101 | 559,381 | 517,091 |
| 512000-SP63 | Expense Dollars | 250,370 | $\begin{gathered} 41,196 \\ (209,174) \end{gathered}$ | $\begin{gathered} 33,718 \\ (7,478) \end{gathered}$ | $19,006$ | $(13,623)$ | 520,280 | $(42,290)$ |
|  | Expense Dollars Change |  | $\begin{array}{r} (209,174) \\ -83.55 \% \end{array}$ | $-18.15 \%$ | $56.37 \%$ | -25.84\% | 1330.61\% | -7.56\% |

oject 03206 - Decrease in Contractor expenses of $\$ 174.8 \mathrm{~K}$, Decrease in Materials of $\$ 18.2 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 12.7 \mathrm{~K}$
Material: Filter elements, air filters and multirange timer
Supervision, Labor and rental to vacuum 3-B Limestone Crusher, A2 Hopper and Hopper Floors and Baghouse Mixers
Project 03350 - Decrease in Contractor expenses of $\$ 6.3 \mathrm{~K}$, Increase in Materials of $\$ 1.8 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.2 \mathrm{~K}$
August - Project 03206 - Increase in Contractor expenses of $\$ 3.5 \mathrm{~K}$, Decrease in Materials $\$ 1.4$ and a Decrease in EKPC payroll and bene
September - Project 03206 - Increase in Contractor expenses of $\$ 14.3 \mathrm{~K}$, Decrease in Materials of $\$ 2.2 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 10.8 \mathrm{~K}$
Project 03350 - Decrease in Contractor expenses of $\$ 1.8 \mathrm{~K}$, Increase in Materials of $\$ 0.4 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 2.5 \mathrm{~K}$
East Kentucky Power Cooperative, Inc. Environmental Surcharge Operating and Expe
For the Expense Period July - December 2011
October - Project 03206 - Decrease in Contractor expenses of $\$ 17.8 \mathrm{~K}$, Increase in Materials of $\$ 12.2 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 6.9 \mathrm{~K}$
Material: Clarage fan and Tempered glass window
Project 03350 - Decrease in Contractor expenses of $\$ 4.9 \mathrm{~K}$, Increase in Materials of $\$ 2.8 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.0 \mathrm{~K}$
P $\$ 131.0 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 7$.
Project 03350 - Decrease in Contractor
November - Project 03206 - Increase in Contractor expenses of $\$ 357.2 \mathrm{~K}$, increase in Materials of $\$ 131.0 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 7.0 \mathrm{~K}$
N
Labor and materials for cyclone repairs
Labor and materials equipment for refractory repairs
Labor, materials and equipment for FBAC tube repairs
Labor, materials and equip Cleaning Boiler
Vacuum and Hydro-Blast Cleaning Boiler
Material: Ceramic vortex finder, filter bags and fluidizing air nozzle
位

| Project 03350 - Increase in Contractor expenses |  |  |  |  |  |  | Nov | Dec |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | , | Jul | Aug | Sep | Oct | 374,158 | 102,148 |
|  | Maintenance of Boiler Plant Spurlock 4 | 52,388 | 143,702 | 58,686 | 1,089,313 |  | (519,864) | (272,010) |
| 512000-SP04 | Maintenance of Boiler Plant Spunock Expense Dollars |  | 91,314 | (85,016) | 1,030,627 | -17.93\% | -58.15\% | -72.70\% |
|  | Expense Dollars Change Percent Change |  | 174.30\% | -59.16\% | 1756.17\% |  |  |  |

July - Project 03206 - Increase in Contractor expenses of $\$ 9.6 \mathrm{~K}$, increase in Materials of $\$ 23.4 \mathrm{~K}$, Oil shaft seal Material: Tapered roller bearings, seal wear res $\$ 700.5 \mathrm{~K}$, Decrease in Materials of $\$ 656.9 \mathrm{~K}$ and an vacuum floor
Project 03350-Increase in
Supervision, Labor, materials and equipment to vaccuum out mixers on

> ..
August - Project 03206 - Decrease in Contractor expenses of $\$ 6.5 \mathrm{~K}$, Decrease in

Supervision, Labor, materials and equipment to repair 5" DIA
Supervision, Labor,
September - Project 03206 - Increase in Contractor expen out baghouse and floors
Supervision, labor and rental to vacuum
Rental, Erect and Disassembly of Scaffoiding for Crossover Outlet Ducts Air
Project 03350 - Increase in Contractor expenses of $\$ 2$.
Supervision, labor and rental to vacuum out baghouse
Material: Membrane filter bags, self aligning ball bearings, 30HP gearmotor
October - Project 03206 - Increase in Contractor expenses of $\$ 413$, 4 FBHE
Labor and material to repair 4A and 4C FBAC and 4B FBHE

Material: 17" shaft assembly plug, Upperses of $\$ 199.3 \mathrm{~K}$, Decrease in
Supervision, labor and rental to vacuumolding
Rental, Erect anderial to weld FDA punch
Labor and mat
Material: Membrane filter bags, self aligning ball bearings, 30 HP gearmotor
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2011
November - Project 03206 - Decrease in Contractor expenses of $\$ 287.3 \mathrm{~K}$, Decrease in Materials of $\$ 20.1 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 32.2 \mathrm{~K}$
Labor and material to repair 4A and $4 C$ BAC
Labor, material and equipment to repair refractory
Rental; Erect and Disassembly of Scaffolding
Material: $17^{\prime \prime}$ shaft assembly plug, Upper bearing housing, $6^{\text {n }}$ outlet tees, air cylinder, valve seal seats
03350 - Decrease in Contractor expenses of $\$ 81.0 \mathrm{~K}$, Decrease in
Supervision, labor and rental to vacuum out Erect and Disassembly of Scaffolding
Material: Membrane filter bags, self aligning ball bearings, 30HP gearmotor
December - Project 03206 - Decrease in Contractor expenses of $\$ 295.0 \mathrm{~K}$, Increase in Materials of $\$ 17.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 9.7 \mathrm{~K}$
Labor and material to repair $4 A$ and 4 CFBAC and $4 B$ FBHE
Labor, material and equipment to repair refractory
Supervision, labor and rental to vacuum out baghouse and floors
Rental, Erect and Disassembly of Scaffolding
Material: Oil journal assembly with trunnion
Project 03350 - Decrease in Contractor expenses of $\$ 94.1 \mathrm{~K}$, Increase in Materials of $\$ 91.3 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 1.8 \mathrm{~K}$
Supervision, labor and rental to vacuum out baghouse and floors
Supervision, labor and rental to vacuum out bag
Labor and material to weld FDA punch
Material: Turning J-duct ceramic vane

|  | Mtce of Boiler Plant Scrubber 1 | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000 - SP21 |  | \$ | 132,262 | \$ | 108,357 | \$ | 129,735 | \$ | 61,045 | \$ | 48,056 | \$ | (59,712) | \$ | 110,718 |
|  | Expense Dollars Change | \$ | 132,262 | \$ | $(23,905)$ | \$ | 21,378 | \$ | $(68,690)$ | \$ | $(12,989)$ | \$ | $(107,768)$ | \$ | 170,430 |
|  | Percent Change |  |  |  | -18.07\% |  | 19.73\% |  | -52.95\% |  | -21.28\% |  | -224.26\% |  | -285.42\% |

[^9] Rental, erect and disassemble of scaffolding
Vibration monitoring services
August - Increase in Contractor expenses of $\$ 21.2 \mathrm{~K}$, Increase in Materials of $\$ 2.2 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 2.0 \mathrm{~K}$ Rental, erect and disassemble of scaffolding
Vibration monitoring services
September - Decrease in Contractor expenses of $\$ 64.0 \mathrm{~K}$, Decrease in Materials of $\$ 11.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 7.2 \mathrm{~K}$ Scrubber reaction tank agitators monitored
Recycle pump impeller adjustments
Vibration monitoring services
Vibration monitoring services
Material: $6 \times 4$ sleeve, butteriy valve
October - Decrease in Contractor expenses of $\$ 4.3 \mathrm{~K}$, Decrease in Materials of $\$ 3.2 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 5.5 \mathrm{~K}$
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2011
November - Decrease in Contractor expenses of $\$ 21.6 \mathrm{~K}$, Decrease in Materials of $\$ 94.2 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 8.0 \mathrm{~K}$ Scrubber reaction tank agitators monitored
Recycle pump impeller adjustments
Material: Wingjet agitator impeller
December - Increase in Contractor expenses of $\$ 70.1 \mathrm{~K}$, increase in Materials of $\$ 110.3 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 10.0 \mathrm{~K}$
Boil filter in differential alarm cleaned
Hydroclone valves repaired mill recycle sleeve bearing adjustment
Material: Wingjet agitator impeller

| 512000-SP22 | Mitce of Boiler Plant Scrubber 2 | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | \$ | 57,958 | \$ | 146,721 | \$ | 852,910 | \$ | 288,128 | \$ | 570.438 |
|  | Expense Dollars | \$ | 90,979 |  |  | \$ | $(23,746)$ | \$ | (9,275) | \$ | 88,763 | \$ | 706,189 | \$ | $(564,782)$ | \$ | 282,310 |
|  | Percent Change |  |  |  | -26.10\% |  | -13.80\% |  | 153.15\% |  | 481.31\% |  | -66.22\% |  | \% |

[^10]East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period July - December 2011

Air permit fees paid in December for Dale, Cooper and Spurlock for calendar 2011 emissions.


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

| Operating Expense- Ammonia |  | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001 -SP02 | Misc Steam Power Exp - Spurlock 2 |  |  | \$ | 97,911 |  |  | \$ | 75,848 | \$ | 108,604 | \$ | 146,716 |
|  | Expense Dollars Expense Dollars Change | \$ | 97,536 |  |  | \$ | $\begin{array}{r} 107,401 \\ 9,865 \end{array}$ | \$ | 144,036 36,635 | \$ | $(46,125)$ | \$ | $(22,063)$ | \$ | 32,756 | \$ | 38,112 |
|  | Expense Dollars Change Percent Change |  |  |  | 10.11\% |  | 34.11\% |  | . $32.02 \%$ |  | -22.53\% |  | 43.19\% |  | 35.09\% |

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

| Operating Expense- Ammonia and Limestone |  | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001 - SP03 | Misc Steam Power Expense-Gibert |  |  | \$ | 34,968 |  |  | \$ | 26,768 | \$ | 38,787 | \$ | 51,715 |
|  | Ammonia Expense Limestone Expense | \$ | 34,834 347,711 30,53 |  |  | \$ | 38,272 362,790 | \$ | 51,441 370,483 | \$ | 352,570 | \$ | 192,264 | \$ | 148,198 | \$ | 87,014 |
|  | Limestone Expense | \$ | 347, 30 |  | 31,787 |  | 32,509 |  | 30,982 |  | 16,911 |  | 13,060 |  | 7,665 |
|  | Limestone Tons Used |  | 382,545 | \$ | 401,062 | \$ | 421,924 | \$ | 387,538 | \$ | 219,032 | \$ | 186,985 | \$ | 138,729 |
|  | Total Expense Dollars | \$ | 382,545 | \$ | 18,517 | \$ | 20,862 | \$ | $(34,386)$ | \$ | $(168,506)$ | \$ | $(32.047)$ | \$ | $(48,256)$ |
|  | Expense Dollars Change |  |  |  | 4.84\% |  | 5.20\% |  | -8.15\% |  | -43.48\% |  | -14.63\% |  | -25.81\% |

Limestone is stockpiled throughout the year and taken from the stockpile for usage. There may be slight variances in the cost
Limestone is stockpiled throughout the year and taken rom the shiper shipment of limestone.
October - Limestone expenses Decreased by $\$ 160.3 \mathrm{~K}$ and Ammonia expenses Decreased by $\$ 8.2 \mathrm{~K}$
November - Limestone expenses Decreased by $\$ 44.1 \mathrm{~K}$ and Ammonia expenses Increased by $\$ 12.0 \mathrm{~K}$
December - Limestone expenses Decreased by $\$ 61.2 \mathrm{~K}$ and Ammonia expenses Increased by $\$ 12.9 \mathrm{~K}$
East Kentucky Power Cooperative. Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period July - December 2011

| Operating Expense-Limestone and Magnesium |  | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001-SP21 | Misc Stm Pwr Exp-Spurlock 1 |  |  | \$ | 15,370 |  |  | \$ | 18,099 | \$ | 6,021 | \$ | 9,200 |
|  | Magnesium Expense | \$ | 12,257 109721 |  |  | \$ | $\begin{array}{r}12,097 \\ 117,377 \\ \hline\end{array}$ | \$ | 6,122 111,770 | \$ | 112,933 | \$ | 101,907 | \$ | 57,603 | \$ | 75,145 |
|  | Limestone Expense | \$ | 109,721 | \$ | 117,377 | \$ | 11,770 9,318 |  | 10,174 |  | 8,863 |  | 5,072 |  | 6,701 |
|  | Limestone Tons Used |  | 9,798 |  | 10,477 |  | 117,892 | \$ | 128,303 | \$ | 120,006 | \$ | 63,624 | \$ | 84,345 |
|  | Expense Dollars | \$ | 121,978 | \$ |  | \$ | 117,882 <br> 1 | \$ | 10,411 | \$ | $(8,297)$ | \$ | $(56,382)$ | \$ | 20,721 |
|  | Expense Dollars Change |  |  | S | 6.15\% |  | -8.95\% |  | 8.83\% |  | -6.47\% |  | -46.98\% |  | 32.57\% |

[^11]| Operating Expense-Limestone and Magnesium |  | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001-SP22 | Misc Stm Pwr Exp- Spurlock 2 |  |  |  | 21,518 |  |  | \$ | 12,036 | \$ | 6,127 | \$ | 45,847 |
|  | Magnesium Expense | \$ | 18,344 171,615 |  |  | \$ | 30,489 199,859 | \$ | 55,323 198,703 | \$ | 184,518 | \$ | 57,323 | \$ | 155,743 | \$ | 175,338 |
|  | Limestone Expense | \$ | 171,615 | \$ | 199,859 17.839 | \$ | 198,703 16,565 | \$ | 16,599 |  | 4,986 |  | 13,713 |  | 15,637 |
|  | Limestone Tons Used |  | 15,324 189,959 | \$ | 17,839 230,348 |  | 254,026 | \$ | 205,777 | \$ | 69,359 | \$ | 161.870 | \$ | 221.185 |
|  | Expense Dollars | \$ | 189,959 | S | 230,348 40,389 | \$ | 23,678 | \$ | $(48,249)$ | \$ | $(136,418)$ | \$ | 92,511 | \$ | 59,315 |
|  | Expense Dollars Change Percent Change |  |  | \$ | 21.26\% | \$ | 10.28\% |  | -18.99\% |  | -66.29\% |  | 133.38\% |  | 36.64\% |

July - Limestone expenses Increased by $\$ 28.3 \mathrm{~K}$ and Magnesium expenses increased by $\$ 12.1 \mathrm{~K}$.
August - Limestone expenses Decreased by $\$ 1.2 \mathrm{~K}$ and Magnesium expenses Increased by $\$ 24.9 \mathrm{~K}$.
September - Limestone expenses Decreased by $\$ 14.4 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 33.8 \mathrm{~K}$.
October - Limestone expenses Decreased by $\$ 126.9 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 9.5 \mathrm{~K}$
December - Limestone expenses Increased by $\$ 19.6 \mathrm{~K}$ and Magnesium expenses Increased by $\$ 39.7 \mathrm{~K}$

| Operating Expense- Ammonia and Limestone |  | Jun |  | Jul |  | Aug |  | Sep |  | Oct |  | Nov |  | Dec |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001-SP04 | Misc Stm Pwr Exp-Spuriock 4 |  |  | \$ | 46,624 |  |  | \$ | 36,288 | \$ | 51,717 | \$ | 53,911 |
|  | Ammonia Expense | \$ | 46,445 356,584 |  |  | \$ | 51,998 $\mathbf{3 3 5 , 6 2 7}$ | \$ | 68,474 351,338 | \$ | 73,989 | \$ | 230,546 | \$ | 322,496 | \$ | 299,650 |
|  | Limestone Expense | \$ | 356,584 | \$ | 29,407 | \$ | 351,338 30,829 |  | 6,500 |  | 20,290 |  | 28,419 |  | 26,396 |
|  | Limestone Tons Used | \$ | 403,029 | \$ | 387.625 | \$ | 419,812 | \$ | 120,613 | \$ | 266,834 | \$ | 374,213 | \$ | 353,561 |
|  | Expense Dollars <br> Ee Dollars Change | + | 403,020 | \$ | $(15,404)$ | \$ | 32,187 | \$ | $(299,199)$ | \$ | 146,221 | \$ | 107,379 | \$ | (20.652) |
|  | Percent Change |  |  |  | -3.82\% |  | 8.30\% |  | -71.27\% |  | 121.23\% |  | 40.24\% |  | -5.52\% |

September - Limestone expenses Decreased by $\$ 277.3 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 21.9 \mathrm{~K}$. Unit was on outage for part of September.
October - Limestone expenses Increased by $\$ 156.5 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 10.3 \mathrm{~K}$
November - Limestone expenses Increased by $\$ 92.0 \mathrm{~K}$ and Magnesium expenses Increased by $\$ 15.4 \mathrm{~K}$
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period January - June 2012

|  | Fuel Coal Gilbert | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 501010 - SP03 |  |  |  | \$ | 130,103 | \$ | 114,098 | \$ | 36,272 | \$ | 61,563 | \$ | 49,588 |
|  | Expense Dollars Change |  |  |  |  | \$ | 104,904 | \$ | 9,561 | \$ | $(16,005)$ | \$ | $(77,826)$ | \$ | 25,291 | \$ | $(11,975)$ |
|  | Percent Change |  |  |  | 670.83\% |  | 7.93\% |  | -12.30\% |  | -68.21\% |  | 69.73\% |  | -19.45\% |

Monthly expense changes are due to increases or decreases in contractor payments for ash removal.
Monthly expense changes are due to increases or decreases in
Note that the Gilbert Unit was on scheduled outage during April and some of June.

| 501010-SP04 | Fuel Coal Spurlock 4 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | \$ | 129.947 | \$ | 116,303 | \$ | 121,432 | \$ | 119,504 | \$ | 127,512 |
|  | Expense Dollars | \$ | 114,679 |  |  | \$ | 130,739 | \$ | 129,947 $(792)$ | \$ | $(13,644)$ | \$ | 5,129 | \$ | $(1,928)$ | \$ | 8,008 |
|  | Percent Change |  |  |  | 14.00\% |  | -0.61\% |  | -10.50\% |  | 4.41\% |  | -1.59\% |  | 6.70\% |

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

| 512000 - SP01 | Mtce of Boiler Plant Spurlock 1 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP01 |  | \$ | 23,263 | \$ | 2,740 | \$ | 2,846 | \$ | 3,842 | \$ | 19,741 | \$ | 11,429 | \$ | 193,624 |
|  | Expense Dollars Change |  |  | \$ | $(20,523)$ | \$ | 106 | \$ | 996 | \$ | 15,899 | \$ | $(8,312)$ | \$ | 182,195 |
|  | Percent Change |  |  |  | -88.22\% |  | 3.87\% |  | 35.00\% |  | 413.82\% |  | -42.11\% |  | 1594.15\% |

[^12]East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2012
Project 03501 is for Spurlock 2 SCR maintenance.
*Note that the Spurlock 2 Electrostatic Precipitator project is not an EKPC compliance plan project that is eligible for recovery through the surcharge. This project was *Note that the Spurlock 2 Electrarcharge calculation for 2011. In January 2012, a catch-up correction was made to the surcharge calculation which removed expenses associated with this project.
January - Project 03501 - Decrease in Contractor expenses of $\$ 17.1 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 0.5 \mathrm{~K}$
As indicated in the Note above, a correction totalling $\$ 409.1 \mathrm{~K}$ was made to remove costs associated with the Spurlock 2 precipitator.
February - Project 03501 - Increase in Contractor expenses of $\$ 4.8 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 0.3 \mathrm{~K}$ No correction was needed as was the case in January.
March - Project 03501 - Decrease in Contractor expenses of $\$ 4.8 \mathrm{~K}$, Increase in Materials of $\$ 2.2 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 4.6 \mathrm{~K}$
April - Project 03501 - Increase in Contractor expenses of $\$ 40.6 \mathrm{~K}$, Decrease in Materials of $\$ 2.2 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 8.9 \mathrm{~K}$ Vacuum and Hydro-blast cleaning element
May - Project 03501 - Decrease in Contractor expenses of $\$ 40.6 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 4.9 \mathrm{~K}$ Vacuum and Hydro-blast cleaning element
Repair Redkoh Module and relay coils
June - Project 03501 - Increase in Materials of $\$ 23.3 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 2.7 \mathrm{~K}$ Rent, erect and dismantle scaffolding
Vacuum and Hydro-blast boilers

| 512000 - SP03 |  | Dec | Jan | Feb | March | Apr | May | June |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP03 | Maintenance of Expense Dollars | 517,091 | 477,143 | 102,747 | 60,374 | 381,970 | 1,345,668 | 254,006 |
|  | Expense Dollars Change |  | $(39,948)$ | $(374,396)$ | $(42,373)$ | 321,596 | 963,698 | (1,091,662) |
|  | Percent Change |  | -7.73\% | -78.47\% | -41.24\% | 532.67\% | 252.30\% | -81.12\% |

February - Project 03206 - Decrease in Contractor expenses of $\$ 385.2 \mathrm{~K}$, Decrease in Materials $\$ 17.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 20.2 \mathrm{~K}$ Labor and materials for cyclone repairs
Labor, materials and equipment for refractory repairs Labor, materials and equipment for FBAC tube repairs Vacuum and Hydro-Blast Cleaning Boiler Project 03350 - Increase in Contractor expenses of $\$ 2.4 \mathrm{~K}$, Decrease in Materiais of $\$ 11.1 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 17.2 \mathrm{~K}$
March - Project 03206 - Decrease in Contractor expenses of $\$ 14.5 \mathrm{~K}$, Decrease in Materials of $\$ 2.6 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 5.0 \mathrm{~K}$
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period January - June 2012
Project 03350 - Decrease in Contractor expenses of $\$ 8.8 \mathrm{~K}$, Decrease in Materials of $\$ 1.4 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 20.1 \mathrm{~K}$
April - Project 03206 - Increase in Contractor expenses of $\$ 85.7 \mathrm{~K}$, Increase in Materials of $\$ 163.5 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 33.1 \mathrm{~K}$ Labor and material to install fresh air vents
Rental, erect and disassemble scaffolding for boiler tube leak Vacuum and Hydro-blast Cleaning boilers
Material: Ceramic Vortex Finder, Valve Seal Seat
Mroject 03350 - Increase in Contractor expenses of $\$ 16.9 \mathrm{~K}$, Increase in Materials of $\$ 3.9 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 18.5 \mathrm{~K}$ Vacuum and Hydro-blast Cleaning baghouse
roject 03206 - Increase in Contractor expenses of $\$ 1,132.5 \mathrm{~K}$, Decrease in Materials of $\$ 165.5 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 13.7 \mathrm{~K}$
Labor, materials and equipment for refractory repairs
Rent, erect and disassemble scaffolding
Vacuum and Hydro-blast Cleaning boilers
Material: Ceramic Vortex Finder, Valve Seal Seat
Project 03350 - Increase in Contractor expenses of $\$ 27.2 \mathrm{~K}$, Decrease in Materials of $\$ 9.8 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 7.0 \mathrm{~K}$
Supervision, labor, materials and equipment for moving baghouse programmable logic controller
Project 03206 - Decrease in Contractor expenses of $\$ 1,129.8 \mathrm{~K}$, Decrease in Materials of $\$ 11.1 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 27.0 \mathrm{~K}$
Labor, materials and equipment for refractory repairs
Rent, erect and disassemble scaffolding
Vacuum and Hydro-blast Cleaning boilers
Project 03350 - Increase in Contractor expenses of $\$ 67.6 \mathrm{~K}$, Increase in Materials of $\$ 13.0 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 15.4 \mathrm{~K}$
Labor and materials for welders for FDA punch
Material: Filter Elements, Reducing Pressure valve and solenoid

| 512000-SP04 | Maintenance of Boiler Plant Spurlock 4 | Dec | Jan | Feb | March | Apr | May | June |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP04 | Expense Dollars | 102,148 | 47,663 | 68,532 | 74,171 | 73,894 | 43,917 | 125,447 |
|  | Expense Dollars Change |  | $(54,485)$ | 20,869 | 5,639 | (277) | (29,977) | 81,530 |
|  | Percent Change |  | -53.34\% | 43.78\% | 8.23\% | -0.37\% | -40.57\% | 185.65\% |

January - Project 03206 - Decrease in Contractor expenses of $\$ 0.7 \mathrm{~K}$, Increase in Materials of $\$ 2.4 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 9.4 \mathrm{~K}$
Project 03350 - Decrease in Contractor expenses of $\$ 66.5 \mathrm{~K}$, Decrease in Materials of $\$ 2.0 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 2.9 \mathrm{~K}$
Supervision, labor and rental to vacuum out baghouse and floors
Rental, Erect and Disassembly of Scaffolding
Labor and material to weld FDA punch

- Decrease in Contractor expenses of $\$ 1.5 \mathrm{~K}$, Decrease in Materials of $\$ 0.7 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 21.8 \mathrm{~K}$ Project 03350 - Increase in

Material: Optipow valve, Diaphragm valve and Thrust bronze washer
May - Project 03206 - Decrease in Contractor expenses of
Vacuum and Hydro-blast cleaning boilers
February Project 03350 - Increase in Contractor expenses of $\$ 31.3 \mathrm{~K}$, Increase in Materials of $\$ 11.0 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 2.6 \mathrm{~K}$ ebruary Material: Optipow valve, Diaphragm valve and Thrus
East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period January - June 2012
Project 03350 - Decrease in Contractor expenses of $\$ 7,1 \mathrm{~K}$, Decrease in Materials of $\$ 10.5 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.2 \mathrm{~K}$ Vacuum and Hydro-biast cleaning baghouse
roject 03206 - Increase in Contractor expenses of $\$ 43.3 \mathrm{~K}$, Increase in Materials of $\$ 28.8 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 0.5 \mathrm{~K}$
Labor, material and equipment to overhaul 8 limestone mills
Material: Seal wear rings, Oil shaft seal and Upper bearing shim set
Project 03350 - Increase in Contractor expenses of $\$ 4.8 \mathrm{~K}$, Increase in Materials of $\$ 3.0 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 2.2 \mathrm{~K}$

| 512000 - SP21 | Mtce of Boiler Plant Scrubber 1 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP21 | Expense Dollars | \$ | 110,718 | \$ | 20,587 | \$ | 55,496 | \$ | 68,737 | \$ | 59,079 | \$ | 202,410 | \$ | 722,129 |
|  | Expense Dollars Change |  |  | \$ | $(90,131)$ | \$ | 34,909 | \$ | 13,241 | \$ | $(9,658)$ | \$ | 143,331 | \$ | 519,719 |
|  | Percent Change |  |  |  | -81.41\% |  | 169.57\% |  | 23.86\% |  | -14.05\% |  | 242.61\% |  | 256.77\% |

[^13]East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2012

| 512000 - SP22 | Mtce of Boiler Plant Scrubber 2 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 512000-SP22 |  | \$ | 570,438 | \$ | 27,098 | \$ | 98,210 | \$ | 153,223 | \$ | 193,199 | \$ | 184,122 | \$ | $(50,682)$ |
|  | Expense Dollars Change |  |  | \$ | $(543,340)$ | \$ | 71,112 | \$ | 55,013 | \$ | 39,976 | \$ | $(9,077)$ | \$ | $(234,804)$ |
|  | Percent Change |  |  |  | -95.25\% |  | 262.43\% |  | 56.02\% |  | 26.09\% |  | -4.70\% |  | -127.53\% |

[^14]Page 22 of 24
East Kentucky Power Cooperative, Inc. Environmental Surcharge Onuary - June 2012

Air permit fees paid in December for Dale, Cooper and Spurlock for calendar 2011 emissions.


The monthiy change in expense is due to the increase or decrease in payments for Ammonia receipts.
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 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001 - SP03 |  | \$ | 51,715 | \$ | 33,053 | \$ | 48,599 | \$ | 25,506 | \$ | 66,226 | \$ | 36,699 | \$ | 61,814 |
|  | Ammonia Expense Limestone Expense | \$ | 87,014 | \$ | 379,003 | \$ | 324,470 | \$ | 331,382 | \$ | - | \$ | 337,990 | \$ | 87,767 |
|  | Limestone Tons Used |  | 7,565 |  | 32,614 |  | 27,994 |  | 28,523 |  | 0 |  | 27,951 |  | 7.428 |
|  | Total Expense Dollars | \$ | 138,729 | \$ | 412,056 | \$ | 373,069 | \$ | 356,888 | \$ | 66,226 | \$ | 374,689 | \$ | 149,581 |
|  | Expense Dollars Change |  |  | \$ | 273,327 | \$ | $(38,987)$ | \$ | $(16,181)$ | \$ | $(290,662)$ | \$ | 308,463 | \$ | $(225,108)$ |
|  | Percent Change |  |  |  | 197.02\% |  | -9.46\% |  | -4.34\% |  | -81.44\% |  | 465.77\% |  | -60.08\% |

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period January - June 2012
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 $\$ 292.0 \mathrm{~K}$ and Ammonia expenses Decreased by $\$ 18.7 \mathrm{~K}$.
April - Limestone expenses Decreased by $\$ 331.4 \mathrm{~K}$ and Ammonia expenses Increased by $\$ 40.7 \mathrm{~K}$ Note that Gilbert was on outage in April.
May - Limestone expenses Increased by $\$ 338.0 \mathrm{~K}$ and Ammonia expenses Decreased by $\$ 29.5 \mathrm{~K}$
June - Limestone expenses Decreased by $\$ 250.2 \mathrm{~K}$ and Ammonia expenses Increased by $\$ 25.1 \mathrm{~K}$

| Operating Expense-Limestone and Magnesium |  | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 506001-SP21 | Misc Stm Pwr Exp-Spurlock 1 |  |  |  | Jan 6,519 | \$ | 12,806 | \$ | 6,509 | \$ | 38,158 | \$ | 6,778 | \$ | 19,411 |
|  | Magnesium Expense | \$ | 9,200 75,145 | \$ | 6,519 98,143 | \$ | 12,806 | \$ | 28,959 | \$ | 100,486 | \$ | 26,328 | \$ | 86,334 |
|  | Limestone Expense Limestone Tons Used | \$ | 6,701 |  | 8,631 |  | 8,187 |  | 2,459 |  | 8,303 |  | 2,160 |  | 7,225 |
|  | Expense Dollars | \$ | 84,345 | \$ | 104,662 | \$ | 105,818 | \$ | 35,468 | \$ | 138,644 | \$ | 33,106 | \$ | 105,745 |
|  | Expense Dollars Change |  |  | \$ | 20,317 | \$ | 1,156 | \$ | $(70,350)$ | \$ | 103,176 | \$ | $(105.538)$ | \$ | 72,639 |
|  | Percent Change |  |  |  | 24.09\% |  | 1.10\% |  | -66.48\% |  | 290.90\% |  | -76.12\% |  | 219.41\% |

January - Limestone expenses Increased by $\$ 23.0 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 2.7 \mathrm{~K}$.
March - Limestone expenses Decreased by $\$ 64.0 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 6.3 \mathrm{~K}$.
April - Limestone expenses Increased by $\$ 71.5 \mathrm{~K}$ and Magnesium expenses Increased by $\$ 31.7 \mathrm{~K}$
May - Limestone expenses Decreased by $\$ 74.1 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 31.4 \mathrm{~K}$
June - Limestone expenses Increased by $\$ 60.0 \mathrm{~K}$ and Magnesium expenses Increased by $\$ 12.6 \mathrm{~K}$
East Kentucky Power Cooperative, Inc. Environmental Surcharge Operating and Expense Month over Month Analysis For the Expense Period January - June 2012

| $\begin{aligned} & \text { Operating Expe } \\ & \hline 506001 \text {-SP22 } \end{aligned}$ | Misc Stm Pwr Exp-Spurlock 2 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | \$ | 45,847 | \$ | 12,969 | \$ | 19,460 | \$ | 12,954 | \$ | 55,786 | \$ | 26,517 | \$ | 36,965 |
|  | Limestone Expense | \$ | 175,338 | \$ | 119,953 | \$ | 165,354 | \$ | 177,892 | \$ | 150,730 | \$ | 212,658 | \$ | 167,590 |
|  | Limestone Tons Used |  | 15,637 |  | 10,548 |  | 14,554 |  | 15,104 |  | 12,455 |  | 17.447 |  | 14,204 |
|  | Expense Dollars | \$ | 221,185 | \$ | 132,922 | \$ | 184,814 | \$ | 190,846 | \$ | 206,516 | \$ | 239,175 | \$ | 204,555 |
|  | Expense Dollars Change |  |  | \$ | $(88,263)$ | \$ | 51,892 | \$ | 6,032 | \$ | 15,670 | \$ | 32,659 | \$ | $(34,620)$ |
|  | Percent Change |  |  |  | -39.90\% |  | 39.04\% |  | 3.26\% |  | 8.21\% |  | 15.81\% |  | -14.47\% |

[^15]February - Limestone expenses Increased by $\$ 45.5 \mathrm{~K}$ and Magnesium expenses Increased by $\$ 6.4 \mathrm{~K}$.
May-Limestone expenses Increased by $\$ 61.9 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 29.3 \mathrm{~K}$
June - Limestone expenses Decreased by $\$ 45.1 \mathrm{~K}$ and Magnesium expenses Increased by $\$ 10.5 \mathrm{~K}$

| 506001-SP04 | Misc Stm Pwr Exp-Spurlock 4 | Dec |  | Jan |  | Feb |  | March |  | Apr |  | May |  | June |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | \$ | 53,911 | \$ | 32,805 | \$ | 49,199 | \$ | 30,148 | \$ | 70,047 | \$ | 34,557 | \$ | 59,545 |
|  | Limestone Expense | \$ | 299,650 | \$ | 395,214 | \$ | 346,135 | \$ | 358,263 | \$ | 360,652 | \$ | 393,910 | \$ | 378,983 |
|  | Limestone Tons Used |  | 26,396 |  | 33,056 |  | 29,862 |  | 30,835 |  | 30,884 |  | 32,470 |  | 32,022 |
|  | Expense Dollars | \$ | 353,561 | \$ | 428,019 | \$ | 395,334 | \$ | 388,411 | \$ | 430,699 | \$ | 428,467 | \$ | 438,528 |
|  | Expense Dollars Change |  |  | \$ | 74.458 | \$ | $(32,685)$ | \$ | $(6,923)$ | \$ | 42,288 | \$ | $(2,232)$ | \$ | 10,061 |
|  | Percent Change |  |  |  | 21.06\% |  | -7.64\% |  | -1.75\% |  | 10.89\% |  | -0.52\% |  | 2.35\% |

January - Limestone expenses Increased by $\$ 95.2 \mathrm{~K}$ and Ammonia expenses Decreased by $\$ 21.1 \mathrm{~K}$
April - Limestone expenses Increased by $\$ 2.3 \mathrm{~K}$ and Ammonia expenses increased by $\$ 39.9 \mathrm{~K}$

# EAST KENTUCKY POWER COOPERATIVE, INC. <br> PSC CASE NO. 2012-00486 <br> ENVIRONMENTAL SURCHARGE MECHANISM RESPONSE TO INFORMATION REQUEST 

# COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 11/16/12 REQUEST 5 <br> RESPONSIBLE PARTY: Frank J. Oliva 

Request 5. The Settlement Agreement approved in Case No. 2004-00321 provides that East Kentucky's rate of return on compliance-related capital expenditures will be updated to reflect current average debt cost at the conclusion of the surcharge review period. Provide the following information as of May 31, 2012:
a. The debt issuances directly related to projects in the approved compliance plan 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.
c. East Kentucky's calculation of the weighted average debt cost and the rate of return resulting from multiplying the weighted average debt cost by a 1.50 Times Interest Earned Ratio ("TIER"). Include all supporting calculations showing how the weighted average debt cost was determined.

Responses 5a-c. Please see pages 2 through 5 of this response.
Weighted Average Cost of Debt

| NBV or CWIP |
| :---: |
| $5 / 31 / 2012$ |
| $(2)$ |
| $\$ 56,48,172$ |
| $\$ 17,446,932$ |
| $\$ 58,100,136$ |
| $\$ 29,050,690$ |
| $\$ 78,128,364$ |
| $\$ 137,293,521$ |
| $\$ 185,349,924$ |
| $\$ 1,204,799$ |
| $\$ 202,555,190$ |
| $\$ 765,722,828$ |


| Y-830 year | $\begin{gathered} \text { Note } \\ \text { Number } \end{gathered}$ |  | Interest <br> Rate | Yearly <br> Interest |
| :---: | :---: | :---: | :---: | :---: |
|  | H0720 | 21,082,977 | 4.460\% | 940,301 |
|  | H0725 | 21,259,632 | 4.819\% | 1,024,502 |
|  | H0730 | 21,152,105 | 4.950\% | 1,047,029 |
|  | H0750 | 21,389,713 | 5.091\% | 1,088,950 |
|  | H0755 | 21,417,032 | 5.149\% | 1,102,763 |
|  | H0760 | 21,377,419 | 5.065\% | 1,082,766 |
|  | H0765 | 21,351,791 | 5.011\% | 1,069,938 |
|  | H0770 | 23,130,394 | 5.149\% | 1,190,984 |
|  | H088.5 | 5,667,251 | 4.890\% | 277,129 |
|  | H0960 | 9,900,048 | 4.338\% | 429,464 |
|  | H100.5 | 3,845,867 | 4.306\% | 165,603 |
|  | 11 | 191,574,228 | 4.92\% | 9,419,429 |
| Z-830 year | Note <br> Number |  | Interest Rate | Yearly <br> Interest |
|  | H0810 | 45,311,394 | 4.744\% | 2,149,573 |
|  | H0815 | 45,375,521 | 4.825\% | 2,189,369 |
|  | H0820 | 45,470,068 | 4.946\% | 2,248,950 |
|  | H0825 | 22,621,287 | 4.658\% | 1,053,700 |
|  | H0830 | 22,555,848 | 4.497\% | 1,014,336 |
|  | H0835 | 22,640,140 | 4.705\% | 1,065,219 |
|  | H0840 | 22,487,394 | 4.332\% | 974,154 |
|  | H0845 | 17,087,870 | 4.324\% | 738,879 |
|  | H0855 | 27,052,702 | 4.468\% | 1,208,715 |
|  | H0860 | 27,053,691 | 4.470\% | 1,209,300 |
|  | H0870 | 27,198,755 | 4.769\% | 1,297,109 |
|  | H0890 | 13,820,233 | 5.345\% | 738,691 |
|  | H0895 | 9,211,830 | 5.333\% | 491,267 |
|  | H0915 | 21,262,173 | 4.776\% | 1,015,481 |
|  | H0920 | 21,500,142 | 4.812\% | 1,034,587 |
|  | H1025 | 3,404,962 | 3.801\% | 129,423 |
|  | 16 | 394,054,010 | 4.71\% | 18,558,752 |

## PSC Request 5

Page 4 of 5

| AD-8 30 year | Current |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Note <br> Number | $\begin{gathered} \text { liability } \\ 05-31-12 \end{gathered}$ | Interest Rate | Yearly <br> Interest |
|  | H0925 | 47,807,749.32 | 4.821\% | 2,304,812 |
|  | H0930 | 23,886,800.15 | 4.736\% | 1,131,279 |
|  | H0935 | 47,746,397.54 | 4.669\% | 2,229,279 |
|  | H0940 | 23,813,924.48 | 4.384\% | 1,044,002 |
|  | H0945 | 47,737,819.38 | 4.648\% | 2,218,854 |
|  | H0955 | 47,720,176.96 | 4.605\% | 2,197,514 |
|  | H0965 | 7,621,269.43 | 4.396\% | 335,031 |
|  | H0975 | 19,046,210.75 | 4.355\% | 829,462 |
|  | H0980 | 19,048,422.56 | 4.368\% | 832,035 |
|  | H0985 | 23,843,953.80 | 4.527\% | 1,079,416 |
|  | H0990 | 23,890,432.74 | 4.754\% | 1,135,751 |
|  | H0995 | 23,863,787.41 | 4.623\% | 1,103,223 |
|  | H1000 | 7,519,404.38 | 4.298\% | 323,184 |
|  | H1010 | 23,806,059.52 | 4.347\% | 1,034,849 |
|  | H1015 | 23,818,371.02 | 4.405\% | 1,049,199 |
|  | H1020 | 6,942,107.49 | 2.846\% | 197,572 |
|  | H1030 | 23,614,470.61 | 3.651\% | 862,164 |
|  | H1065 | 13,942,631.54 | 4.252\% | 592,841 |
|  | H1215 | 1,788,268.00 | 3.954\% | 70,708 |
|  | 19 | 457,458,257 | 4.50\% | 20,571,177 |


| AG-8 30 year <br> Spurlock \#2 Scrubber | Note <br> Number | Current <br> liability $05-31-12$ | Interest <br> Rate | Yearly <br> Interest |
| :---: | :---: | :---: | :---: | :---: |
|  | H1035 | 33,918,716 | 3.988\% | 1,352,678 |
|  | H1040 | 24,278,674 | 4.374\% | 1,061,949 |
|  | H1045 | 24,280,862 | 4.391\% | 1,066,173 |
|  | H1050 | 24,307,975 | 4.605\% | 1,119,382 |
|  | H1055 | 38,892,761 | 4.605\% | 1,791,012 |
|  | H1060 | 24,307,351 | 4.600\% | 1,118,138 |
| Split between Spur 1 \& 2 | H1070 | 11,019,607 | 4.262\% | 469,656 |
| Split between Spur 1 \&2 | H1115 | 1,592,781 | 4.175\% | 66,499 |
|  | H1130 | 5,814,702 | 3.990\% | 232,007 |
| Split between Spur 1 \&2 | H1170 | 10,460,306 | 4.508\% | 471,551 |
|  | H1190 | 883,5.58 | 3.922\% | 34,653 |
| Split between Spur 1 \&2 | H1120 | 3,233,230 | 3.954\% | 127,842 |
|  | 12 | 202,990,52.3 | 4.39\% | 8,911,539 |

$\left.\begin{array}{lc}\text { AG-8 30 year } \\ \text { Spurlock \#1 Scrubber }\end{array} \quad \begin{array}{c}\text { Note } \\ \text { Number }\end{array}\right]$ H1070

10

| Current <br> liability <br> $\mathbf{0 5 - 3 1 - 1 2}$ | Interest <br> Rate | Yearly <br> Interest |
| ---: | :---: | ---: |
| $\mathbf{1 3 , 2 4 4 , 0 4 6}$ | $4.262 \%$ | 564,461 |
| $24,242,726$ | $4.100 \%$ | 993,952 |
| $24,290,199$ | $4.464 \%$ | $1,084,314$ |
| $24,303,469$ | $4.569 \%$ | $1,110,425$ |
| $24,280,733$ | $4.390 \%$ | $1,065,924$ |
| $7,041,460$ | $4.142 \%$ | 291,657 |
| 572,151 | $4.194 \%$ | 23,996 |
| $17,809,375$ | $4.175 \%$ | 743,541 |
| $3,588,707$ | $4.508 \%$ | 161,779 |
| $4,641,463$ | $3.954 \%$ | 183,523 |
| $\mathbf{1 4 4 , 0 1 4 , 3 2 9}$ | $\mathbf{4 . 3 2 \%}$ | $6,223,574$ |


| AH-8 30 year | $\begin{gathered} \begin{array}{c} \text { Note } \\ \text { Number } \end{array} \\ \hline \mathrm{H} 1090 \end{gathered}$ | Current <br> liability $\frac{\mathbf{0 5 - 3 1 - 1 2}}{1,951,590}$ | Interest <br> Rate $4.396 \%$ | Yearly <br> Interest $85,792$ |
| :---: | :---: | :---: | :---: | :---: |
| Al-830 year |  | Current |  |  |
|  | Note Number | $\begin{gathered} \text { liability } \\ 05-31-12 \\ \hline \end{gathered}$ | Interest Rate | Yearly Interest |
|  | H1210 | 23,744,440 | 4.067\% | 965,686 |
|  | H1245 | 30,000,000 | 2.791\% | 837,300 |
|  | H1250 | 30,000,000 | 2.916\% | 874,800 |
|  | H1255 | 30,000,000 | 3.094\% | 928,200 |
|  | H1265 | 18,962,000 | 2.928\% | 555,207 |
|  | 5 | 132,706,440 | 3.14\% | 4,161,193.75 |

# EAST KENTUCKY POWER COOPERATIVE, INC. <br> PSC CASE NO. 2012-00486 <br> ENVIRONMENTAL SURCHARGE MECHANISM <br> RESPONSE TO INFORMATION REQUEST 

## COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 11/16/12 REQUEST 6 <br> RESPONSIBLE PARTY: Frank J. Oliva

Request 6. Provide the percentage of East Kentucky's debt issuances directly related to projects in the approved compliance plan that has a variable interest rate as of the May 2012 expense month.

Response 6. The percentage is $0 \%$. Debt issuances directly related to projects in the approved compliance plan are at a fixed interest rate.

# EAST KENTUCKY POWER COOPERATIVE, INC. <br> PSC CASE NO. 2012-00486 <br> ENVIRONMENTAL SURCHARGE MECHANISM RESPONSE TO INFORMATION REQUEST 

## COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 11/16/12 REQUEST 7 <br> RESPONSIBLE PARTY: <br> Isaac S. Scott

Request 7. KRS 278.183(3) provides that during the 2-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

Request 7a. Provide the surcharge amount that EKPC believes should be incorporated into its existing base rates. Include all supporting calculations, workpapers, and assumptions.

Response 7a. As stated in the Direct Testimony of Isaac S. Scott, EKPC does not believe that any surcharge amounts should be incorporated into its existing base rates. However, EKPC has provided a calculation of the estimated roll-in amount, as shown on pages 5 and 6 of this response. The total estimated roll-in (revenue requirement) is $\$ 98,182,091$ and EKPC has further estimated that $\$ 64,685,200$ of the total would be assigned to demand and $\$ 33,496,891$ would be assigned to energy.

To determine this estimated roll-in, EKPC used the environmental compliance rate base as shown in the monthly surcharge report for the expense month of June 30,2011, the last expense month included in the two-year review. This rate base was multiplied by the most recently approved rate of return of 6.786 percent to calculate the dollar return on rate base. Pollution control operating expenses reflect the actual balances for the twelve month period ending June 30, 2011. There were no proceeds from the sale of by-products or emission
allowances for the twelve months ending June 30, 2011 to include in the calculations. The sum of the dollar return on rate base and the pollution control operating expenses was multiplied by the member system allocation ratio for June 2011 of 96.40 percent to recognize that only the portion of the surcharge applicable to member sales would be rolled into base rates. This adjusted surcharge revenue requirement constitutes the estimated roll-in amount.

In its response to Request 7a of the Commission Staff's first data request in Case No. 2009-00317, EKPC had estimated a roll-in amount by summing the monthly surcharge revenue requirements for the twelve months ending June 30, 2009. EKPC has not followed that approach in this proceeding because the operating and maintenance expenses used in the monthly revenue requirement calculations reflect a twelve month average rather than the actual monthly expense. This is done to smooth out fluctuations in the expense levels. EKPC believes that when determining a reasonable estimate of the surcharge to roll-in, the actual operating and maintenance expense levels should be utilized and not the monthly averages.

Request 7b. The surcharge factor reflects a percentage of revenue approach, rather than a per kWh approach. Taking this into consideration, explain how the surcharge amount should be incorporated into EKPC's base rates. Include any analysis that EKPC believes supports its position.

Response 7b. EKPC believes that the most appropriate approach for incorporating surcharge amounts into its base rates is through a traditional cost of service study performed during a base rate proceeding. EKPC has not performed a cost of service study in conjunction with this surcharge review proceeding. Absent a cost of service study, EKPC would propose allocating a portion of the revenue requirement to demand and a portion to energy, as shown in the response to Request 7a. EKPC has assigned the dollar return on compliance rate base and depreciation expense to the demand portion. The portion assigned to energy reflects the pollution control operating expenses minus the depreciation expense.

Request 7c. Provide the Base Period Jurisdictional Environmental Surcharge Factor ("BESF") that reflects all environmental surcharge amounts previously incorporated into existing base rates and the amount determined in part (a). Include all supporting calculations, workpapers, and assumptions.

Response 7c. EKPC's BESF as of June 30, 2011 was zero, as established by the Commission in Case No. 2009-00317. In the response to Request 7a, EKPC has provided a calculated amount of a base rate roll-in. If the Commission were to require EKPC to roll-in its environmental surcharge into base rates, based on the member system base rate revenues for the twelve months ending June 30,2011 , the BESF would be 11.74 percent. However, EKPC notes that it would need to recalculate the BESF based on the most recent twelve month revenue information following the Order in this proceeding. This recalculation is consistent with the approach followed by Louisville Gas and Electric Company and Kentucky Utilities Company when recalculating its BESF.

Request 7d. Does EKPC believe that there will need to be modifications to either the surcharge mechanism or the monthly surcharge reports, other than a revision to BESF, as a result of incorporating additional environmental surcharge amounts into EKPC's existing base rates? If yes, provide a detailed explanation of the modifications and provide updated monthly surcharge reports.

Response 7d. Although EKPC does not support incorporating the environmental surcharge revenue requirement into base rates as part of this proceeding, such a roll-in would not require the need to modify the surcharge mechanism or monthly surcharge reports utilizing the approved base/current mechanism. In conjunction with its recent cost of service and rate design studies, EKPC would note that it has reviewed the base/current approach incorporated in the Kentucky Power Company's surcharge mechanism as a possible alternative. However, at this time EKPC is not proposing any change to the surcharge mechanism.

While a roll-in of the environmental surcharge revenue requirement into EKPC's wholesale base rates would not require a modification to the surcharge mechanism or monthly surcharge reports, such a roll-in would require the member systems to modify their retail base rates accordingly. No mechanism to accomplish a retail base rate change due to an environmental surcharge roll-in was established in conjunction with the approval of the environmental surcharge for EKPC or the pass-through mechanism for the member systems.

Pollution Control Operating Expenses

| Month | ES Form 2.1, columns 6.7, and 8 |  |  | ES Form 2.3 |
| :---: | :---: | :---: | :---: | :---: |
|  | Depreciation \& Amortization | Taxes Other Than Income Taxes | Insurance Expense | Emission Allowance Expense |
|  |  | \$89,204 | \$74,923 | \$586,862 |
| July 2010 | \$1,523,393 | \$270,929 | \$74,923 | \$698,230 |
| August | \$1,523,393 | \$27,929 | \$74,923 | \$388,078 |
| September | \$1,539,309 | \$89,204 | \$74,923 | \$467,822 |
| October | \$1,533,466 | \$89,204 | \$74,923 | \$512,623 |
| November | \$1,533,731 | \$89,204 | \$74,923 | \$741,190 |
| December 2010 | \$1,533,510 | + \$110, 361 | \$74,923 | \$379,851 |
| January 2011 | \$1,533,510 | \$110,361 | \$74,923 | \$307,890 |
| February | \$1,533,510 | \$110,361 | \$74,923 | \$275,131 |
| March | \$1,543,678 | \$111,189 | \$74,923 | \$273,508 |
| April | \$1,533,510 | \$111,189 | \$74,923 | \$216,107 |
| May | $\begin{aligned} & \$ 1,533,510 \\ & \$ 1,533,510 \\ & \hline \end{aligned}$ | $\$ 111,189$ $\$ 111,189$ | \$72,436 | \$201,530 |
| June 2011 |  |  |  |  |
| Totals | \$18,398,032 | \$1,382,426 | \$896,589 | \$5,048,822 |

Note: There were no by-product or emission allowance sales proceeds for the twelve months
Member System Allocation Ratio





[^0]:    ${ }^{1}$ See the Commission's August 19, 2008 Order in the Kentucky Power review, Case No. 2007-00381, page 6. Also, EKPC presented a similar argument in its last two-year review case, Case No. 2009-00317. In its January 28, 2010 Order, page 5 , the Commission found reasonable EKPC's recommendation to not roll-in environmental surcharge amounts at the present time.

[^1]:    ${ }^{2}$ In a letter dated August 31, 2012, EKPC notified the Commission Staff that the cost-of-service study results had indicated that EKPC's current rate design was not significantly different from a "new" rate design that would be supported by the cost-of-service studies. Consequently, EKPC and its member cooperatives concluded that at this time it would not be appropriate for EKPC to file a rate case application that would be driven primarily by very minor rate design issues.

[^2]:    Labor to replace baghouse hopper
    206 - Decrease in Contractor expenses of $\$ 770.8 \mathrm{~K}$, Increase in Materials of $\$ 19.7 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 14.7 \mathrm{~K}$

[^3]:    january - Decrease in Contractor expenses of $\$ 51.7 \mathrm{~K}$, decrease in materials of $\$ 6.7 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 20.4$
    Rental, erect and disassemble of scaffolding
    February - Increase in Contractor expenses of $\$ 129.2 \mathrm{~K}$, increase in materials of $\$ 5.1 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 23.7 \mathrm{~K}$ Repair and balance Ekato WJ3-1 (agitator impellers)

    Reinforced PVC and vinyl tubing
    Rental, erect and disassemble of scaffolding
    March - Decrease in Contractor expenses of $\$ 53.7 \mathrm{~K}$, decrease in materials of $\$ 8.7 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 0.6 \mathrm{~K}$ Repair SLM- 6000 mechanical (seal for pump)

    Vibration monitoring services
    May - Increase in Contractor expenses of $\$ 77.1 \mathrm{~K}$, decrease in materials of $\$ 1.4 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 0.1 \mathrm{~K}$ Water blast and vacuum unit

    June - Decrease in Contractor expenses of $\$ 18.1 \mathrm{~K}$, Decrease in Materials of $\$ 1.8 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 10.0 \mathrm{~K}$

[^4]:    April - Decrease in Contractor expenses of $\$ 363.8 \mathrm{~K}$, increase in materials of $\$ 31.0 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 32.3 \mathrm{~K}$ Labor, Material and Equipment to perform Preventive Maintenance.

    May - Decrease in Contractor expenses of $\$ 48.7 \mathrm{~K}$, decrease in materials of $\$ 0.1 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 0.3 \mathrm{~K}$ Labor, Material and Equipment for Assembly 4X6-10G pump model 3196

    June - Increase in Contractor expenses of $\$ 39.2 \mathrm{~K}$, Decrease in Materials of $\$ 24.4 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 7.3 \mathrm{~K}$
    Labor, Material and Equipment for Assembly $4 \mathrm{X} 6-10 \mathrm{G}$ pump model 3196
    Material: Mechanicai seal (repaired)

[^5]:    March - Limestone expenses increased by $\$ 7.3 \mathrm{~K}$ and Magnesium expenses increased by $\$ 12.2 \mathrm{~K}$
    May - Limestone expenses increased by $\$ 33.5 \mathrm{~K}$ and Magnesium expenses increased by $\$ 6.2 \mathrm{~K}$
    June - Limestone expenses increased by $\$ 51.9 \mathrm{~K}$ and Magnesium expenses increased by $\$ 6.0 \mathrm{~K}$

[^6]:    January - Limestone expenses increased by $\$ 14.4 \mathrm{~K}$ and Magnesium expenses increased by $\$ 12.5 \mathrm{~K}$.
    February - Limestone expenses decreased by $\$ 66.9 \mathrm{~K}$ and Magnesium expenses decreased by $\$ 11.3 \mathrm{~K}$.
    March - Limestone expenses increased by $\$ 51.9 \mathrm{~K}$ and Magnesium expenses increased by $\$ 12.4 \mathrm{~K}$.
    April - Limestone expenses decreased by $\$ 13.5 \mathrm{~K}$ and Magnesium expenses decreased by $\$ 12.3 \mathrm{~K}$

[^7]:    Proje Labor to inspect and labor and materials to repair precipita
    July - Project 03330 - Decrease in Contractor expenses of $\$ 150.3 \mathrm{~K}$, Increase in EKPC payroll and benefits of $\$ 0.6 \mathrm{~K}$ and an Increase in materials 4.1 K .
    Labor and materials to repair breakers
    Project 03501 - Increase in Contractor expenses of $\$ 26.1 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 0.4 \mathrm{~K}$.
    August - Project 03330 - Increase in Contractor expenses of $\$ 6.8 \mathrm{~K}$, Decrease in materials of $\$ 1.0 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 2.4 \mathrm{~K}$.
    September - Project 03330 - Decrease in Contractor expenses of $\$ 6.8 \mathrm{~K}$, Decrease in materials of $\$ 4.6 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 1.8 \mathrm{~K}$. Project 03501 - Increase in Contractor expenses of $\$ 0.1 \mathrm{~K}$ and an Decrease in EKPC payroll and benefits of $\$ 0.4 \mathrm{~K}$

    October - Project 03330 - Increase in Contractor expenses of $\$ 1.5 \mathrm{~K}$, Increase in Materials of $\$ 1.4 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 0.4 \mathrm{~K}$. Project 03501 - Increase in EKPC payroll and benefits of $\$ 0.7 \mathrm{~K}$

    November - Project 03330 - Decrease in Contractor payments of $\$ 1.5 \mathrm{~K}$, Decrease in Materials of $\$ 0.1 \mathrm{~K}$ and a decrease in EKPC payroll and benefits of $\$ 1.4 \mathrm{~K}$. Project 03501 - Increase in Contractor expenses of $\$ 2.0 \mathrm{~K}$ and an Decrease in EKPC payroll and benefits of $\$ 0.7 \mathrm{~K}$

    December - Project 03330 - Increase in EKPC payroll and benefits of $\$ 0.5 \mathrm{~K}$.
    Project 03501 - Increase in Contractor expenses of $\$ 18.4 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.5 \mathrm{~K}$

[^8]:    Project 03330 is for the Spurge. This project was

[^9]:    July - Decrease in Contractor expenses of $\$ 36.5 \mathrm{~K}$, Increase in Materials of $\$ 10.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.7 \mathrm{~K}$

[^10]:    July - Decrease in Contractor expenses of $\$ 23.4 \mathrm{~K}$, Increase in Materials of $\$ 8.5 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 8.8 \mathrm{~K}$ July - Decrease in Contractor expenses of $\$ 23$. Mabor, Material and Equipment for Assembly 4X6-10G pump model 3196

    August - Decrease in Contractor expenses of $\$ 16.0 \mathrm{~K}$, Increase in Materials of $\$ 6.7 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 0.1 \mathrm{~K}$
    Labor, Material and Equipment for Assembly 4X6-10G pump model 3196
    September - Increase in Contractor expenses of $\$ 88.6 \mathrm{~K}$, Decrease in Materials of $\$ 6.3 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 6.5 \mathrm{~K}$
    Labor and material to install conduit
    Vabor and materion monitoring services
    October - Increase in Contractor expenses of $\$ 587.0 \mathrm{~K}$, Increase in Materials of $\$ 109.6 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 9.5 \mathrm{~K}$ Vibration monitoring services
    Collecting Electrodes

    Collecting Electrodes
    Material: Spare wingjet impeller (repaired), Welding electrode
    November - Decrease in Contractor expenses of $\$ 456.3 \mathrm{~K}$, Decrease in Materials of $\$ 104.2 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 4.3 \mathrm{~K}$
    Vibration monitoring services
    Collecting Electrodes
    Material: Spare wingjet impeller (repaired), Welding electrode
    December - Increase in Contractor expenses of $\$ 306.6 \mathrm{~K}$, Decrease in Materials of $\$ 10.4 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 13.9 \mathrm{~K}$
    Rental, erect and disassemble of scaffolding
    Vental,
    Vibation monitoring services
    Material: Mechanical seal

[^11]:    November - Limestone expenses Decreased by $\$ 44.3 \mathrm{~K}$ and Ammonia expenses Decreased by $\$ 12.1 \mathrm{~K}$
    December - Limestone expenses Increased by $\$ 17.5 \mathrm{~K}$ and Ammonia expenses increased by $\$ 3.2 \mathrm{~K}$

[^12]:    Project 03330 is for the Spurlock 1 Electrostatic Precipitator and Project 03501 is for Spurlock 1 SCR maintenance.
    January - Project 03330 - Increase in EKPC payroll and benefits of $\$ 0.4 \mathrm{~K}$.
    Project 03501 - Decrease in Contractor expenses of $\$ 20.4 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 0.5 \mathrm{~K}$.
    -
    March - Project 03330 - Decrease in Contractor expenses of $\$ 1.5 \mathrm{~K}$, Decrease in Materials of $\$ 0.6 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.8 \mathrm{~K}$. Project 03501 - Increase in EKPC payroll and benefits of $\$ 1.3 \mathrm{~K}$

    April - Project 03330 - Decrease in EKPC payroll and benefits of $\$ 1.8 \mathrm{~K}$.
    May - Project 03330 - Increase in Contractor payments of $\$ 0.5 \mathrm{~K}$, Increase in Materials of $\$ 3.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 0.2 \mathrm{~K}$.
    3330 - Increase in Contractor payments of $\$ 146.6 \mathrm{~K}$, Decrease in Materials of $\$ 3.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.1 \mathrm{~K}$.
    Labor to inspect and labor and materials to repair unit \#1 precipitators
    Pillow block shaft protectors
    Pillow block shaft protectors
    Project 03501 - Increase in Contractor expenses of $\$ 41.9 \mathrm{~K}$, Decrease in Materials of $\$ 0.3 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 3.2 \mathrm{~K}$
    Rent, erect and dismantle scaffolding

[^13]:    s of $\$ 65.6 \mathrm{~K}$. Decrease in Materials of $\$ 30.7 \mathrm{~K}$ and an increase in EKPC payroll and benefits of $\$ 6.2 \mathrm{~K}$ Boll filter in differential alarm cleaned

    Ball mill recycle sleeve bearing adjustment
    February - Increase in Contractor expenses of $\$ 19.4 \mathrm{~K}$, Increase in Materials of $\$ 12.4 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 3.1 \mathrm{~K}$ Labor and material to install conduit and wiring
    Material: Mechanical single cartridge seal

    March - Increase in Contractor expenses of $\$ 4.3 \mathrm{~K}$, Increase in Materials of $\$ 2.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 6.0 \mathrm{~K}$
    April - Increase in Contractor expenses of $\$ 1.0 \mathrm{~K}$, Increase in Materials of $\$ 3.5 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 14.3 \mathrm{~K}$
    May - Increase in Contractor expenses of $\$ 22.6 \mathrm{~K}$, Increase in Materials of $\$ 100.7 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 20.0 \mathrm{~K}$ Labor and material to install conduit and wiring

    June - Increase in Contractor expenses of $\$ 602.2 \mathrm{~K}$, Decrease in Materials of $\$ 76.3 \mathrm{~K}$ and a Decrease in EKPC payroll and benefits of $\$ 6.2 \mathrm{~K}$ Rental, Erect and Disassemblast unit \#1 scrubber absorbers

    Labor to remove expansion joints
    Material: Wingjet agitator impeller, throat bushings

[^14]:    January - Decrease in Contractor expenses of $\$ 558.5 \mathrm{~K}$, Increase in Materials of $\$ 5.8 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 9.4 \mathrm{~K}$ Rental, erect and disassemble of scaffolding

    February - Increase in Contractor expenses of $\$ 63.0 \mathrm{~K}$, Increase in Materials of $\$ 7.4 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 0.7 \mathrm{~K}$
    Labor and material to install conduit and wiring
    Labor and material to repair ceramic coating of GSL pump
    March - Increase in Contractor expenses of $\$ 62.8 \mathrm{~K}$, Decrease in Materials of $\$ 9.1 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 1.4 \mathrm{~K}$ Rental, erect and disassemble of scafoldig

    Labor and material to install conduit and wiring
    Labor and material to repair ceramic coating of GSL
    April - Decrease in Contractor expenses of $\$ 52.1 \mathrm{~K}$, Increase in Materials of $\$ 77.1 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 15.0 \mathrm{~K}$ Rental, erect and disassemble of scaffolding

    Labor and material to install conduit and wiring
    Labor and material to repair ceramic coating , Shaft en
    Material: Spare wingject impeller (repaired), Shaft end Kit with end disc
    June - Decrease in Contractor expenses of $\$ 33.9 \mathrm{~K}$, Decrease in Materials of $\$ 211.9 \mathrm{~K}$ and an Increase in EKPC payroll and benefits of $\$ 11.0 \mathrm{~K}$ Rental, erect and disassemble of scaffolding

    Labor and material to repair ceramic coating of GSL
    Material: Collecting Electrode Plates 1000 MM

[^15]:    January - Limestone expenses Decreased by $\$ 55.4 \mathrm{~K}$ and Magnesium expenses Decreased by $\$ 32.8 \mathrm{~K}$.

