



**RESPONSE TO AG'S SUPPLEMENTAL REQUESTS FOR INFORMATION**

**MISCELLANEOUS EXPENSES**

- Q. With regard to the response to AG-1-34, provide a detailed breakout and description of the \$7,179 Items to Give to Schools and the \$402 for Candy for Consumers.
  
- R. A detailed description is not provided as these expenses should have been removed for rate-making purposes and were overlooked in the preparation of this application.



Cumberland Valley Electric  
Case No. 2005-00187

Attorney General's Supplemental Requests for Information

17) Question

What is the nature and purpose of the \$1,271 expense for the NRUCFC Fund Contribution?

17) Response

A portion of the patronage refund from NRUCFC is retained by them to be set aside in a fund that can be used by members where territorial issues arise. The members can request assistance from this fund. to reimburse for expenses incurred.



Cumberland Valley Electric  
Case No. 2005-00187

Attorney General's Supplemental Requests for Information

18) Question

With regard to the response to AG-1-37, please provide the following information:

- a) Does the response to part a mean that the test year above-the-line expenses include \$3,589.40 of prize and giveaway expenses? If so, reconcile this with the response to PSC-1-31, page 3.

Response

Prizes and giveaways of \$1,834.13 are included in above the line expenses during the test year. These are as follows:

05/26-04	26250	VISA	\$1,319.19
06/24-04	26472	VISA	514.94
			<u>\$1,834.13</u>

The amount of \$3,589.40 was a result of amounts included on a tape total that was not cleared when adding the amounts. The above as reported in PSC-1-31, page 3 are the items to be reported.

- b) Do the responses to parts b and c mean the test year above-the-line expenses include \$607.77 of flower fund expenses and \$452.01 of coffee fund expenses? If not, explain the response.

Response

Yes.

- c) Are the gift expenses of \$918.46 referenced in part d of the response included in the test year adjusted above-the-line expenses or were they removed for ratemaking purposes?

Response

These were removed in Application Exhibit F, Schedule 13, page 1 of 1.



RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

19. Q. With regard to the Account 597 information in the response to PSC-2-21d, please provide the following information:
- a) Provide the actual Account 597 expenses for each of the most recent 12 months from October 2004 through September 2005. Provide this information in total and as broken out by labor and non-labor components.
  - b) When did CVE first start testing and retrofitting for Turtle II technology?
- R. a) The following are the actual expenses for Account 597:

Month	Total
October 2004	\$ 2,641.55
November 2004	2,588.70
December 2004	3,897.36
January 2005	1,139.54
February 2005	3,836.97
March 2005	2,360.88
April 2005	5,244.49
May 2005	4,934.60
June 2005	2,260.89
July 2005	1,783.08
August 2005	3,349.17
September 2005	<u>1,364.41</u>
	<u>\$ 35,401.64</u>

The actual expenses for Account 597 for October 2004 through September 2005 are \$35,401.64 which includes \$10,024.60 for labor components and \$25,377.04 for non-labor components.

- b) The first Turtle II substation was enabled in October 2004.



**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

20. Q. Please provide the exact same information provided for Account 593.01 – ROW Cutting in the response to AG-1-41, but for Accounts 593.02, 593.03 and 593.04.

R. See details below:

**Account 593.02**

**Year 2000**

- A) Description of the type of services booked to this account.  
This account shall include the cost of materials, supplies and repairs for right of way clearing.
- B) Total actual expenses booked.  
\$ 7,904.14
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 0.00
- E) Description of what makes up the remainder of the total expenses.  
Materials, supplies and repairs
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.  
None

**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**Account 593.02**

**Year 2001**

- A) Description of the type of services booked to this account.  
This account shall include the cost of materials, supplies and repairs for right of way clearing.
- B) Total actual expenses booked.  
\$ 7,663.86
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 0.00
- E) Description of what makes up the remainder of the total expenses.  
Materials, supplies and repairs
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.  
None

**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**Account 593.02**

**Year 2002**

- A) Description of the type of services booked to this account.  
This account shall include the cost of materials, supplies and repairs for right of way clearing.
- B) Total actual expenses booked.  
\$ 5,725.24
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 0.00
- E) Description of what makes up the remainder of the total expenses.  
Materials, supplies and repairs
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.  
None

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

**Account 593.02**

**Year 2003**

- A) Description of the type of services booked to this account.  
This account shall include the cost of materials, supplies and repairs for right of way clearing.
- B) Total actual expenses booked.  
\$ 6,288.31
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 0.00
- E) Description of what makes up the remainder of the total expenses.  
Materials, supplies and repairs
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.  
None

**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**Account 593.02**

**Year 2004**

- A) Description of the type of services booked to this account.  
This account shall include the cost of materials, supplies and repairs for right of way clearing.
- B) Total actual expenses booked.  
\$ 4,689.69
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 0.00
- E) Description of what makes up the remainder of the total expenses.  
Materials, supplies and repairs
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.  
None

**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**Account 593.03**

**Year 2000**

- A) Description of the type of services booked to this account.  
This account is not used during Year 2000.
- B) Total actual expenses booked.  
\$ 0.00
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 0.00
- E) Description of what makes up the remainder of the total expenses.  
Account not used.
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.  
None

CUMBERLAND VALLEY ELECTRIC, INC.  
CASE NO. 2005-00187

Item 20  
Page 7 of 15  
Witness: Jim Adkins

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

Account 593.03

Year 2001

- A) Description of the type of services booked to this account.  
This account shall include the cost of right of way bushhogging.
- B) Total actual expenses booked.  
\$ 85,734.32
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 74,541.76
- E) Description of what makes up the remainder of the total expenses.  
Transportation clearing
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 60,815.76	Right of way bushhogging
Five Construction Co., Inc.	65.50	Right of way bushhogging
Lay Tree & Brush Co., Inc.	13,660.50	Right of way bushhogging

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

Account 593.03

Year 2002

- A) Description of the type of services booked to this account.  
This account shall include the cost of right of way bushhogging.
- B) Total actual expenses booked.  
\$ 69,633.68
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 60,588.38
- E) Description of what makes up the remainder of the total expenses.  
Transportation clearing
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 47,524.38	Right of way bushhogging
Lay Tree & Brush Co., Inc.	12,964.00	Right of way bushhogging
Bogie Welding Service	100.00	Repairs

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

Account 593.03

Year 2003

- A) Description of the type of services booked to this account.  
This account shall include the cost of right of way bushhogging.
- B) Total actual expenses booked.  
\$ 87,506.91
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 73,914.22
- E) Description of what makes up the remainder of the total expenses.  
Transportation clearing
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 52,037.07	Right of way bushhogging
Lay Tree & Brush Co., Inc.	21,877.15	Right of way bushhogging

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

Account 593.03

Year 2004

- A) Description of the type of services booked to this account.  
This account shall include the cost of right of way bushhogging.
- B) Total actual expenses booked.  
\$ 148,379.75
- C) Portion of total expenses representing internal labor expenses.  
\$ 127.35
- D) Portion of total expenses representing charges from outside contractors.  
\$ 116,664.15
- E) Description of what makes up the remainder of the total expenses.  
Transportation clearing, equipment rental, parts
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 78,131.61	Right of way bushhogging
Lay Tree & Brush Co., Inc.	38,532.54	Right of way bushhogging

**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**Account 593.04**

**Year 2000**

- A) Description of the type of services booked to this account.  
This account shall include the cost of maintenance expense performed by contractors.
- B) Total actual expenses booked.  
\$ 50,403.83
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 49,932.66
- E) Description of what makes up the remainder of the total expenses.  
Supplies
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 15,985.00	Overhead line maintenance
Five Construction Co., Inc.	32,719.66	Overhead line maintenance
Bogie Welding Service	1,228.00	Repairs

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

Account 593.04

Year 2001

- A) Description of the type of services booked to this account.  
This account shall include the cost of maintenance expense performed by contractors.
- B) Total actual expenses booked.  
\$ 59,782.44
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 59,782.44
- E) Description of what makes up the remainder of the total expenses.  
None
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 22,206.30	Overhead line maintenance
Five Construction Co. Inc.	37,576.14	Overhead line maintenance

**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**Account 593.04**

**Year 2002**

- A) Description of the type of services booked to this account.  
This account shall include the cost of maintenance expense performed by contractors.
- B) Total actual expenses booked.  
\$ 60,201.30
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 60,201.30
- E) Description of what makes up the remainder of the total expenses.  
None
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 25,563.66	Overhead line maintenance
Five Construction Co. Inc.	34,297.64	Overhead line maintenance
Bogie Welding Service	340.00	Repairs

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

Account 593.04

Year 2003

- A) Description of the type of services booked to this account.  
This account shall include the cost of maintenance expense performed by contractors.
- B) Total actual expenses booked.  
\$ 90,535.04
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 90,535.04
- E) Description of what makes up the remainder of the total expenses.  
None
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 24,753.03	Overhead line maintenance
Five Construction Co. Inc.	65,782.01	Overhead line maintenance

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

Account 593.04

Year 2004

- A) Description of the type of services booked to this account.  
This account shall include the cost of maintenance expense performed by contractors.
- B) Total actual expenses booked.  
\$ 100,200.30
- C) Portion of total expenses representing internal labor expenses.  
\$ 0.00
- D) Portion of total expenses representing charges from outside contractors.  
\$ 100,200.30
- E) Description of what makes up the remainder of the total expenses.  
None
- F) Breakout of the total expenses representing charges from outside contractors (to be provided in response to part C) by contractor and a description of the services rendered by each contractor.

<u>Contractor</u>	<u>Total Expense</u>	<u>Description of Service</u>
Shelton Construction Co., Inc.	\$ 30,551.29	Overhead line maintenance
Five Construction Co. Inc.	69,649.01	Overhead line maintenance



**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**RIGHT OF WAY MAINTENANCE**

- Q. With regard to the response to AG-1-42, please provide the following information:
- a. Since what date (month and year) has CVE use Lay Tree and Brush Company for its ROW cutting contracting work?
  - b. What is the name and address of the owner of Lay Tree and Brush Company?
  - c. Re: the response to AG-1-42b: When did CVE change contractors? Who was the old contractor and who became the new contractor?
  - d. Re: the response to AG-1-42b: Explain in detail why CVE believes that the hourly basis compensation method is a better method than the unit construction compensation method for the area of Kentucky served by CVE.
  - e. Re: the response to AG-1-42d: Please explain the following items:
    - (1) Explain in detail why CVE pays for the ROW cutting equipment and material given that it pays outside contractor \$600,000 - \$700,000 per year for all of the ROW cutting activities.
    - (2) Explain whether it is a generally accepted practice in the industry to have the utility pay for the ROW cutting equipment and materials while contracting out all ROW cutting work. Also, provide the basis for your opinion.
    - (3) What is the total amount of ROW cutting equipment and materials incurred and booked by CVE during each of last years
- 
- R. a. 1981
- b. Lay Tree & Brush, P.O. Box 1415, Barbourville, KY 40906
  - c. Asplund & Townsend
  - d. CVE's past experience has been the basis for using the hourly based compensation method. Several ways exist for clearing ROW including spraying, hand clearing and bush-hogging and no perfect way exists around towns and villages. A contractor who trims trees for a residential lot will use the hourly compensation method because it is extremely difficult for him to estimate the amount of time needed to trim those trees. In a similar way it is extremely difficult for a contractor to estimate the amount of time required to maintain ROW in Harlan County

**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**RIGHT OF WAY MAINTENANCE**

an area where CVE does significant ROW work. This ROW must be cleared using axes and power saws in a terrain that is mountainous with significant vegetation growth. CVE has consulted with one Cooperative that used the unit construction method. This Cooperative's experience was that the contractor ended up demanding more money and when the Cooperative refused, the contractor walked off the job. CVE sincerely believes in the hourly based compensation method because it has been tried and has resulted in good ROW clearance at fair prices.

- e (1) A mistake was made in the original answer. The contractor does furnish the power saws to clear ROW and then invoices CVE. The labor dollar savings and equipment provided for ROW maintenance is more economical than if this task was accomplished by CVE employees.
- (2) CVE does not believe it to be a standard practice to furnish power saws to clear ROW. See the response to e(1) above.
- (3) Listed below is the requested information:

<u>Year</u>	<u>Equipment</u>	<u>Materials</u>
2000		\$ 7,904
2001		7,664
2002		5,725
2003		6,288
2004	\$ 67,337	4,690



**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**ETS UNITS AND TRANSFORMER COSTS**

Q. Follow-up to Question 51a.

- a. Isn't it true that a transformer is necessary for power to be delivered in an ETS unit?
- b. Since the purpose of an embedded cost of service study is to allocate the cost of a particular item between rate classes when multiple classes are using the same item, why wouldn't the ETS class be assigned part of the cost of transformers they are using.

R. a. Transformers are very necessary for the delivery of power to an ETS unit.

- b. One of the purposes in the completion of an embedded cost of service study is to assign costs to those functions or areas that created or caused the cost to be incurred. In other words, costs behavior can be one of the basis for the assigning or allocating of costs to a rate class. The rationale in the original development of the ETS rate was that no additional costs would be incurred for a transformer because the ETS unit would be charged during off-peak times using the transformer already in service with no additional costs incurred. Since no additional costs are being incurred, none should be allocated to the ETS rate class. Transformer costs are considered to be consumer related and demand related. And ETS units in the ETS rate class have not increased the demand kW since they are charged during the off-peak period nor have they increased the demand related costs. Additionally, the customer related costs have not changed because we have not changed the number of consumers nor have we increased the customer related transformer costs.

The concept behind the ETS rate is the idea is that the only additional costs that would be incurred for these units would be the cost of energy plus the cost of metering the ETS unit and some additional wiring costs. No additional demand or consumer related costs would be incurred. ETS units was visualized as means of deferring the construction of new generation capacity and improving the utilization of the currently installed base load generation capacity.

Furthermore, the ETS rates were approved by this Commission on the concepts stated above and it would not be fair to those consumers to change this program after they have made a substantial investment to install an ETS unit.



**RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION**

**ETS UNITS AND SERVICES COSTS**

Q. Follow-up to Question 52a.

- a. Isn't it true that a Service is necessary for power to be delivered in an ETS unit?
- b. Since the purpose of an embedded cost of service study is to allocate the cost of a particular item between rate classes when multiple classes are using the same item, why wouldn't the ETS class be assigned part of the cost of Services they are using.

R. Please see the response to Item 22 in this the informational request.



**RESPONSE TO AG'S SUPPLEMENTAL REQUESTS FOR INFORMATION**

**WHOLESALE POWER TARIFFS AND INVOICES**

- Q. Follow-up to Question 55. In this response, Cumberland Valley states that the appropriate EKPC tariffs and actual bills for the test year are attached, but those copies were not attached. Please provide these attachments.
- R. Included as a part of this response is a copy of EKPC's present tariffs and copies of EKPC's wholesale power invoices to CVE for the test period of 2009.

P.S.C. KY NO. 29

CANCELS P.S.C. KY NO. 28

EAST KENTUCKY POWER COOPERATIVE, INC.  
OF  
WINCHESTER, KENTUCKY

RATES, RULES, AND REGULATIONS FOR FURNISHING  
WHOLESALE POWER SERVICE  
AT  
VARIOUS LOCATIONS TO  
RURAL ELECTRIC COOPERATIVE MEMBERS  
THROUGHOUT KENTUCKY

FILED WITH THE PUBLIC SERVICE COMMISSION  
OF KENTUCKY

ISSUED JUNE 7, 2005

EFFECTIVE FOR SERVICE RENDERED  
ON AND AFTER JUNE 1, 2005

ISSUED BY EAST KENTUCKY POWER COOPERATIVE, INC.

BY \_\_\_\_\_

Roy M. Palk  
President and Chief Executive Officer

EAST KENTUCKY POWER COOPERATIVE, INC.

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Wholesale Power Rate Schedule

**Applicability**

Applicable to all sections of this rate schedule and this rate schedule shall apply to each East Kentucky Power Cooperative, Inc. (hereinafter referred to as "EKPC" or the "Cooperative") load center separately.

**Load Center Charges - Monthly**

A. Metering Point Charge

1. Applicable to each metering point and to each substation
2. Charge: \$125.00

B. Substation Charge

1. Applicable to each substation based on its size:
2. Charges:

1,000 - 2,999 kVa substation	\$ 944.00
3,000 - 7,499 kVa substation	\$2,373.00
7,500 - 14,999 kVa substation	\$2,855.00
15,000 and over kVa substation	\$4,605.00

**Minimum Monthly Charge**

The minimum monthly charge shall be equal to the Load Center Charges plus the minimum monthly charges for Section B and Section C. Load Center Charges cover metering point and substation charge.

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DATE OF ISSUE June 7, 2005 DATE EFFECTIVE: Service rendered on and after June 1, 2005

ISSUED BY \_\_\_\_\_ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2004-00464 Dated May 24, 2005

EAST KENTUCKY POWER COOPERATIVE, INC.

Fuel Adjustment

1. The fuel clause shall provide for periodic adjustment per kWh of sales when the unit cost of fuel [F(m) / S(m)] is above or below the base unit cost of \$0.02025 per kWh [F(b) / S(b)]. The current monthly charges shall be increased or decreased by the product of the kWh furnished during the current month and the fuel adjustment rate for the preceding month where the fuel adjustment rate is defined below:

$$\text{Fuel Adjustment Rate} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all defined below:

2. Fuel cost (F) shall be the most recent actual monthly cost of:
  - (a) Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation and/or transmission outages, but less the cost of fuel related to substitute generation, plus
  - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus
  - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases and the charges as a result of scheduled outages, also such kinds of energy being purchased by the buyer to substitute for its own higher cost energy; and less

DATE OF ISSUE June 7, 2005 DATE EFFECTIVE: Service rendered on and after June 1, 2005  
ISSUED BY Lay M. Falk TITLE President & Chief Executive Officer  
Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2004-00464 Dated May 24, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

6/1/2005

KRS 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

EAST KENTUCKY POWER COOPERATIVE, INC.

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**Fuel Adjustment (con't.)**

- (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
- (e) All fuel costs shall be based on weighted average inventory costing.
- 3. Forced outages are all non-scheduled losses of generation or transmission which require (purchase of) substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of public enemy, the utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.
- 4. Sales (S) shall be kWh sold, excluding inter-system sales. Where for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to the sum of (i) generation, (ii) purchases, (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) inter-system sales referred to in subsection (2)(d) above, less (vi) total system losses. Utility-used energy shall not be excluded in the determination of sales (S).
- 5. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licenses.

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DATE OF ISSUE June 7, 2005 DATE EFFECTIVE: Service rendered on and after June 1, 2005

ISSUED BY \_\_\_\_\_ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2004-00464 Dated May 24, 2005

EAST KENTUCKY POWER COOPERATIVE, INC.

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**Power Factor Adjustment**

The member cooperative agrees to maintain a unity power factor as nearly as practicable at each load center at the time of the monthly peak demand for the load center. When the power factor is determined to be less than 90%, the monthly billing demand at the load center will be adjusted by multiplying the actual monthly billing demand by 90% and dividing this product by the actual power factor at the time of the monthly peak demand for the load center. For new load centers, the power factor penalty will not be applicable for the month of energization or the succeeding six (6) months. The demand rate applicable for power factor penalty billing is the lowest firm demand rate in Section A, B, C, E, or G.

**Energy Curtailment and Outage Restoration Priorities**

These tariffs are subject to the Energy Curtailment and Outage Restoration Priorities provisions of Administrative Case No. 353 of the Kentucky Public Service Commission. East Kentucky Power Cooperative's energy curtailment and restoration procedures are contained in Appendix I to these tariffs title Emergency Electric Procedures, East Kentucky Power Cooperative, Inc.; prepared April 1, 1994; revised February 17, 1995.

East Kentucky Power Cooperative will adhere to the curtailment of service requirements as set forth below and contained in Kentucky Revised Statutes (KRS) Section 278.214.

**Curtailment of service by utility or generation and transmission cooperative.** When a utility or generation and transmission cooperative engaged in the transmission of electricity experiences on its transmission facilities an emergency or other event that necessitates a curtailment or interruption of service, the utility or generation and transmission cooperative shall not curtail or interrupt retail electric service within its certified territory, or curtail or interrupt wholesale electric energy furnished to a member distribution cooperative for retail electric service within the cooperative's certified territory, except for customers who have agreed to receive interruptible service, until after service has been interrupted to all other customers whose interruption may relieve the emergency or other event.

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DATE OF ISSUE June 7, 2005 DATE EFFECTIVE: Service rendered on and after June 1, 2005

ISSUED BY \_\_\_\_\_ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2004-00464 Dated May 24, 2005

EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section A**

**Availability**

Available to all cooperative associations which are or shall be members of EKPC. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

**Applicability**

Applicable to all power usage at the load center not subject to the provisions of Sections B, C, and E of this tariff.

**Monthly Rate - Per Load Center**

Demand Charge per kW of billing demand	\$7.82
Energy Charge per kWh	\$0.027325

**Billing Demand**

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below-listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Billing demand applicable to this section is equal to the load center's contribution to EKPC's system peak demand minus the actual demands of Section B, Section C, and Section E participants coincident with EKPC's system peak demand.

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For All Counties Served  
P.S.C. No. 29  
Original Sheet No. 6  
Canceling P.S.C. No. 28  
Original Sheet No. 6

EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section A (con't.)**

**Billing Energy**

Billing energy applicable to this section is equal to the total energy provided at the load center minus the actual energy provided to Section B, Section C, and Section E participants.

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EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section B**

**Availability**

Available to all cooperative associations which are or shall be members of EKPC and which execute EKPC approved contracts with the ultimate consumers. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

**Applicability**

Applicable to cooperative associations and ultimate consumers willing to contract for demands of 500 kW or greater and a monthly minimum energy usage equal to or greater than 400 hours per kW of contract demand. Wholesale monthly minimum demand shall be agreed between the cooperative association and EKPC.

**Monthly Rate**

Demand Charge per kW of Minimum Demand	\$5.39
Demand Charge per kW of Billing Demand in Excess of Minimum Demand	\$7.82
Energy Charge per kWh	\$0.027325

**Billing Demand**

The billing demand (kilowatt demand) shall be the minimum demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with EKPC's system peak (coincident peak), exceeds the minimum demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

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EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section B (con't.)**

**Minimum Monthly Charge**

The minimum monthly charge shall not be less than the sum of (a) and (b) below:

- (a) The product of the minimum demand multiplied by the demand charge, plus
- (b) The product of the minimum demand multiplied by 400 hours and the energy charge per kWh minus the fuel base per kWh.

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EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section C**

**Availability**

Available to all cooperative associations which are or shall be members of EKPC and which execute EKPC approved contracts with the ultimate consumers. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

**Applicability**

Applicable to cooperative associations and ultimate consumers willing to contract for demand of 500 kW or greater and a monthly energy usage equal to or greater than 400 hours per kW of billing demand.

**Monthly Rate**

Demand Charge per kW of Billing Demand	\$5.39
Energy Charge per kWh	\$0.027325

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EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section C (con't.)**

**Billing Demand**

The kilowatt demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The ultimate consumer's highest demand during the current month or preceding eleven months coincident with EKPC's system peak demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**Minimum Monthly Charge**

The minimum monthly charge shall not be less than the sum of (a) and (b) below:

- (a) The product of the billing demand multiplied by the demand charge, plus
- (b) The product of the billing demand multiplied by 400 hours and the energy charge per kWh minus the fuel base per kWh.

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EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section D**  
**Interruptible Service**

**Standard Rider**

This Interruptible Rate is a rider to Rate Sections A, B, C, and E.

**Applicable**

In all territory served by EKPC.

**Availability of Service**

This schedule shall be made available at any load center, to any member cooperative where an ultimate "Customer" will contract for an interruptible demand of not less than 250 kW and not more than 20,000 kW, subject to a maximum number of hours of interruption per year and a notice period as listed below.

**Monthly Rate**

A monthly demand credit per kW is based on the following matrix:

<u>Notice Minutes</u>	<u>Annual Hours of Interruption</u>		
	<u>200</u>	<u>300</u>	<u>400</u>
10	\$2.70	\$3.15	\$3.60
60	\$2.25	\$2.70	\$3.15

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EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section D (con't.)**

**Determination of Measured Load - Billing Demand**

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

The interruptible billing demand shall be equal to the amount by which the monthly billing demand exceeds the minimum billing demand as specified in the contract.

**Conditions of Service for Customer Contract**

1. The customer will, upon notification by the Cooperative, reduce his load being supplied by the Cooperative to the contract capacity level specified by the contract.
2. The Cooperative will endeavor to provide the Customer as much advance notice as possible of the interruption of service. However, the Customer shall interrupt service within the notice period as contracted.
3. Service will be furnished under the Cooperatives "General Rules and Regulations" or "Terms and Conditions" except as set out herein and/or provisions agreed to by written contract.
4. No responsibility of any kind shall attach to the Cooperative for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.

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**Section D (con't.)**

5. The Customer shall own, operate, and maintain all necessary equipment for receiving electric energy and all telemetering and communications equipment, within the Customer's premises, required for interruptible service.
6. The minimum original contract period shall be one year and thereafter until terminated by giving at least six months previous written notice. The Cooperative may require a contract be executed for a longer initial term when deemed necessary by the size of the load and other conditions.
7. The Fuel Adjustment Clause, as specified in the General Wholesale Power Rate Schedule, is applicable.

**Calculation of Monthly Bill**

The monthly bill is calculated on the following basis:

- A. Sum of metering point charge and substation charge, plus
- B. Minimum billing demand in kW multiplied by the firm capacity rate, plus
- C. Interruptible billing demand in kW multiplied by interruptible rate, plus
- D. Energy usage in kWh multiplied by the energy rate.

**Number and Duration of Interruptions**

- A. Winter Season: There shall be no more than two (2) interruptions during any 24 hour calendar day. No interruption shall last more than six hours.
- B. Summer Season: There shall be no more than one (1) interruption during any 24 hour calendar day. No interruption shall last more than twelve hours.
- C. The maximum number of annual hours of interruption shall be in accordance with the customer contracted level of interruptible service.

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For All Counties Served  
P.S.C. No. 29  
Original Sheet No. 14  
Canceling P.S.C. No. 28  
Original Sheet No. 14

EAST KENTUCKY POWER COOPERATIVE, INC.

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**Section D (con't.)**

**Charge for Failure to Interrupt**

If Customer fails to interrupt load as requested by the Cooperative, the Cooperative shall bill the uninterrupted load at a rate equal to five (5) times the applicable firm power demand charge for that billing month. Uninterrupted load is equal to actual load during requested interruption minus firm load.

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EAST KENTUCKY POWER COOPERATIVE, INC.

**Section E**

**Availability**

Available to all cooperative associations which are or shall be members of EKPC. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

**Applicability**

Applicable to all power usage at the load center not subject to the provisions of Section A, Section B, or Section C of this tariff.

**Monthly Rate - Per Load Center**

A cooperative association may select either Option 1 or Option 2 of this section of the tariff to apply to all load centers. The cooperative association must remain on a selected option for at least one (1) year and may change options, no more often than every twelve (12) months, after giving a minimum notice of two (2) months.

	<u>Option 1</u>	<u>Option 2</u>
Demand Charge per kW of Billing Demand	\$6.92	\$5.22
Energy Charge per kWh		
On-Peak kWh	\$0.027620	\$0.034684
Off-Peak kWh	\$0.027118	\$0.027118

On-peak and off-peak hours are provided below:

<u>Months</u>	<u>On-Peak Hours - EST</u>	<u>Off-Peak Hours - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.	12:00 noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.
May through September	10:00 a.m. to 10:00 p.m.	10:00 p.m. to 10:00 a.m.

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**Section E (con't.)**

**Billing Demand**

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Billing demand applicable to this section is equal to the load center's contribution to EKPC's system peak demand minus the actual demands of Section A, Section B, and Section C participants coincident with EKPC's system peak demand.

**Billing Energy**

Billing energy applicable to this section is equal to the total energy provided at the load center minus the actual energy provided to Section A, Section B, and Section C participants.

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