

November 20, 2006

HAND DELIVERED

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: PSC Case No. 2006-00455

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's data requests in this case dated November 9, 2006. This filing includes an original and ten copies of EKPC's Petition for Confidential Treatment of Information. Attached to the original Petition are pages from the responses containing confidential information. Redacted copies of the responses are attached to the ten copies of the Petition.

Very truly yours,



Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 20 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION OF THE)
FINANCIAL CONDITION OF) CASE NO. 2006-000455
EAST KENTUCKY POWER)
COOPERATIVE, INC.)

PETITION FOR CONFIDENTIAL
TREATMENT OF INFORMATION

Comes now the petitioner, East Kentucky Power Cooperative, Inc. ("EKPC") and, as grounds for this Petition for Confidential Treatment of Information (the "Petition"), states to the Public Service Commission (the "Commission") as follows:

1. This Petition is filed in conjunction with the filing of EKPC's responses to information requests contained in the Commission Staff's Second Data Request dated November 9, 2006, and relates to confidential information contained in those responses that is entitled to protection pursuant to 807 KAR 5:001 Section 7 and KRS §61.878 (1) (c) 1 and related sections.

2. The designated confidential information in Response No. 5 includes a letter sent by EKPC in regard to compliance with the terms of EKPC's Credit Agreement relating to the unsecured \$650 million credit arrangement (the "Credit Facility"), which was approved by the Commission in PSC Case No. 2005-0026. That letter references sensitive accounting information that relates to the recognition of contingent liabilities regarding on-going litigation with the Environmental Protection Agency concerning


EKPC's compliance with environmental regulations. The designated confidential information in Response No. 17 relates to a privileged discussion with the EKPC Board of Directors by EKPC's General Counsel concerning this litigation. The designated confidential information in Responses Nos. 22 and 23 relate to privileged information concerning government inquiries apparently associated with this litigation. EKPC is currently involved with settlement discussions regarding this litigation, and disclosure of the details of this information could adversely affect its bargaining position in such discussions. Such disclosure could result in less favorable settlement terms, which would potentially increase the magnitude of the out-of-pocket costs of any settlement, and/or lead to the proposal of less favorable terms regarding EKPC plant operation. Such developments would increase EKPC's overall operating costs and would lead to an unfair competitive disadvantage for EKPC in its efforts to compete with the power marketers, utilities and other entities that deal in the market for surplus bulk power, and to compete with other utilities in Kentucky for new industrial customers.

3. Along with this Petition, EKPC has enclosed one copy of confidential sections of the subject responses, with the confidential information identified by highlighting or other designation, and 10 copies with the confidential information redacted. The identified confidential information is not known outside of EKPC and is distributed within EKPC only to persons with a need to use it for business purposes. It is entitled to confidential treatment pursuant to 807 KAR 5:001 Section 7 and KRS §61.878(1)(c) 1, for the reasons stated hereinabove, as information which would permit an unfair commercial advantage to competitors of EKPC if disclosed. The subject information is also entitled to protection pursuant to KRS §61.878(1)(c) 2 c, as records generally

recognized as confidential or proprietary which are confidentially disclosed to an agency in conjunction with the regulation of a commercial enterprise.

WHEREFORE, EKPC respectfully requests the Public Service Commission to grant confidential treatment to the identified information and deny public disclosure of said information.

Respectfully submitted,


DALE W. HENLEY

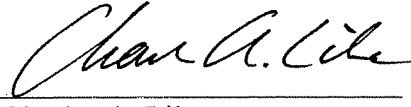

CHARLES A. LILE

P. O. BOX 707
WINCHESTER, KY 40392-0707
(859) 744-4812

ATTORNEYS FOR EAST KENTUCKY
POWER COOPERATIVE, INC.

CERTIFICATE OF SERVICE

This is to certify that an original and 10 copies of the foregoing Petition for Confidential Treatment of Information in the above-styled case were hand delivered to the office of Elizabeth O'Donnell, Executive Director of the Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40601, and copies were mailed to Parties of Record, this 20th day of November 2006.



Charles A. Lile

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE FINANCIAL)
CONDITION OF EAST KENTUCKY POWER) CASE NO.
COOPERATIVE, INC.) 2006-00455

RESPONSES TO COMMISSION STAFF'S SECOND DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED NOVEMBER 9, 2006

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

East Kentucky Power Cooperative, Inc. (EKPC) hereby submits responses to the Commission Staff's Second Data Request dated November 9, 2006. Each response with its associated supportive reference materials is individually tabbed.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 1

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Refer to page 1 of your response to the Commission's October 27, 2006 Order, Item 5. Provide a copy of the Restated and Consolidated Mortgage and Security Agreement with the Rural Utilities Service ("RUS") and National Rural Utilities Cooperative Finance Corporation ("CFC") and any amendments thereto (hereinafter, the "Mortgage Agreement"). The Mortgage Agreement may be produced in electronic format.

Response 1. The Mortgage Agreement is provided on CD.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 2

RESPONSIBLE PERSON: Frank Oliva/David Eames

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Provide a copy of all correspondence, notices, and/or other communications (whether written or electronic) since December 1, 2005 between EKPC and RUS, CFC, or Federal Financing Bank regarding EKPC's compliance or non-compliance with the terms of, or its ability or inability to meet its obligations under, the Mortgage Agreement.

Response 2. Please see information on pages 2 through 4.

June 1, 2006

Mr. Victor Vu
Director, Power Supply Division
Rural Utilities Service
1400 Independence Avenue, SW
Washington, DC 20250-1568

Dear Mr. Vu:

Ms. Marina Chu of the Power Supply Division has requested us to furnish a financial review of the years 2004 and 2005, as well as an outlook for 2006 regarding East Kentucky Power Cooperative.

EKPC reported a \$27.3 million net deficit for the year ended December 31, 2004. One major event primarily triggered the deficit. On July 1, 2004 Spurlock Unit #1 was forced off-line when a control system failure caused an overheated condition in the generator stator windings, which damaged the insulation and required the stator to be rewound. Spurlock Unit #1 was off-line until October 27. The net cost of this outage was over \$38 million, including \$18 million of actual maintenance costs and \$20 million of the net replacement cost of fuel not recovered under the Kentucky Fuel Adjustment Clause (FAC) provision. This unplanned unit outage, affecting EKPC's 2004 financial results, was a one-time event. All EKPC debt covenants remained secure and no events of default occurred.

In early 2006, EKPC received Notices of Violations (NOVs) from the U.S. Environmental Protection Agency and the Commonwealth of Kentucky Environmental and Public Protection Cabinet alleging violation of the Clean Air Act relating to EKPC's Dale Units 1 & 2 located in Ford, Kentucky. Dale Units 1 & 2 are EKPC's oldest coal-fired units built in 1954.

Under Phase II of the emission restrictions of the Clean Air Act, owners of generation plants that have more than 25 MW capacities are required to record, report, and provide for the emissions from the plant. EKPC replaced the turbines and generators for these two units in the late 1990's and, as a result of the contract performance specifications, believed the nameplate capacity of the units was 24 MW each. The NOVs allege that, using a KVA rating calculation method (which uses the KVA number on the nameplate as multiplied by a power factor), the Dale Units 1 & 2 actually have a rating of 27 MW each. Based on the KVA rating, the Dale Units 1 & 2 would be covered under the Clean Air Act. Therefore,

EKPC was cited as being required to provide SO₂ and NO_x emissions for these two units retroactive to 2000.

Based on the reviews of the NOV conducted by its auditors and external counsel, EKPC determined that it needed to record a non-cash liability on its 2005 balance sheet to reflect the potential impact of this violation. EKPC does not expect any cash flow impact until the issue is resolved, which is not expected any time soon. EKPC believes that it can provide sufficient defenses to reduce or eliminate a significant amount of this potential liability.

A financial review by the 16 lenders to EKPC under an existing \$650,000,000 revolving Credit Agreement was conducted and, as a result, the financial institutions reaffirmed their commitment to the Credit Agreement. EKPC remains in good standing with all its lenders. EKPC is currently in compliance with all its debt covenants and the \$650,000,000 revolving Credit Facility is fully available for EKPC's use.

EKPC has budgeted a net margin of \$5.0 million for 2006. EKPC's first quarter results for 2006 show a net margin of \$12.3 million, which is \$1.4 million ahead of budget.

EKPC has taken several steps toward improving its financial performance for 2006:

- A cost-containment program has been undertaken with the goal to eliminate operating costs and increase margins.
- EKPC continues to review the possible justification for a base rate increase in the near future.
- In July 2005, EKPC and its member systems instituted an Environmental Compliance Surcharge, pursuant to KRS 278.183, in order to recover costs incurred due to the Clean Air Act requirements.
- EKPC has hired former Buckeye Power CEO Richard "Dick" Byrne to function as EKPC's interim chief operating officer. Mr. Byrne will continue working on a part-time basis for several months. He will be working with EKPC CEO Roy Palk, to develop a work plan to identify additional cost containment initiatives, further define the scope of the COO's work and review corporate strategies.
- Mr. Byrne and CEO Roy Palk will determine a reasonable timeframe to achieve the work plan to reduce wholesale power costs.
- Mr. Palk and Mr. Byrne will report the work plan and the anticipated timeframe for reducing wholesale power costs to the EKPC Board by the July Board meeting.

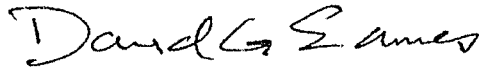
Victor Vu
Page 3
June 1, 2006

PSC Request 2

Page 4 of 4

Upon receipt of this letter, please feel free to contact me to schedule a follow-up conference call. In the meantime, do not hesitate to call with any questions.

Sincerely,



David G. Eames
Vice President, Finance

dge/fjo/ka

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 3

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Refer to page 2 of your response to the Commission's Order of October 27, 2006, Item 5. Provide a copy of the \$650 Million Unsecured Credit Agreement with 16 Financial institutions and all amendments, revisions, or modifications thereto (hereinafter, the "Credit Agreement").

Response 3. The Credit Agreement is provided on CD.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 4

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Provide the following information relating to the Credit Agreement:

a. the total amount drawn on the Credit Agreement for each month since inception of the Credit Agreement and the applicable interest rate for each draw.

b. the total amount repaid on the Credit Agreement for each month since inception of the Credit Agreement.

c. the current balance outstanding on the Credit Agreement as of November 15, 2006.

d. the current amount available to be drawn on the Credit Agreement as of November 15, 2006.

e. a schedule of anticipated draws to be made on the Credit Agreement between November 15, 2006 and December 31, 2007, including the anticipated amount(s) of the draw(s) and the anticipated date(s) of the draw(s).

Response 4(a-d). Please see following pages.

**History of Advances and Repayments since Inception of
\$650 Million Unsecured Credit Agreement**

4(a)				4(b)
<u>Amount Advance</u>	<u>Date of Initial Advance</u>	<u>Date of Rollover/ Maturity</u>	<u>Interest Rate</u>	<u>Amount Repaid</u>
\$ 30,000,000.00	09/02/2005	09/08/2005	6.5000%	
	09/08/2005	10/11/2005	4.5275%	\$ (30,000,000.00)
40,000,000.00	09/02/2005	09/08/2005	6.5000%	
	09/08/2005	10/11/2005	4.5275%	
	10/11/2005	11/14/2005	4.7604%	
	11/14/2005	02/14/2006	5.1550%	
	02/14/2006	05/15/2006	5.5657%	
	05/15/2006	11/15/2006	6.1050%	
	11/15/2006	05/15/2007	6.2625%	
40,000,000.00	09/02/2005	09/08/2005	6.5000%	
	09/08/2005	10/11/2005	4.5275%	
	10/11/2005	12/12/2005	4.8350%	
	12/12/2005	06/12/2006	5.4744%	
	06/12/2006	09/12/2006	6.1250%	
	09/12/2006	03/12/2007	6.2625%	
50,000,000.00	02/16/2006	08/16/2006	5.7550%	
	08/16/2006	02/16/2007	6.3250%	
50,000,000.00	04/13/2006	10/13/2006	6.0294%	
	10/13/2006	04/13/2007	6.2625%	
25,000,000.00	05/24/2006	07/24/2006	5.9757%	
	07/24/2006	01/24/2007	6.4500%	
75,000,000.00	06/20/2006	12/20/2006	6.3550%	
25,000,000.00	06/29/2006	09/29/2006	6.3250%	
	09/29/2006	03/27/2007	6.2000%	
50,000,000.00	11/02/2006	05/02/2007	6.2625%	
<u>\$ 385,000,000.00</u>	Total Drawn			Total Repaid <u>\$ (30,000,000.00)</u>

4(c) \$ 355,000,000.00 Amount Outstanding 11/15/2006

4(d) \$ 295,000,000.00 Current Amount Available to be Drawn

Response 4(e).

**Schedule of Anticipated Draws between
November 15, 2006 and December 31, 2007
from \$650 Million Credit Agreement**

4(e)	
Anticipated Amount <u>To be Drawn</u>	Date of Anticipated <u>Advance</u>
\$ 50,000,000.00	12/15/2006
50,000,000.00	02/15/2007
75,000,000.00	03/15/2007
45,000,000.00	04/15/2007
75,000,000.00	05/15/2007
<hr/>	
\$ 295,000,000.00	

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 5

RESPONSIBLE PERSON: Frank Oliva/David Eames

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Provide a copy of all correspondence, notices, and/or communications (whether written or electronic) since December 1, 2005 between EKPC and any of the parties to the Credit Agreement regarding EKPC's compliance or non-compliance with the terms of, or ability or inability to meet its obligations under, the Credit Agreement.

Response 5. Please see information provided on pages 2 through 18.

REDACTED



PSC Request 5

Page 2 of 18

March 10, 2006

Administrative Agent
 Attention Mr. Andrew Don
 National Rural Utilities
 Cooperative Finance Corporation
 2201 Cooperative Way
 Herndon, Virginia 20171-3025

Dear Andrew:

In reference to my letter to you of March 2, 2006, East Kentucky Power Cooperative ("EKPC") has performed additional analyses with its external auditor, Crowe Chizek Company, LLC, and its outside legal firm, Hunton and Williams, and come to the conclusion that EKPC will have to record a [REDACTED] liability for 2005.

Based upon the Environmental Protection Agency's interpretation of Federal Statutes, EKPC, at a minimum, will have to surrender a number of SO₂ allowances equivalent to the number that would have been surrendered if EKPC was complying with Section 113(a)(1) of the Clean Air Act. EKPC has calculated that this would require [REDACTED]. At today's market price of [REDACTED] that would be [REDACTED] for 2000-2005.

EKPC could also be assessed penalties on the allowances not surrendered for the period between 2000 and 2004. This liability is estimated to be [REDACTED] based upon the number of allowances and the penalty rates in the Federal Statutes. EKPC also could be required to surrender [REDACTED] NO_x allowances for 2004 and 2005. This liability would be [REDACTED]. The cumulative effect of these liabilities is [REDACTED] and will be recorded as an operating expense in 2005.

Although EKPC believes that any liability for the allowances [REDACTED] (the above) is unlikely to be reduced, EKPC does believe there are mitigating items that could reduce or eliminate the application of the penalties.

1. In 1997, EKPC entered into a contract with GE to replace the turbines and generators for Units 1 and 2 at the Dale Power Station. EKPC believed that the new turbines and the generators had a maximum capacity of 24 MW, which is below the Clean Air Act's Acid Rain Program 25 MW threshold. The GE contract's specifications listed the units as "Steam-Turbine Generator Units" with a rating of 24,000 KW (i.e., 24 MW) and guaranteed a generator output of 24,000 kW. The top line of the nameplates attached to the Units lists "24,000 KW" after the word "Rating." EKPC believed the nameplate capacity of the units was 24 MW and that the units were not subject to the Acid Rain regulations.

4775 Lexington Road 40391
 P.O. Box 707, Winchester,
 Kentucky 40392-0707

Tel. (859) 744-4812
 Fax: (859) 744-6008
 E-mail: [REDACTED]

Administrative Agent
Page 2
March 10, 2006

PSC Request 5

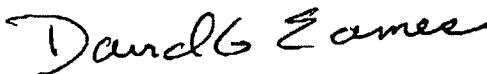
Page 3 of 18

2. The Energy Information Administration of the U.S. Department of Energy identifies mistaking the turbine rating on a nameplate for the generator rating as a common error across the industry. The generator portion of the nameplates for the units does not list a KW or MW value, but instead, lists a KVA (31765) and power factor (0.85) rating that converts to 27,000 KW or 27 MW if the two ratings are multiplied together.
3. EKPC submitted a Petition to EPA on March 1, 2006, to request permission to implement alternative missing data substitution procedures for its emissions based on coal burn fuel data. EKPC, after working with EPA, has placed what should be enough SO₂ allowances (based upon representations from EPA) in the unit accounts to cover the maximum 2005 SO₂ emissions estimates for Dale Units 1 and 2.
4. EKPC has not run these units above 25 MW, except very briefly in 2000 based upon plant operating data (about 50 hours each).
5. EKPC did not apply for any CAA Phase II allowances for these units.
6. State inspectors had been to these facilities on numerous occasions and had not raised the issue.

One further point is that most likely this will not be settled for several years, so there is no immediate cash outflow for either the allowances or penalties.

EKPC also has over \$200 million in cash that is currently tied up in EKPC's construction program. This cash will be freed up once all the RUS loans are drawn to reimburse the Credit Facility and reimburse EKPC's General Funds. It is expected that EKPC will have more than sufficient cash available to pay any penalties that might be levied, as well as for any allowances necessary.

Very truly yours,



David G. Eames
Vice President, Finance

dge/dd
By fax & U.S. Mail

REDACTED



PSC Request 5

Page 4 of 18

March 6, 2006

Administrative Agent
 Attention Mr. Andrew Don
 National Rural Utilities
 Cooperative Finance Corporation
 2201 Cooperative Way
 Herndon, Virginia 20171-3025

Dear Andrew:

East Kentucky Power Cooperative, Inc. ("EKPC") hereby gives notice that the United States Environmental Protection Agency, Region 4 issued a Notice of Violation ("NOV") relating to EKPC's Dale Units 1 and 2. The NOV was issued under Section 113(a)(1) of the Clean Air Act ("CAA"), 42 U.S.C. §7413(a)(1) and further notified EKPC of violations of Title IV of the CAA and the Kentucky State Implementation Plan (NOx Requirements for Large Utility and Industrial Boilers).

Subsequently, the Commonwealth of Kentucky Environmental and Public Protection Cabinet issued an NOV related to the Federal action.

EKPC has engaged the firm of Hunton & Williams ("H&W") to represent us in this matter. H&W has reviewed the situation and preliminarily concluded that EKPC may have made an error that is common across the industry by mistaking the nameplate rating on the turbine for the generator rating. There are other important factors in mitigation of what may turn out to be technical violations of the regulations. Since receiving the NOV, EKPC has placed the utmost importance on this matter, and has met with various divisions of, and officials from, EPA and the Kentucky Environmental and Public Protection Cabinet. In further recognition of this issue, EKPC has submitted a petition to EPA to explain how the error occurred and what EKPC thinks are the corrective steps needed. This petition did not waive any arguments or defenses that EKPC may have with regard to the issues raised in the NOV.

As of December 31, 2005, EKPC has an equity level of [REDACTED] (unaudited) and [REDACTED] (unaudited) as of January 31, 2006, and was in compliance with all covenants of the Credit Agreement. However, preliminary discussions with our external auditors and H&W have led EKPC to believe that additional liability will need to be recorded for 2005, thus bringing the equity level below the level required in Section 6.08(b). Currently, an estimated amount of the liability cannot be determined. EKPC is

PSC Request 5

Page 5 of 18

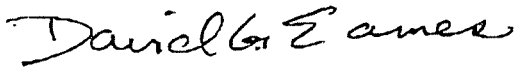
Administrative Agent
Page 2
March 6, 2006

working with H&W; Crowe, Chizek & Company, its external auditor; as well as state and federal EPA officials to quantify the liability.

EKPC will be meeting with its advisors the week of March 6 and expects to have the estimated liability quantified by March 9.

EKPC would like to schedule a conference call on March 10 with its banking group to discuss this in more detail. The exact time will be announced as soon as possible. EKPC believes that this NOV will in no way impede EKPC's ability to meet its obligations under the Credit Agreement.

Very truly yours,



David G. Eames
Vice President, Finance

dge/lm
By fax and U.S. Mail



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

JAN 17 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Roy Palk, President
East Kentucky Power Cooperative
4775 Lexington Road
PO Box 707
Winchester, KY 40392-0707

SUBJ: Notice of Violation

Dear Mr. Palk:

Enclosed is a Notice of Violation (NOV) issued to the East Kentucky Power Cooperative (EKPC) under Section 113(a)(1) of the Clean Air Act (CAA), 42 U.S.C. § 7413(a)(1). In the NOV, the United States Environmental Protection Agency notifies EKPC of violations of Title IV of the CAA (Acid Rain program) and the Kentucky State Implementation Plan (NOx Requirements for Large Utility and Industrial Boilers).

Please note the opportunity to confer outlined in the NOV. As indicated in the NOV, any request to confer should be directed to Alan E. Dion. Mr. Dion can be reached at (404) 562-9587.

Sincerely,

A handwritten signature in cursive script that reads "Carol L. Kemker".

Carol L. Kemker
Acting Director
Air, Pesticides and Toxics
Management Division

Enclosure

cc: Adam Kushner, EPA OECA
Sam Napolitano, EPA CAMD
John Lyons, KY DAQ

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4

IN THE MATTER OF:)
)
EAST KENTUCKY POWER) Notice of Violation
COOPERATIVE)
)
Proceedings Pursuant to)
Section 113 and 167 of the)
Clean Air Act, 42 U.S.C.)
§ 7413, 7467)
_____)

NOTICE OF VIOLATION

This Notice of Violation ("NOV") is issued to the East Kentucky Power Cooperative ("EKPC") for violations of the Clean Air Act ("CAA" or "the Act") at the William C. Dale coal-fired power plant ("Dale plant"). Specifically, EKPC has violated Title IV of the CAA ("Acid Rain program") and 401 KAR 51:160 (NOx Requirements For Large Utility and Industrial Boilers). This NOV is issued pursuant to section 113 of the Act, as amended, 42 U.S.C.A. sections 7401-7671q. The authority to issue this NOV has been delegated to the Director of the Air, Pesticides and Toxics Management Division, U.S. EPA, Region 4.

FACTUAL AND REGULATORY BACKGROUND

1. EKPC owns and operates the Dale plant, located in Clark County, KY.
2. Unit 1 and Unit 2 at the Dale plant began producing electricity for sale in December, 1954. Both units originally served generators with a rating of 22 megawatts (MW). In 1998 the units were retrofitted with new General Electric generators, each with a nameplate capacity of 27 MW.
3. 40 C.F.R. § 72.9 lists the standard applicable requirements of the Acid Rain program, including, but not limited to, the following:
 - Permit requirements (requiring the submission of an Acid Rain permit application, the possession of an Acid Rain permit, and operation in compliance with the Acid Rain permit)
 - Monitoring requirements (requiring the emissions of an affected unit and affected source to be recorded and reported in accordance with 40 CFR part 75)

- Sulfur dioxide allowance requirements (requiring the holding of SO₂ allowances not less than the annual SO₂ emissions in tons for each affected unit for each compliance year)
 - Nitrogen oxides requirements
 - Excess emissions requirements (as applied to affected units that fail to hold sufficient allowances to account for annual SO₂ emissions in a compliance year)
 - Record keeping and reporting requirements
4. 40 C.F.R. § 72.6(a)(3)(ii) provides that a unit that “did not serve a generator with a nameplate capacity of greater than 25 MWe [megawatts electrical] on November 15, 1990, but serves such a generator after November 15, 1990” shall be an “affected unit,” and therefore subject to the requirements of Title IV and the Acid Rain program.
 5. 40 C.F.R. § 72.30(b)(2)(iii) states that “for any source with a unit under § 72.6(a)(3)(ii), the designated representative shall submit a complete Acid Rain permit application governing such unit to the permitting authority at least 24 months before the later of January 1, 2000 or the date on which the unit begins to serve a generator with a nameplate capacity greater than 25 MWe.”
 6. 40 C.F.R. § 72.30(a) provides that the owners and operators of an affected unit or source shall not operate the source or unit without a permit that states its Acid Rain program requirements.
 7. 40 C.F.R. Part 72, Subpart I sets forth some of the annual compliance obligations for affected units and affected sources under the Acid Rain program, including the requirement to submit an annual compliance certification report (40 C.F.R. § 72.90).
 8. 401 KAR 51:160 contains the Commonwealth of Kentucky regulations implementing the multi-state NO_x air pollution control and emissions reduction program established by EPA under 40 C.F.R. 51.121, as a means of mitigating the interstate transport of ozone, ozone precursors, and NO_x (the NO_x SIP call).
 9. 401 KAR 51:160 Section 1 indicates that the NO_x SIP call regulations shall apply to electric generating units.
 10. 401 KAR 51:001 defines “electric generating unit” as “.. a fossil fuel fired boiler, combustion turbine, or a combined cycle system used to generate twenty-five (25) megawatts or more of electricity, some of which is offered for sale.”
 11. EKPC conducts periodic 8-hour tests to determine the actual gross and net demonstrated electrical generation capability of their utility units, and submits the results to the East

Central Area Reliability Council (ECAR). The purpose of the test is to provide realistically attainable electrical generating values to be used for system planning. From 1998 through 2000, EKPC provided to ECAR the results for 6 capacity tests each for Dale Units 1 and 2. All of these tests indicate that Dale Units 1 and 2, as equipped with the new generators, generates 25 MW or greater.

12. 401 KAR 51:160, Section 3, lists the general requirements for the NOx SIP call regulations including, but not limited to, the following:
 - Monitoring Requirements (requiring the monitoring of NOx emissions during each control period as specified in 401 KAR 51:190)
 - NOx allowance requirements (Requiring that a NOx allowance be held and deducted for each ton of NOx emitted for annual control periods beginning on May 1)
 - Record Keeping and reporting requirements

FINDINGS

13. Units 1 and 2 at the Dale plant became affected units under the Acid Rain program per 40 C.F.R. § 72.6(a)(3)(ii) in 1998, when they began serving generators with a nameplate capacity of greater than 25 MW. EKPC at no time submitted to the permitting authority an Acid Rain permit application indicating that Unit 1 and/or Unit 2 at the Dale plant had become subject to the Acid Rain regulations, as required by 40 C.F.R. § 72.30(b)(2)(iii). Therefore, EKPC has been and is currently operating Dale Unit 1 and Unit 2 in violation of 40 C.F.R. § 72.30(a).
14. Because EKPC failed to apply for and obtain an Acid Rain permit for Unit 1 and Unit 2 at the Dale plant, EKPC is in violation of 40 C.F.R. § 72.30(b)(2)(iii) and all the requirements listed in 40 C.F.R. § 72.9, including the requirement to record and report emissions in accordance with 40 C.F.R. Part 75.
15. For calendar years 2000 through 2004, EKPC failed to hold an allowance for each ton of sulfur dioxide emitted from Dale Unit 1 and Unit 2.
16. For calendar years 2000 through 2004, EKPC failed to comply with the excess emissions procedures and pay the required penalties as required in 40 C.F.R. Part 77.
17. For calendar years 2000 through 2004, EKPC has not submitted annual compliance certification reports for Unit 1 and Unit 2 at the Dale plant. Therefore, EKPC is in violation of 40 C.F.R. Part 72, Subpart I.
18. 40 C.F.R. § 70.6(c) provides that all Title V operating permits include a requirement that

18. 40 C.F.R. § 70.6(c) provides that all Title V operating permits include a requirement that the permit holder submit certification of compliance with the terms and conditions contained in the permit on no less than an annual basis. EKPC has submitted to EPA and to the Commonwealth of Kentucky annual certifications of compliance with all the terms and conditions of its Title V permit, but failed to identify its non-compliance with the Acid Rain regulations.
19. The Dale Unit 1 and Unit 2 boilers are electrical generating units as defined in 401 KAR 51:001, and therefore are subject to the requirements of 401 KAR 51:160.
20. EKPC failed to inform the proper permitting authority, and did not inform any other regulatory entity, that larger generators had been installed for Dale units 1 and 2 and that steam from the boilers at these units is used to generate greater than 25 MW. As a result, these units are out of compliance with the NOx SIP call regulations outlined in KAR 51:160. Most notably, for the 2004 and 2005 control periods, EKPC failed to hold and deduct a NOx allowance for each ton of NOx emitted from Units 1 and 2 during those periods.

OPPORTUNITY FOR CONFERENCE

EKPC may, upon request, confer with EPA. The conference will enable EKPC to present evidence bearing on the finding of violation, on the nature of violation, and on any efforts it may have taken or proposes to take to come into compliance. EKPC has the right to be represented by counsel. A request for a conference must be made within ten (10) days of receipt of this NOV, and the request for a conference or other inquiries concerning the NOV should be made in writing to:

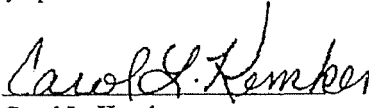
Alan Dion
Associate Regional Counsel
Office of Environmental Accountability
U.S. EPA - Region 4
61 Forsyth Street, S.W.
Atlanta, Georgia 30303
404-562-9587

By offering the opportunity for a conference or participating in one, EPA does not waive or limit its right to any remedy available under the Act.

EFFECTIVE DATE

This NOV shall become effective immediately upon issuance.

1/17/06
Date


Carol L. Kemker
Acting Director
Air, Pesticides and Toxics
Management Division



PSC Request 5

Page 12 of 18

ERNIE FLETCHER
GOVERNOR

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

LAJUANA S. WILCHER
SECRETARY

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division for Air Quality
643 Teton Trail
Frankfort, KY 40601
www.kentucky.gov

February 10, 2006

Mr. Robert Hughes
East KY Power - Dale Station
1925 Ford Rd
Winchester, KY 40320

Re: Notice of Violation
AI ID: 809
AI Name: East KY Power - Dale Station
Activity ID: ENV20060001
Permit No. [EnterPermitNumber]
Clark County, KY

Dear Mr. Hughes:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

Failure to comply with all remedial measures could result in enforcement action and the assessment of penalties. I appreciate your cooperation and attention to this matter. If you have any questions, please contact me at 502-564-3358.

Sincerely,

A handwritten signature in cursive script that reads "Mark C. Ritter".

Mr. Mark Ritter,
Environmental Control Supervisor
Division for Air Quality

Enclosure

COMMONWEALTH OF KENTUCKY
 ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
 DEPARTMENT FOR ENVIRONMENTAL PROTECTION
 Division for Air Quality

NOTICE OF VIOLATION

To: East KY Power - Dale Station
 1925 Ford Rd
 Winchester, KY 40320

AI Name: East KY Power - Dale Station AI ID: 809 Activity ID: ENV20060001
 County: Clark
 Enforcement Case ID:
 Date(s) Violation(s) Observed: 12/07/2005

This is to advise that you are in violation of the provisions cited below:

1	Violation Description for Subject Item AIOO000000809():
	E(a)5. The permittee, upon becoming aware that any relevant facts were omitted or incorrect information was submitted in the permit application, shall promptly submit such supplementary facts or corrected information to the permitting authority. [401 KAR 52:020 Section 7(1)]
	Description of Non Compliance:
	East Kentucky Power did not submit an application for an acid rain permit or a NOx budget permit.
	The required remedial measure(s), and date(s) to be completed by are as follows:
	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. [401 KAR 52:020 Section 7(1)]
2	Violation Description for Subject Item AIOO000000809():
	Failure to supplement or correct an application shall be a violation of this administrative regulation and may result in: Revocation and re-issuance of a permit; [401 KAR 52:020 Section 7(3)(b)]
	Description of Non Compliance:
	East Kentucky Power did not submit an application for an acid rain permit. The agency will consider actions to include termination or denial of the operating permit and revocation and re-issuance.
	The required remedial measure(s), and date(s) to be completed by are as follows:
	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 52:020 Section 7(3)(b)
3	Violation Description for Subject Item AIOO000000809():
	This administrative regulation shall apply to NOx budget units that are electric-generating units or industrial boilers or turbines, except as provided in Section 2 of this administrative regulation. [401 KAR 51:160 Section 1]
	Description of Non Compliance:
	East Kentucky Power Dale Station failed to notify the agency that Units 1 & 2 are applicable to the requirements of the NOX SIP call.
	The required remedial measure(s), and date(s) to be completed by are as follows:
	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 51:160 Section 1

4	<p>Violation Description for Subject Item AIO00000008090:</p> <p>Section 3. Compliance Requirements. (1) NOx budget emissions limitation requirements. Commencing with the later date of May 31, 2004, or the year the unit commences operation, the owner or operator of a NOx budget unit shall: (a) Beginning May 1, 2003, and May 1 of each year thereafter, monitor the total NOx emissions during each control period as specified in 40 CFR 96.70 to 96.76; and (b) By November 30 of each year, hold NOx allowances available for compliance deductions in an amount at least equal to the total NOx emissions during the control period as specified in 401 KAR 51:190. [401 KAR 51:160 Section 3(1)]</p>
	<p>Description of Non Compliance:</p> <p>East Kentucky Power failed to hold NOX allowances available for compliance deductions.</p>
	<p>The required remedial measure(s), and date(s) to be completed by are as follows:</p> <p>East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 51:160 Section 3(1)</p>
5	<p>Violation Description for Subject Item AIO00000008090:</p> <p>(2) NOx allowance provisions. NOx allowances shall be held in, deducted from, or transferred among the NOx compliance, overdraft, and general accounts as specified in 401 KAR 51:190 and this subsection. (a) The NOx budget source shall establish a general account in the NOx allowance Tracking System (NATS) by submitting "EPA Form 7620-15, General Account information". (b) NOx budget units shall transfer NOx allowances under the NOx Budget Trading Program from one (1) account to another in the NOx Allowance Tracking System (NATS) by submitting "EPA Form 7620-14". (c) NOx allowances shall not be deducted for compliance with subsection (1) of this section for a control period prior to the year for which the NOx allowances were allocated. (d) If the U.S. EPA records the allocation, transfer, or deduction of NOx allowances from the compliance or overdraft account of a NOx budget source, this action shall: 1. Automatically amend and become part of the NOx budget portion of the source's permit; and 2. Require no further review. (e) The owner or operator of a NOx budget unit having excess NOx emissions for each control period beginning in 2004, shall comply with 401 KAR 51:190. (f) Allocated NOx allowances shall not constitute a property right. [401 KAR 51:160 Section 3(2)]</p>
	<p>Description of Non Compliance:</p> <p>East Kentucky Power failed to comply with NOX allowance provisions.</p>
	<p>The required remedial measure(s), and date(s) to be completed by are as follows:</p> <p>East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 51:160 Section 3(2)</p>
6	<p>Violation Description for Subject Item AIO00000008090:</p> <p>(3) Recordkeeping and reporting requirements. (a) The owner or operator of a NOx budget source shall maintain the following records: 1. The "Account Certificate of Representation" for the source's NOx authorized account representative; 2. Emissions monitoring information as specified in 40 CFR 96.70 to 96.76; 3. Copies of all reports, compliance certifications, and other submissions and records required by 401 KAR 51:190; and 4. Copies of documents used to complete permit revision applications or to demonstrate compliance with 401 KAR 51:190. (b) These records shall be: 1. Used to demonstrate compliance with subsection (1) of this section; 2. Maintained on site for a period of five (5) years, unless a longer period is required by 40 CFR 96.70 to 96.76 or the cabinet or the U.S. EPA requires an extended period for cause; and 3. Made available for inspection on request by the cabinet or the U.S. EPA. [401 KAR 51:160 Section 3(3)]</p>
	<p>Description of Non Compliance:</p> <p>East Kentucky Power Dale Station failed to submit reports that support requirements for compliance with NOX budget emissions for 2004 and 2005.</p>
	<p>The required remedial measure(s), and date(s) to be completed by are as follows:</p>

	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 51:160 Section 3(3)
7	Violation Description for Subject Item AIOO000000809(): Section 6. Application for NOx Budget Permit or Permit Revision. (1) The NOx authorized account representative of a NOx budget source shall submit an application to revise the source's permit pursuant to 401 KAR 52:020 or 401 KAR 52:030, as appropriate, and this section. For this purpose, the source shall use:(a) "Forms DEP7007A1 to DD, Permit Application to Construct or Operate an Air Contaminant Source," as applicable. Forms DEP7007A1 to DD is incorporated by reference in 401 KAR 52:050; and(b) "Form DEP7007EE, NOx Budget Permit Application".(2) The application shall include the following information:(a) The Office of Regulatory Information Systems (ORIS) or facility code assigned to the source by the Energy Information Administration;(b) Identification of: 1. Each NOx budget unit at the source; 2. Each retired unit; and3. Each unit exempted pursuant to Section 2(1) of this administrative regulation;(c) A statement that explains if the unit is: 1. A unit described in Section 1 of this administrative regulation, or2. An opt-in unit pursuant to 401 KAR 51:195;(d) The applicable requirements of Section 3 of this administrative regulation; and (e) For opt-in units, the following certification statement signed by the NOx authorized account representative: "I certify that each unit for which this permit application is submitted, pursuant to the opt-in provisions of 401 KAR 51:195, is operating; is not a NOx budget unit pursuant to 401 KAR 51:160, Section 1; and is not covered by a retired exemption unit that is in effect pursuant to 401 KAR 51:160, Section 2(2)." [401 KAR 51:160 Section 6]
	Description of Non Compliance:
	East Kentucky Power Dale Station failed to submit a permit revision with regard to requirements of the NOX SIP CALL applicable to units 1 & 2
	The required remedial measure(s), and date(s) to be completed by are as follows:
	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 51:160 Section 6,
8	Violation Description for Subject Item AIOO000000809(): Section 7. Compliance. (1) Compliance certification. On or before November 30 each year, beginning in 2004, the NOx authorized account representative shall submit a compliance certification report to the cabinet and to the U.S. EPA pursuant to 401 KAR 51:190.(2) Reporting to the cabinet. Reports that are required to be submitted to the cabinet shall be mailed to:1. Manager, Permit Review Branch, Kentucky Division for Air Quality, 803 Schenkel Lane, Frankfort, Kentucky 40601; and2. To the appropriate Regional Office of the Division for Air Quality listed in Section 8(2) of this administrative regulation. [401 KAR 51:160 Section 7]
	Description of Non Compliance:
	East Kentucky Power Dale Station has not submitted a compliance certificate with regard to the NOX Budget Trading Program for 2004 and 2005.
	The required remedial measure(s), and date(s) to be completed by are as follows:
	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 51:160 Section 7,
9	Violation Description for Subject Item AIOO000000809(): Section 1. Applicability. This administrative regulation shall apply to affected sources and affected units under the Acid Rain Program, pursuant to 42 USC 7651 to 7651o. Applicability determination is set forth under 40 CFR 72.6. [401 KAR 52:060 Section 1]
	Description of Non Compliance:
	East Ky Power Dale Station Units 1 & 2 are subject to requirements under the provisions of the the Acid Rain program.

	The required remedial measure(s), and date(s) to be completed by are as follows:
	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 52:060 Section 1,
10	Violation Description for Subject Item AIO00000008090:
	Section 21. Compliance Certifications. (1) Sources shall certify compliance with all applicable requirements annually using Form DEP7007CC:(b) All sources, including those that have not received a Title V permit, shall submit their certification in 2002 and each year thereafter on or before January 30, except that sources who submitted a certification after September 30, 2001, shall not be required to submit their next certification until January 30, 2003. [401 KAR 52:020 Section 21(1)(b)]
	Description of Non Compliance:
	The compliance certificated did not certify the compliance status of Units #1 & #2 with regard to Acid rain and the NOx SIP Call
	The required remedial measure(s), and date(s) to be completed by are as follows:
	East Kentucky Power shall submit a written response to the Notice of Violation by February 27, 2006. 401 KAR 52:020 Section 21(1)(b)]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division for Air Quality
 Frankfort Regional Office 643 Teton Trail
 Frankfort, KY 40601
 502-564-3358 (7:30 AM – 4:30 PM)
 Mr. Mark Ritter, Environmental Control Supervisor



Issued By: Mr. Mark Ritter, Environmental Control Supervisor
 Date: February 9, 2006

How Delivered: Hand Carried Certified/Registered # Not Applicable

Lenders' Conference Call Invitation

To: Existing Lenders

From: National Rural Utilities Cooperative Finance Corporation ("CFC")

Date: March 9, 2006

Re: East Kentucky Power Cooperative, Inc. \$650,000,000 Unsecured 5-Year Revolving Credit Facility

On behalf of East Kentucky Power Cooperative, Inc. (the "Company" or the "Borrower"), CFC would like to schedule a conference call regarding issues related to the recent Notice of Violation filed by the United States Environmental Protection Agency. The conference call will be held on March 10, 2006 at 2:00pm E.S.T. Details of the teleconference are as follows:

Dial-in Number: 1 800 244 2500
Passcode: 8956446#

David Eames and other representatives of EKPC will provide a detailed description of the circumstances that led to the EPA action and discuss the financial implications of this action.

We look forward to talking to you. Please do not hesitate to contact us with questions.

Thank you.

November 8, 2006

Mr. Andrew Don
Director, Loan Syndications
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025

Dear Andrew:

As a lender to East Kentucky Power Cooperative (EKPC) along with the other banks in the Revolving Credit Facility, your organizations should be aware of some events of the past week affecting EKPC.

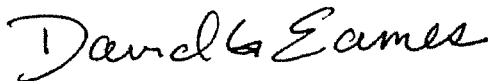
Last Wednesday, October 25, representatives of EKPC met with staff members of the Kentucky Public Service Commission (KPSC) to discuss EKPC finances. Representatives of EKPC, the KPSC staff, the office of the Kentucky Attorney General and Gallatin Steel Company were present at the initial meeting at which the parties discussed the cooperative's finances and the possibility of a rate increase.

As a result of that meeting, EKPC is evaluating when to file for a rate increase in the range of \$50 million to \$60 million annually, which would be about a 7 percent wholesale increase. The rate increase could go into effect as soon as January 1, 2007.

Of course, any rate increase is subject to approval by the KPSC. Under KPSC regulations, EKPC must give the Commission and the Attorney General's office notice of its intent to file a rate increase request at least four weeks before the application is filed, which may be as early as December 11, 2006. Therefore, EKPC plans to give such notice of intent to file on or before November 13, 2006.

If any of you have any questions, please do not hesitate to contact me at (859) 745-9345.

Sincerely,



David Eames
Vice President, Finance

/dd
By e-mail

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 6

RESPONSIBLE PERSON: Ann Wood/Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Refer to page 3 of your response to the Commission's Order of October 27, 2006, Item 4. Explain the note to the unaudited Projected 2007 EKPC and Subsidiary Interim Consolidated Statements of Cash Flows which states, "Subject to its continued availability, this cash flow projection includes \$200 million of loan advances from the unsecured credit facility. Also included is \$100 million of loan advances related to loans yet to be granted final approval by RUS." The explanation should include the anticipated dates and amounts of advances under the Credit Agreement, the Mortgage Agreement, and any other loan from RUS.

Response 6. Please see following page. Please note that the projected loan advance schedule has been updated since the projected cash flow statement for 2007 was originally compiled. See the response to Item No. 4(e) for the most recent projection of loan fund advances from the \$650 million Credit Facility.

“Subject to its continued availability” refers to the necessity of EKPC meeting the financial covenants contained in the Credit Agreement (“CA”), so as to ensure that the CA will continue to be available for EKPC’s use. Assuming EKPC continues to meet the CA covenants, the Lenders are committed to lend until September 2010.

Schedule of Anticipated Draws for Fiscal Year 2007

<u>Anticipated Amount To be Drawn</u>	<u>Date of Anticipated Advance</u>	<u>Which Loan</u>
\$ 30,000,000.00	01/15/2007	Z-8 RUS Loan - Gilbert Power Plant
50,000,000.00	02/15/2007	\$650 Million Unsecured Credit Agreement
15,200,000.00	03/01/2007	Y-8 RUS Loan - Spurlock SCR's
75,000,000.00	03/15/2007	\$650 Million Unsecured Credit Agreement
75,000,000.00	04/15/2007	\$650 Million Unsecured Credit Agreement
50,000,000.00	05/15/2007	\$275 Million Unsecured Fast Track loan from CFC
100,000,000.00	06/15/2007	\$275 Million Unsecured Fast Track loan from CFC
50,000,000.00	07/15/2007	\$275 Million Unsecured Fast Track loan from CFC
30,000,000.00	09/07/2007	AC-8 RUS Loan - Miscellaneous Transmission Loan
75,000,000.00	09/25/2007	AD-8 RUS Loan - Spurlock 4 Power Plant
75,000,000.00	10/15/2007	\$275 Million Unsecured Fast Track loan from CFC
19,863,000.00	11/15/2007	Z-8 RUS Loan - Gilbert Power Plant
14,453,000.00	12/15/2007	AA-8 RUS Loan - Landfill Gas to Energy Plants
<u>659,516,000.00</u>		

\$ 30,000,000.00
75,000,000.00

\$ 105,000,000.00 The two loans, indicated above as "AC-8" and "AD-8", have not received final approval from RUS as of 11/15/2006.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 7

RESPONSIBLE PERSON: Frank Oliva/David Eames

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. Refer to page 3 of your response to the Commission's Order of October 27, 2006, Item 4. Identify each and every action that has been taken or is anticipated to be taken during the next 12 months by EKPC's directors, officers, and/or management to ensure that EKPC continues to have access to the "unsecured credit facility."

Response 7. EKPC has taken various actions and designed a definitive plan in order to ensure compliance with all terms and conditions of its Mortgage Agreement and Credit Agreement, as well as to ensure that EKPC continues to have access to the unsecured credit facility.

Over the last year, EKPC has conducted budget reviews and initiated cost containment recommendations which have resulted in significant savings in 2006 and projected savings for 2007. Estimated total savings indicate cumulative savings of over \$11.1 million in 2006 and projected savings of nearly \$16.3 million in 2007. Major categories of savings include fuel savings, purchased power, and operational savings. Additional cost savings are currently under review for the balance of 2006, and all of 2007.

In early 2006, EKPC requested a waiver from the compliance covenants contained in the \$650 million unsecured Credit Agreement. This waiver, as well as the requested amendments to the agreement, was granted by the lenders. As a result of these actions, the financial institutions reaffirmed their commitment to the Credit Agreement. EKPC remains in good standing with all its lenders. Subsequently, EKPC has communicated with its various lenders in order to keep them updated on EKPC's financial status.

EKPC has submitted requests to the Commission and to RUS for approval of a depreciation study and for authority to extend the depreciable lives of various elements of EKPC's physical plant. EKPC has requested an effective date for the depreciable life change of January 1, 2006. Such an effective date would result in a revision to EKPC's 2006 year-to-date depreciation, resulting in decreased depreciation expense and increased net margins for the year.

As of the time of this response, neither agency has yet approved a change in depreciable lives. Therefore, EKPC's net margin projection for 2006 does not yet reflect a change in depreciation rates, nor the increased net margins resulting from such a change.

EKPC has plans to file for a base rate increase to be effective in 2007. This rate increase will improve net margins, allowing EKPC to meet its debt covenants in the future and stabilize its financial situation.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 8

RESPONSIBLE PERSON: Ann Wood/Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Refer to page 3 of your response to the Commission's Order of October 27, 2006, Item 4. Identify all "loans yet to be granted final approval by RUS and for each such loan, provide:

- a. the requested amount of the loan.
- b. the anticipated rate of the loan, and whether said rate will be fixed or variable.
- c. the term or maturity date of the loan.
- d. whether the loan is secured or unsecured and, if secured, the security for the loan.
- e. the purpose for which the proceeds of each loan will be used
- f. the date an application for the loan was filed with RUS.
- g. the date when RUS is anticipated to grant final approval of the loan application.

Response 8(a-g). Information provided on page 2.

Loans Yet to be Granted Final Approval by RUS

8(a) Requested Amount of <u>Loan</u>	8(b) <u>Anticipated</u> Rate of <u>Loan</u>	8(c) Term of Maturity Date of <u>Loan</u>	8(d) Secured or <u>Unsecured</u>	8(e) <u>Purpose of the Loan</u>	8(f) Date of Loan <u>Application</u>	8(g) Date of Anticipated Final <u>RUS Approval</u>
\$ 64,240,000	* Fixed	12/31/2040	Secured	Miscellaneous Transmission Projects	12/21/2004	01/31/2007
481,388,000	* Fixed	12/31/2040	Secured	Construction of Spurlock 4 Generating Unit	04/26/2005	03/31/2007

* The rate will be determined and set by the Federal Financing Bank at the time of advance.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 9

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. Refer to page 3 of your response to the Commission's Order of October 27, 2006, Item 4. Provide a copy of all documents submitted to RUS in support of gaining final approval of the loan(s).

Response 9. It is EKPC's understanding that loan documents for the "AC8" and "AD8" loans are being prepared at this time. No additional documents are required at this time or have been requested by RUS.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 10

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. Identify all outstanding notes, loans, guarantees, or other debt obligations owed or incurred by EKPC to any financial institution or an EKPC member distribution cooperative, and for each such creditor, provide:

- a. the address of the creditor.
- b. the number of notes, loans, guarantees or other debt obligations existing between EKPC and the creditor.
- c. the current amount owed by EKPC to the creditor for each note, loan, guarantee, or other debt obligation.
- d. the interest rate for each note, loan, guarantee, or other debt obligation, and whether said rate is fixed or variable.
- e. the term and maturity date of each note, loan, guarantee, or other debt obligation.
- f. the purpose for which the proceeds of each note, loan, guarantee, or other debt obligation will be used.
- g. the person(s) principally responsible on behalf of each creditor for managing each note, loan, guarantee, or other debt obligation with EKPC.

Response 10(a-g). Information provided on pages 2 through 6.

^ " Outstanding Notes, Loans, Guarantees

10 (a) & 10 (b) <u>Type of Debt Issue</u>	10 (c) Amount Outstanding <u>11/15/2006</u>	10 (d) Interest Rate	10 (e) Date of Maturity	10 (f) Purpose of Loan	10 (g) Person Principally Responsible
Bonds					
Spurlock Pollution Control Bonds Issuer: County of Mason Trustee: US Bank Corporate Trust Services, NA 100 Wall Street Suite 1600 New York, NY 10005	82,100,000.00	3.642%	10-15-2014	Erection of Pollution Control Equipment at Spurlock #2 Generating Station	Krishna Murthy Patricia Marshall
Smith Pollution Control Bonds Issuer: County of Clark Trustee: US Bank Corporate Trust Services, NA 100 Wall Street Suite 1600 New York, NY 10005	18,260,000.00	6.200%	10-15-2014	Erection of Pollution Control Equipment at Original Smith Generating Station	Krishna Murthy Patricia Marshall
Cooper Solid Waste Disposal Bonds Issuer: County of Pulaski Trustee: Deutsche Bank Trust Company Americas Corporate Trust & Agency Services 60 Wall Street, 27th Floor Mail Stop NYC60-2715 New York City, New York 10005	8,800,000.00	3.680%	08-15-2023	Erection/Construction of Solid Waste Disposal Equipment at Cooper Generating Station	Krishna Murthy Wuendith Millen- Encalada
Total Bonds	109,160,000.00				

Notes

National Rural Utilities Cooperative Finance Corporation ("CFC")

Woodlawn Park
2201 Cooperative Way
Herndon, VA 22071-3025

CFC - #9001	5,496,232.57	3.800%	11-30-2013	Construction of Spurlock #1 Generating Station	Krishna Murthy
CFC - #9033	5,063,908.86	3.800%	11-10-2018	Miscellaneous Transmission Projects	Krishna Murthy
CFC - #9034	5,706,226.49	3.800%	12-31-2024	Miscellaneous Transmission Projects	Krishna Murthy
CFC - #9038	4,510,239.77	3.800%	03-02-2024	Miscellaneous Transmission Projects	Krishna Murthy
CFC - Unsecured Credit Facility	50,000,000.00	6.3250%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don
CFC - Unsecured Credit Facility	50,000,000.00	6.0294%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don
CFC - Unsecured Credit Facility	40,000,000.00	6.1050%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don
CFC - Unsecured Credit Facility	25,000,000.00	6.4500%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don
CFC - Unsecured Credit Facility	40,000,000.00	6.2625%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don
CFC - Unsecured Credit Facility	75,000,000.00	6.3550%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don
CFC - Unsecured Credit Facility	25,000,000.00	6.2000%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don

Type of Debt Issue	Amount Outstanding 11/15/2006	Interest Rate	Date of Maturity	Purpose of Loan	Person Principally Responsible
CC - Unsecured Credit Facility	50,000,000.00	6.2625%	09-02-2010	General Corporate /Capital Expenditures Use	Andrew Don
National Cooperative Services Corporation	9,600,000.00	7.700%	09-29-2006	Construction of Inland Steam Facilities	Krishna Murthy Timothy Goode
	<u>385,376,607.69</u>		Total CFC		

Rural Utilities Service Notes
1400 Independence Ave., SW
Stop 1568; Room 0270
Washington, DC 20250-1568

REA 4490	395,418.07	2.000%	03-01-2008	Miscellaneous Transmission Projects	Victor Vu
REA 4520	638,018.06	2.000%	06-01-2009	Miscellaneous Transmission Projects	Victor Vu
CB-4500	1,913,542.52	2.000%	06-12-2008	Construction of Spurlock #1 Generating Station	Victor Vu
CB-4510	1,355,339.17	2.000%	03-01-2009	Construction of Spurlock #1 Generating Station	Victor Vu
K4-14530	1,070,960.11	5.000%	06-02-2010	Miscellaneous Transmission Projects	Victor Vu
K4-14540	1,587,758.69	5.000%	06-02-2011	Miscellaneous Transmission Projects	Victor Vu
K4-14570	2,186,394.15	5.000%	07-01-2012	Miscellaneous Transmission Projects	Victor Vu
K4-14580	2,501,939.30	5.000%	03-01-2013	Miscellaneous Transmission Projects	Victor Vu
M9-14590	2,342,829.32	5.000%	10-31-2014	Miscellaneous Transmission Projects	Victor Vu
M9-14591	659,096.21	5.000%	10-31-2014	Miscellaneous Transmission Projects	Victor Vu
SRDA 14610	59,308.09	5.000%	03-01-2012	Miscellaneous Transmission Projects	Victor Vu
P12-1-B620	3,709,280.90	5.000%	06-30-2019	Miscellaneous Transmission Projects	Victor Vu
P12-1-B621	1,818,968.50	5.000%	06-30-2019	Miscellaneous Transmission Projects	Victor Vu
P12-1-B624	5,128,979.91	5.000%	08-31-2021	Miscellaneous Transmission Projects	Victor Vu
P12-1-B625	1,308,344.40	5.000%	08-31-2022	Miscellaneous Transmission Projects	Victor Vu
R12-1-B642	6,680,057.10	5.000%	12-31-2024	Miscellaneous Transmission Projects	Victor Vu
R12-1-B647	6,680,057.10	5.000%	12-31-2024	Miscellaneous Transmission Projects	Victor Vu
T62-1-B650	5,308,967.67	5.125%	12-31-2024	Miscellaneous Transmission Projects	Victor Vu
T62-1-B655	5,308,967.67	5.125%	12-31-2024	Miscellaneous Transmission Projects	Victor Vu
	<u>50,654,226.94</u>		Total RUS		

Federal Financing Bank Notes
1400 Independence Ave., SW
Stop 1568; Room 0270
Washington, DC 20250-1568

HO-010	7,941,892.60	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-015	841,519.90	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-020	980,557.35	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-025	1,147,097.37	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-030	2,916,665.39	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-035	2,505,750.68	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-040	2,017,763.23	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-045	2,015,991.99	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-050	1,711,089.47	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-055	1,645,557.63	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-060	1,376,901.11	5.452%	12-31-2011	Construction of Spurlock #2 Generating Station	Victor Vu
HO-065	1,039,088.67	5.484%	12-31-2012	Construction of Spurlock #2 Generating Station	Victor Vu
HO-070	1,612,388.87	5.484%	12-31-2012	Construction of Spurlock #2 Generating Station	Victor Vu
HO-075	2,327,993.65	5.484%	12-31-2012	Construction of Spurlock #2 Generating Station	Victor Vu
HO-080	3,651,149.13	10.372%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-086	8,432,547.48	7.444%	12-31-2012	Construction of Spurlock #2 Generating Station	Victor Vu

<u>Type of Debt Issue</u>	<u>Amount Outstanding 11/15/2006</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Purpose of Loan</u>	<u>Person Principally Responsible</u>
HO-091	3,169,098.35	7.444%	12-31-2012	Construction of Spurlock #2 Generating Station	Victor Vu
HO-096	2,209,064.79	7.444%	12-31-2012	Construction of Spurlock #2 Generating Station	Victor Vu
HO-111	3,087,939.17	7.470%	12-31-2013	Construction of Spurlock #2 Generating Station	Victor Vu
HO-116	3,382,252.20	7.470%	12-31-2013	Construction of Spurlock #2 Generating Station	Victor Vu
HO-121	4,772,706.07	7.470%	12-31-2013	Construction of Spurlock #2 Generating Station	Victor Vu
HO-150	4,316,985.35	10.144%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-156	4,609,387.36	7.470%	12-31-2013	Miscellaneous Transmission	Victor Vu
HO-160	3,750,782.92	9.352%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-165	4,817,734.31	7.690%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-210	2,051,242.50	6.248%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-215	3,795,340.68	6.248%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-220	2,756,292.98	6.248%	12-31-2015	Miscellaneous Transmission	Victor Vu
HO-235	4,189,195.37	6.248%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-245	771,838.76	10.572%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-255	3,051,701.59	10.657%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-265	2,088,787.60	6.248%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-275	564,317.11	6.248%	12-31-2015	Miscellaneous Transmission	Victor Vu
HO-285	1,593,644.79	10.204%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-295	2,364,987.14	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-300	165,255.08	7.690%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-305	228,267.31	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-310	303,984.11	6.591%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-315	3,711,861.83	6.591%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-320	275,424.56	7.690%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-325	5,525,029.52	6.591%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-330	314,792.74	6.591%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-335	355,624.94	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-340	190,513.70	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-345	2,553,256.21	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-350	4,467,206.22	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-355	1,004,149.85	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-360	3,928,222.64	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-365	576,643.46	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-370	276,020.75	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-375	2,611,922.16	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-380	305,293.21	10.381%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-385	5,216,141.63	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-390	385,144.83	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-395	1,287,335.30	7.991%	12-31-2016	Construction of Spurlock #2 Generating Station	Victor Vu
HO-400	772,401.35	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-405	2,882,987.92	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-410	578,426.44	7.991%	12-31-2016	Construction of Spurlock #2 Generating Station	Victor Vu
HO-415	385,617.34	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-420	3,534,825.64	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-425	900,972.89	7.991%	12-31-2016	Miscellaneous Transmission	Victor Vu
HO-430	4,440,507.76	7.991%	12-31-2016	Construction of Original Smith Generating Station	Victor Vu
HO-435	759,291.38	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-440	3,048,225.31	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-445	316,731.28	5.913%	12-31-2017	Miscellaneous Transmission	Victor Vu
HO-450	4,117,508.48	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-455	1,585,247.55	5.913%	12-31-2017	Miscellaneous Transmission	Victor Vu
HO-460	2,980,265.56	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-465	601,949.92	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-470	445,398.72	5.913%	12-31-2017	Miscellaneous Transmission	Victor Vu
HO-475	4,453,984.84	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-480	2,858,003.58	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-485	635,982.13	5.913%	12-31-2017	Miscellaneous Transmission	Victor Vu

<u>Type of Debt Issue</u>	<u>Amount Outstanding 11/15/2006</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Purpose of Loan</u>	<u>Person Principally Responsible</u>
HO-490	508,338.53	5.913%	12-31-2017	Miscellaneous Transmission	Victor Vu
HO-495	1,270,845.63	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-500	640,862.30	5.913%	12-31-2017	Miscellaneous Transmission	Victor Vu
HO-505	640,862.30	5.913%	12-31-2017	Construction of Original Smith Generating Station	Victor Vu
HO-510	11,253,054.28	6.665%	12-31-2018	Construction of Original Smith Generating Station	Victor Vu
HO-515	4,181,730.31	5.991%	12-31-2019	Miscellaneous Transmission	Victor Vu
HO-520	379,076.23	10.377%	12-31-2015	Miscellaneous Transmission	Victor Vu
HO-525	802,283.85	5.991%	12-31-2019	Miscellaneous Transmission	Victor Vu
HO-530	512,151.23	5.991%	12-31-2019	Miscellaneous Transmission	Victor Vu
HO-535	139,206.75	10.590%	12-31-2015	Miscellaneous Transmission	Victor Vu
HO-540	1,947,178.54	9.385%	12-31-2015	Construction of Spurlock #2 Generating Station	Victor Vu
HO-545	1,346,866.35	5.177%	12-31-2020	Miscellaneous Transmission	Victor Vu
HO-550	432,854.01	8.058%	12-31-2015	Miscellaneous Transmission	Victor Vu
HO-555	132,807.37	5.177%	12-31-2020	Miscellaneous Transmission	Victor Vu
HO-560	393,370.19	7.413%	12-31-2015	Miscellaneous Transmission	Victor Vu
HO-565	1,766,575.56	5.177%	12-31-2020	Miscellaneous Transmission	Victor Vu
HO-570	3,588,615.50	5.177%	12-31-2020	Miscellaneous Transmission	Victor Vu
HO-575	11,785,567.86	6.301%	12-31-2023	Miscellaneous Transmission	Victor Vu
HO-580	23,222,469.41	6.306%	12-31-2024	Construction Combustion Turbines 1-3	Victor Vu
HO-585	23,222,469.41	6.306%	12-31-2024	Construction Combustion Turbines 1-3	Victor Vu
HO-590	23,222,469.41	6.306%	12-31-2024	Construction Combustion Turbines 1-3	Victor Vu
HO-595	4,736,736.59	6.123%	12-31-2024	Construction Combustion Turbines 1-3	Victor Vu
HO-600	2,941,826.82	6.297%	12-31-2023	Miscellaneous Transmission	Victor Vu
HO-605	5,278,894.69	6.005%	12-31-2024	Construction Combustion Turbines 1-3	Victor Vu
HO-610	5,769,779.35	6.067%	12-31-2024	Miscellaneous Generation Projects	Victor Vu
HO-615	8,425,493.00	5.451%	12-31-2024	Construction Combustion Turbines 1-3	Victor Vu
HO-620	7,142,392.96	5.726%	12-31-2024	Miscellaneous Transmission/Generation Projects	Victor Vu
HO-625	7,149,784.72	5.729%	12-31-2024	Miscellaneous Transmission/Generation Projects	Victor Vu
HO-630	7,122,972.22	5.488%	12-31-2024	Miscellaneous Transmission/Generation Projects	Victor Vu
HO-635	7,142,082.42	5.426%	12-31-2024	Miscellaneous Transmission/Generation Projects	Victor Vu
HO-640	9,646,170.76	5.104%	12-31-2024	Miscellaneous Transmission/Generation Projects	Victor Vu
HO-645	11,639,810.54	4.709%	12-31-2024	Miscellaneous Transmission/Generation Projects	Victor Vu
HO-650	7,069,268.12	5.644%	12-31-2024	Miscellaneous Transmission	Victor Vu
HO-655	18,500,020.92	5.447%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-660	5,606,638.85	5.678%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-665	5,598,027.33	5.538%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-670	13,751,723.27	4.695%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-675	9,177,283.70	4.802%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-680	13,707,321.46	4.366%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-685	9,139,033.93	4.375%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-690	13,754,652.85	4.717%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-695	9,163,275.12	4.644%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-700	3,142,758.30	4.557%	12-31-2024	Miscellaneous Transmission	Victor Vu
HO-705	6,064,986.32	4.790%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-710	2,980,470.48	4.624%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-715	3,932,400.68	4.442%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-720	24,159,206.13	4.460%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-725	24,204,852.18	4.819%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-730	24,027,236.28	4.950%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-735	3,603,289.16	5.055%	12-31-2024	Miscellaneous Transmission	Victor Vu
HO-740	2,410,770.03	4.753%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-745	2,434,019.72	4.501%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-750	24,238,091.77	5.091%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-755	24,245,031.73	5.149%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-760	24,234,963.96	5.065%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-765	24,228,434.46	5.011%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-770	26,184,634.26	5.149%	12-31-2032	Construction of Spurlock SCR's	Victor Vu

<u>Type of Debt Issue</u>	<u>Amount Outstanding 11/15/2006</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Purpose of Loan</u>	<u>Person Principally Responsible</u>
HO-775	6,179,309.50	4.854%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-780	2,164,453.84	5.240%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-785	3,851,949.68	5.020%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-790	16,226,227.23	4.921%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-795	6,452,307.12	4.672%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-800	3,122,302.22	4.795%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-805	5,323,595.76	4.577%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-810	49,495,741.92	4.744%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-815	49,503,453.04	4.825%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-820	49,514,779.67	4.946%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-825	24,743,720.38	4.658%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-830	24,735,790.52	4.497%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-835	24,745,996.02	4.705%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-840	24,727,445.12	4.332%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-845	18,792,546.45	4.324%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-850	12,815,926.21	4.353%	12-31-2030	Construction of Landfill Gas to Energy	Victor Vu
HO-855	29,681,207.85	4.468%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-860	29,681,328.16	4.470%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-865	3,593,978.72	4.485%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-870	29,698,879.80	4.769%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-875	2,041,298.92	4.858%	12-31-2030	Miscellaneous Transmission	Victor Vu
HO-880	551,704.52	4.789%	12-31-2024	Construction Combustion Turbines 4-5	Victor Vu
HO-885	6,444,322.81	4.890%	12-31-2032	Construction of Spurlock SCR's	Victor Vu
HO-890	14,961,317.10	5.345%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
HO-895	9,974,130.35	5.333%	12-31-2038	Construction of Gilbert Generating Unit	Victor Vu
FO-900	15,000,000.00	5.070%	12-31-2034	Construction Combustion Turbines 6-7	Victor Vu
FO-905	15,000,000.00	5.061%	12-31-2034	Construction Combustion Turbines 6-7	Victor Vu
FO-910	23,000,000.00	5.053%	12-31-2034	Construction Combustion Turbines 6-7	Victor Vu
<hr/>					
	1,184,455,374.71		Total FFB		
<u>RUS - Cushion of Credit</u>					
9J990	(76,306,552.68)				Victor Vu
	1,964,643.92		Sick Leave Reserve		
<hr/>					
	<u>\$ 1,655,304,300.58</u>				

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 11

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. Identify all past notes, loans, guarantees, or other debt obligations owed or incurred by EKPC from January 1, 2004 to November 15, 2006 to any financial institution or an EKPC member distribution cooperative, and for each creditor, provide:

- a. the address of the creditor.
- b. the number of notes, loans, guarantees, or other debt obligations existing between EKPC and the creditor.
- c. the current amount owed by EKPC to the creditor for each note, loan, guarantee, or other debt obligation.
- d. the interest rate for each note, loan, guarantee, or other debt obligation, and whether said rate is fixed or variable.
- e. the term and maturity date of each note, loan, guarantee, or other debt obligation.
- f. the purpose for which the proceeds of each note, loan, guarantee, or other debt obligation will be used.
- g. the person(s) principally responsible on behalf of each creditor for managing each note, loan, guarantee, or other debt obligation with EKPC.

Response 11(a-g).

11 (a) & 11 (b)	11 (c)	11 (d)	11 (e)	11 (f)	11 (g)
<u>Type of Debt Issue</u>	Amount Outstanding <u>11/15/2006</u>	Interest <u>Rate</u>	Date of <u>Payoff</u>	Purpose of <u>Loan</u>	Person Principally <u>Responsible</u>

National Rural Utilities Cooperative Finance Corporation ("CFC")

Woodlawn Park
2201 Cooperative Way
Herndon, VA 22071-3025

CFC - \$100 Million Bridge Loan	\$0.00	3.350%	09-02-2006	General Corporate Use	Krishna Murthy
CFC - \$50 Million Unsecured Fast Track loan	0.00	2.700%	09-02-2006	General Corporate Use	Krishna Murthy

\$0.00

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 12

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 12. Refer to page 21 of your response to the Commission's Order of October 27, 2006, Item 13. Provide a copy of the "Twenty-Year Financial Forecast and Equity Development Plan 2006-2025" adopted by the Board of Directors of EKPC on February 7, 2006. Also provide all assumptions used to develop the forecast.

Response 12. The Twenty-Year Financial Forecast and Equity Development Plan 2006-2025 is provided on pages 2 through 24.

**TWENTY-YEAR FINANCIAL FORECAST
EQUITY DEVELOPMENT PLAN
2006-2025**

JANUARY 2006

EAST KENTUCKY POWER COOPERATIVE, INC.

**TWENTY-YEAR FINANCIAL FORECAST
EQUITY DEVELOPMENT PLAN
2006-2025**

Index of Material

<u>Official Forecast</u>	<u>Page No.</u>
Key Assumptions and Data Sources	1 - 2
Commentary	3 - 13
Statement of Operations - Schedule I	14 - 15
Cash Flow Schedule - Schedule II	16 - 17
Balance Sheet - Schedule III	18 - 19
Statistical Data - Schedule IV	20 - 21

EAST KENTUCKY POWER COOPERATIVE

**TWENTY-YEAR FINANCIAL FORECAST
EQUITY DEVELOPMENT PLAN
2006 – 2025**

This financial forecast reflects actual operating data for 2004, revised budget data for 2005, the budget for 2006 and 2007, and a projection of revenue requirements and operating costs for the period of 2008 through 2025. The projections made in this forecast are based on the Integrated Resource Plan filed in April 2003, the 2004 Load Forecast dated September 2004, the 2005 Evaluation of Production O&M Expense, the Board approved Twenty-Year Financial Forecast for 2005-2024 dated January 2005, and other appropriate updated information.

Key Assumptions

1. Annual compound load growth for the member cooperatives (including the addition of one new member) for the forecast period is provided below:

Winter Demand	3.6%
Summer Demand	3.6%
Energy	3.5%

2. 2005 revised budget information is based upon eleven months of actual and one month revised budget.

3. Budget information is used for the years of 2006 and 2007.

4. The general rate of escalation and the capital cost escalation rate are estimated to be 3.0 percent per annum for the forecast period. Since the rate of increase in medical costs is expected to exceed the general inflation rate, the escalation rate for employee benefits has been assumed at 4.0 percent per annum.

5. Annual off-system sales are estimated to range from 13,000 to 1,222,000 MWh per year from 2008 through 2025. The 2006 and 2007 budgets are estimated at 126,745 MWh and 42,477 MWh, respectively. Margins on off-system sales are assumed to be 4.0 mills per kWh in 2005, with this margin escalating at one-half the escalation rate.

6. Interest rates in this forecast for long-term debt are estimated to be 6.0 percent in 2008, 6.5 percent from 2009 through 2015, and 7.5 percent from 2016 through 2025. Short-term debt interest rates are estimated to be 6.0 percent in 2008, 6.5 percent from 2009 through 2015 and 7.0 percent from 2016 through 2025. Tax-exempt bonds are estimated to be 3.5 percent in 2008 and 3.75 percent from 2009 through 2025.

7. Internally generated funds are invested at an annual investment rate of 4.0 percent for 2006, 4.25 percent for 2007, 4.5 percent for 2008, and 4.75 percent from 2009 through 2025.
8. Revenue requirements and rates in this forecast have been determined on the basis of the annual TIER level required by RUS. A rate increase has been deemed appropriate in those years when the current rates provide a TIER less than 1.05. The 1.05 minimum TIER is in compliance with RUS's "General and Pre-Loan Policies and Procedures Common to Insured and Guaranteed Electric Loans", 7 CFR Part 1710 published January 9, 1992.
9. The current Fuel Adjustment Clause (FAC) base fuel charge of 20.25 mills per kWh is held constant throughout the forecast period.
10. The U.S. EPA has issued new regulations for the reduction of sulfur dioxide, nitrogen oxide, and mercury emissions. The Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR) will require a 60-70% reduction in the emissions of these pollutants. The CAIR rule for SO₂ and NO_x requires controls in 2010 and the CAMR rule for mercury requires reductions in 2012. These regulations will necessitate the installation of pollution controls at the various EKPC power plants to achieve the necessary reductions .

The estimated annual costs of these controls have been included in the financial forecast and are listed in Exhibits A & B.

11. Clean Air Act compliance costs and PSC funding requirements for SFAS 106 (Post-Retirement Employee Benefits) have been included in this forecast.
12. In March 2005, the E. A. Gilbert Generating Unit became operational. This is a coal-fired 268 MW circulating fluidized bed unit. Estimated capital cost is \$394 million.
13. In June 2008, Spurlock Unit No. 4 will become operational. This is a coal-fired 278 MW circulating fluidized bed unit. Estimated capital cost is \$470 million.
14. In November 2009, Smith Unit No. 1 will become operational. This is a coal-fired 278 MW circulating fluidized bed unit. Estimated capital cost is \$533 million.
15. An additional distribution cooperative will become a member of EKPC beginning April 1, 2008.

COMMENTARY

EQUITY DEVELOPMENT PLAN

The January 19, 1995, revision to Code of Federal Regulations, 7 CFR Part 1710, specifies that a G & T's projected equity level be adequate to enable the borrower to meet its financial needs and to provide service consistent with the RE Act.

The results of this Twenty-Year Financial Forecast/Equity Development Plan show EKPC's equity to asset ratio decreasing from 9.1% in 2004 to about 6.5% in 2014, then increasing to 8.8% in 2019 and 15.3% in 2025.

Because EKPC's distribution cooperatives are at a competitive disadvantage with neighboring investor-owned and municipal utilities in Kentucky, it will be impractical for EKPC to build equity in the near term. EKPC does not have a capital credit rotation plan due to its current equity levels and competitive situation. Capital credit rotation is not included in the Financial Forecast/Equity Development Plan.

EKPC and its member distribution cooperatives will use their best efforts to achieve objectives contained in its Financial Forecast/Equity Development Plan. EKPC will establish wholesale rates (subject to Kentucky Public Service Commission approval) to meet its equity development plans so long as economic or competitive conditions in EKPC's member systems' service territories will allow.

REVENUE

Rates to Member Cooperatives

Beginning July 2005, an environmental surcharge was implemented. This surcharge is designed to recover the costs of SCRs, scrubbers, and related pollution control facilities necessary to comply with environmental requirements. In addition, rate increases are anticipated in various years of this twenty year period. These rate increases will be needed to finance costs associated with the addition of generation units, additional transmission and distribution facilities, inflation, and increased O&M costs. The fuel adjustment clause has been calculated on the basis of the current fuel base of 2.025 cents per kWh. Page 9 provides the average cost of power for the member systems from base rates, the environmental surcharge, and the fuel adjustment clause.

Off-System Sales

Annual revenue from off-system sales has been developed on the basis of selling approximately 13,000 to 1,222,000 MWh per year from 2008 through 2025. The 2006 and 2007 budgets are estimated at 126,745 MWh and 42,477 MWh, respectively. A margin of 4.0 mills per kWh in 2005 is escalated at one-half the general inflation rate to establish the margin per kWh for each year of the forecast period. The rate per kWh is

the sum of the sourced cost, plus the average production variable O&M expense (when appropriate), plus margin. These rates are provided in Schedule IV.

Other Revenue (Interest Income)

Interest income is calculated on the basis of the funds available for investment during each year of the forecast. Funds available for investment are estimated to be \$29.8 million as of December 31, 2005. These funds will be invested at an estimated rate of 4.0 percent in 2006, 4.25 percent in 2007, 4.5 percent in 2008, and 4.75 percent for 2009 through 2025.

EXPENSES

Fuel Expenses

Fuel costs used in this forecast have the following bases (2006\$ except where noted):

	2006 \$/MBtu	
Dale	\$2.42	
Cooper No. 1 and Cooper No. 2		
Compliance Coal	2.22	
High Sulphur Coal	1.50	(2010 \$/Mbtu)
Spurlock No. 1		
Compliance Coal	2.46	
High Sulphur Coal	1.51	(2009 \$/Mbtu)
Spurlock No. 2		
Compliance Coal	2.27	
High Sulphur Coal	1.37	(2008 \$/Mbtu)
Gilbert Unit and Spurlock No. 4	1.15	
Smith No. 1 and Smith No. 2	1.33	(2009 \$/Mbtu)
Combustion Turbines	10.00	
Landfill Gas Generation	.27	

These fuel prices are in accordance with EKPC's strategy for compliance with the 1990 Clean Air Act Amendments. The fuel prices are a combination of various annual escalation rates and market prices.

Production O&M

Production O&M expenses for EKPC's existing coal-fired plants are estimated on the following basis. In addition to these estimates, there is an annualized adder of \$.64/MWh to Cooper Unit Nos. 1 & 2 and Spurlock Unit No. 1 and \$.41/MWh to Spurlock Unit No. 2 for variable O&M related to operation of the SCR's.

<u>Station/Unit</u>	Fixed O&M	Variable O&M
	<u>Per kW of Capacity</u>	<u>Per MWh Generated</u>
	<u>2005 Base</u>	<u>2005 Base</u>
Dale	\$26.33	\$2.29
Cooper No. 1 & 2	18.35	.99
Spurlock No. 1 & 2	18.54	1.24

Production O&M expenses for scrubbers, circulating fluidized bed units, peaking units, and combined cycle units are estimated on the following basis. In addition to the estimate for circulating fluidized bed units, there is a \$.03/MWh annualized adder related to operation of an SNCR system.

<u>Station/Unit</u>	<u>Fixed O&M Per kW of Capacity</u>	<u>Variable O&M Per MWh Generated</u>
	<u>2005 Base</u>	<u>2005 Base</u>
Peaking Units	\$ 1.62	\$3.20 - \$18.00
Fluidized Bed Units		
Gilbert Unit	18.30	2.12
Spurlock Unit No. 4	14.90	2.12
Smith Unit No. 1	23.17	2.16
Smith Unit No. 2	14.90	2.16
Scrubber Units *	3.07	2.46
Landfill Gas Generation	3.75	9.34

* See additional annual costs on attached Exhibit A & Exhibit B

Turbine overhaul costs have been forecasted on an individual unit basis separate from other production O&M expenses. Listed below are these costs in 2005 dollars:

<u>Unit</u>	<u>2004 \$</u>	<u>Overhaul Cycle (Years)</u>
Dale No. 1 & 2	\$1,500,000	10
Dale No. 3	2,000,000	10
Dale No. 4	2,000,000	10
Cooper No. 1	3,200,000	10
Cooper No. 2	3,200,000	10
Spurlock No. 1	4,000,000	10
Spurlock No. 2	4,000,000	10
Fluidized Bed Units	4,000,000	10

Major overhaul costs have been included in the forecast for the combustion turbines and are included in the dollars allocated for O&M

Overhaul costs associated with landfill gas generation units are included in the forecast at \$110,000 per unit in 2005 dollars with an overhaul cycle of every five years.

The costs associated with the MEAGER 2025 Program have been allocated between capital and expense in this forecast. Those costs identified as expenses are included in the Statement of Operations in addition to the above stated expenses.

Transmission O&M

Annual transmission costs are estimated based on a percent of the transmission investment as of the end of each year in the forecast period plus an allocation cost for employee benefits, property taxes, and property insurance. The estimated percent used in this projection is 4.5 percent through 2012, 5.0 percent from 2013 through 2017, 5.75 percent from 2018 through 2022, and 6.0 percent for 2023 through 2025.

Distribution O&M

Annual distribution costs are estimated to be 2.0 percent of the distribution plant investment at the end of each year in the forecast period.

Administrative and General

Employee benefit costs are estimated to increase by 4.0 percent per annum from a base of \$22,242,575 in 2007. These costs are allocated to all functional accounts in order to more accurately reflect their total costs

Purchased Power

Capacity and energy purchases from Southeastern Power Administration (SEPA) are assumed to be 170 MW of capacity and approximately 258,000 MWh of energy for each year of this forecast. The base rates for these purchases in 2005 are \$2.232 per kW of capacity per month of total contract demand and 9.130 mills per kWh of energy. The rates for these purchases for each year are provided in Schedule IV.

Depreciation, Taxes, and Insurance

Depreciation, taxes, and insurance expenses are estimated on the basis of the application of the below listed rates to the year-end investment for each type of plant:

<u>Plant</u>	<u>Depreciation Rate-%</u>	<u>Tax & Insurance Rate-%</u>
Production	Various *	0.427
Transmission	2.78	0.444
Distribution	2.86	0.217
General	12.29	0.379

* As of January 1, 2003 production-related capital additions for the Cooper Units are assumed to have a twenty-year life and the Spurlock Units are assumed to have a twenty-five-year life. The net book value of each unit as of this date is amortized over each unit's remaining life. The Dale Units are fully depreciated.

Interest

The actual interest expense has been calculated on all current loans. The interest rate on all future loans is estimated to be 6.5 percent per year through 2015 and 7.5 percent per year from 2016 through 2025. Interest is capitalized (IDC) during the construction period with IDC being charged to the Balance Sheet. Starting in the year the project becomes operational, interest will be considered an expense item for the Statement of Operations. This accounting method is in compliance with the Uniform Systems of Accounts and generally accepted accounting principles. All capital additions are funded either from general funds or borrowed funds.

NEW FACILITIESGeneration Plant

Landfill gas generation is the first type of new generation to be placed on line followed by combustion turbines, and circulating fluidized bed units in 2008, 2009, 2012, 2015, and 2020. A schedule on size, timing, type, and cost of new generation facilities is provided below:

<u>Winter Season</u>	<u>Capacity - MW</u>	<u>Cost-(\$000)</u>	<u>Type</u>
2006	6	12,198	Landfill Gas Generation
2007	9	16,244	Landfill Gas Generation
2007/08	415	266,491	Combustion Turbines (5)
2008	278	469,700	Spurlock Unit 4-Fluidized Bed
2008	3	8,422	Landfill Gas Generation
2009	278	533,000	Smith Unit 1-Fluidized Bed
2009	3	4,610	Landfill Gas Generation
2010	3	4,748	Landfill Gas Generation
2011	74	34,093	Combustion Turbine
2011	3	4,891	Landfill Gas Generation
2012	278	485,044	Smith Unit 2-Fluidized Bed
2012	3	5,038	Landfill Gas Generation
2013	3	5,189	Landfill Gas Generation
2014	3	5,344	Landfill Gas Generation
2015	278	530,021	Fluidized Bed Unit
2015	3	5,505	Landfill Gas Generation
2017	166	132,767	Combustion Turbines (2)
2018	74	41,930	Combustion Turbine
2019	83	70,426	Combustion Turbine
2020	278	614,440	Fluidized Bed Unit
2022	148	94,385	Combustion Turbines (2)
2023	83	79,265	Combustion Turbine
2024	83	81,643	Combustion Turbine

Transmission Plant

Facilities to be added for the forecast period are based on Power Delivery's Ten-Year Work Plan for 2005-2015, with the remaining years developed on the basis of the average costs in this work plan plus an additional amount for circulating fluidized bed units in 2008, 2009, 2012, 2015, and 2020.

Distribution Plant

Distribution facilities in this forecast are also based on the Ten-Year Work Plan as explained above in transmission plant additions.

General Plant

General plant additions have been developed on the basis of the general escalation rates applied to the budgeted general plant investment at the end of 2008.

Average Cost of Power To Member Systems

The average cost of power to the member systems is provided below:

(Mills per kWh)				
<u>Year</u>	<u>Base Rates</u>	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>	<u>Average Cost to Members</u>
2006	42.02	8.33	4.98	55.20
2007	43.05	8.47	4.71	56.10
2008	43.15	4.72	7.04	54.45
2009	45.87	0.03	7.68	52.57
2010	48.93	(2.26)	7.61	53.75
2011	48.91	(1.24)	7.38	54.56
2012	48.87	(2.13)	7.16	53.44
2013	49.17	(2.01)	6.96	53.68
2014	49.49	(0.90)	6.78	54.98
2015	50.83	(1.51)	6.89	55.92
2016	52.16	(1.43)	6.72	57.12
2017	52.24	(0.44)	6.36	57.97
2018	52.22	0.57	6.14	58.76
2019	52.21	1.73	5.92	59.72
2020	52.78	1.14	5.86	59.50
2021	52.91	1.54	5.75	59.84
2022	52.89	2.83	5.57	60.95
2023	52.87	4.20	5.41	62.17
2024	52.84	5.62	5.28	63.42
2025	52.89	7.43	5.17	65.16

Amount and Timing of Rate Changes

This forecast assumes that rate changes will be effective on January 1 in the years listed below:

	Annual Percentage Change in <u>Total to Members</u>	Cumulative Percentage Change in <u>Total to Members</u>
2006	9.3%	9.3%
2007	1.6%	11.1%
2008	(2.9)%	7.8%
2009	(3.5)%	4.1%
2010	2.3%	6.5%
2011	1.5%	8.1%
2012	(2.1)%	5.8%
2013	0.5%	6.3%
2014	2.4%	8.9%
2015	1.7%	10.7%
2016	2.1%	13.1%
2017	1.5%	14.8%
2018	1.4%	16.4%
2019	1.6%	18.3%
2020	(0.4)%	17.8%
2021	0.6%	18.5%
2022	1.9%	20.7%
2023	2.0%	23.1%
2024	2.0%	25.6%
2025	2.7%	29.0%

Equity

This forecast estimates EKPC's equity to be at the levels listed below:

<u>Year</u>	<u>Equity Amount (\$000)</u>	<u>Equity To Asset Percent</u>
2006	138,951	6.29
2007	146,144	5.17
2008	158,462	4.77
2009	177,763	4.78
2010	189,095	5.07
2011	227,913	5.95
2012	243,406	6.22
2013	254,289	6.40
2014	265,391	6.55
2015	276,590	6.83
2016	288,258	7.29
2017	299,929	7.40
2018	332,003	7.98
2019	378,464	8.82
2020	390,891	9.33
2021	418,557	10.22
2022	452,237	11.32
2023	487,766	12.50
2024	525,620	13.72
2025	573,170	15.27

**ADDITIONAL ANNUAL SCRUBBER O&M COSTS
SPURLOCK UNIT NO. 1 AND UNIT NO. 2
COOPER UNIT NO. 1 AND UNIT NO. 2**

<u>Year</u>	<u>Spurlock Unit No. 1 Scrubber O&M</u>	<u>Spurlock Unit No. 2 Scrubber O&M</u>	<u>Cooper Unit Nos. 1 and 2 Scrubber O&M</u>	<u>Total Scrubber O&M</u>
(assumes operation of Spurlock Unit No. 2 Scrubber 10/1/2008, Spurlock Unit No. 1 Scrubber 1/1/2009, and Cooper Unit Nos. 1 and 2 Scrubbers 1/1/2010)*				
2008		11,503,187		11,503,187
2009	7,428,422	12,001,304		19,429,726
2010	7,293,899	11,583,505	7,928,216	26,805,620
2011	7,489,702	11,824,707	8,097,714	27,412,123
2012	7,473,327	11,882,717	8,086,131	27,442,175
2013	7,558,295	12,054,563	8,213,567	27,826,425
2014	7,805,424	12,350,468	8,421,706	28,577,598
2015	7,869,599	12,403,559	8,430,636	28,703,794
2016	7,851,054	12,437,044	8,506,339	28,794,437
2017	8,065,337	12,824,099	8,711,238	29,600,674
2018	8,311,774	13,279,099	8,971,563	30,562,436
2019	8,611,231	13,663,859	9,272,610	31,547,700
2020	8,730,194	13,740,827	9,348,448	31,819,469
2021	8,843,286	13,996,513	9,489,926	32,329,725
2022	9,102,444	14,420,497	9,768,512	33,291,453
2023	9,344,091	14,811,238	10,015,434	34,170,763
2024	9,617,897	15,213,628	10,296,660	35,128,185
2025	9,895,465	15,683,889	10,576,966	36,156,320

*Does not include scrubber related capital costs of \$173,000,000 for Spurlock Unit No. 2, \$118,178,425 for Spurlock Unit No. 1 and \$175,776,699 for Cooper Unit Nos. 1 and 2.

ENVIRONMENTAL COMPLIANCE COSTS

<u>Location</u>	<u>Equipment Type</u>	<u>In-Service Date</u>	<u>Estimated Capital Costs</u>	<u>Estimated Annual O & M</u>
Spurlock #2	SCR	05/31/02	\$ 40,276,750 *	\$ 415,554
Spurlock #1	SCR	06/15/03	103,007,364 **	396,253
Gilbert Unit	Pollution Control Equip	03/01/05	69,612,000 *	4,346,979
Spurlock #2	Scrubber	10/01/08	129,750,000 *	11,503,187
Spurlock #4	Pollution Control Equip	06/30/08	70,455,000 *	4,626,630
Smith #1	Pollution Control Equip	11/01/09	79,950,000 *	4,723,789
Spurlock #1	Scrubber	01/01/09	88,633,819 *	7,428,422
Cooper #1 & #2	SCR	01/01/10	65,209,167 *	298,830
Cooper #1 & #2	Scrubber & ESP's	01/01/10	151,626,525 *	7,928,216

* Includes only capital costs related to emissions control.

** Includes a new precipitator on Spurlock #1 and other capital costs related to emissions control.

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST
(2006-2025)

STATEMENT OF OPERATIONS
(\$000)

	ACTUAL 2004	REVISED BUDGET 2005	BUDGET 2006	BUDGET 2007	2008	2009	2010	2011	2012	2013	2014
<u>OPERATING REVENUE</u>											
MEMBER COOPERATIVES											
BASE RATES	\$448,294	\$495,114	\$539,559	\$559,206	\$660,210	\$711,530	\$760,425	\$839,461	\$861,828	\$885,238	\$912,983
FUEL ADJUSTMENT	52,875	98,189	105,293	111,042	71,280	483	(37,411)	(21,041)	(37,140)	(35,999)	(16,547)
ENVIRONMENTAL SURCHARGE	0	25,232	63,894	62,701	101,578	108,638	118,148	118,179	117,588	117,713	118,540
BASE RATE CHANGE	0	0	0	14,000	0	36,146	59,245	0	0	5,043	6,756
TOTAL FROM MEMBERS	501,169	618,535	708,745	746,949	833,067	856,797	900,407	936,600	942,276	971,996	1,021,732
OFF SYSTEM SALES	1,643	4,888	4,963	1,469	440	2,645	16,167	13,098	30,332	31,721	27,672
TOTAL OPERATING REVENUE	502,811	623,423	713,709	748,418	833,507	859,442	916,574	949,698	972,609	1,003,717	1,049,404
<u>EXPENSES</u>											
PRODUCTION											
FUEL	168,534	257,690	282,609	299,080	358,139	322,194	308,075	329,798	336,263	349,376	373,759
O AND M	87,608	88,498	128,744	134,855	162,657	159,788	157,110	159,831	168,626	180,343	196,832
OTHER POWER SUPPLY	148,103	120,475	112,182	111,088	44,716	34,947	29,383	31,153	31,108	29,326	32,995
TRANSMISSION O AND M	16,291	17,311	18,953	19,516	17,893	20,231	20,870	21,605	22,894	26,066	26,501
ADMINISTRATIVE & GENERAL	37,980	40,696	41,566	41,795	42,192	43,530	44,911	46,335	47,805	49,322	50,888
DEPRECIATION	38,994	52,293	58,843	64,561	86,736	107,183	136,871	139,091	152,349	158,087	163,067
TAXES	3	235	1	1	0	0	0	0	0	0	0
INTEREST ON LONG TERM DEBT	53,923	69,998	86,279	114,741	159,655	193,013	226,622	208,701	212,977	217,662	222,027
INTEREST CHARGED TO CONSTR	(16,080)	(6,119)	(14,172)	(38,702)	(47,691)	(36,270)	(12,454)	(21,767)	(11,024)	(13,608)	(23,786)
OTHER DEBT COST	565	271	199	199	1,035	1,035	755	195	161	161	153
TOTAL EXPENSES	535,922	641,349	715,204	747,134	825,332	845,651	912,143	914,942	961,160	996,735	1,042,434
OPERATING MARGINS	(33,110)	(17,925)	(1,495)	1,284	8,175	13,791	4,431	34,756	11,449	6,982	6,970
OTHER REVENUE	5,843	9,971	6,473	5,910	4,143	5,510	6,900	4,063	4,044	3,901	4,132
NET MARGIN	(\$27,268)	(\$7,954)	\$4,978	\$7,194	\$12,318	\$19,301	\$11,331	\$38,819	\$15,493	\$10,883	\$11,101
TIMES INTEREST EARNED RATIO	0.49	0.89	1.06	1.06	1.08	1.10	1.05	1.19	1.07	1.05	1.05

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST
(2006-2025)

STATEMENT OF OPERATIONS
(\$000)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
OPERATING REVENUE											
MEMBER COOPERATIVES											
BASE RATES	\$941,201	\$992,591	\$1,041,867	\$1,071,999	\$1,100,032	\$1,131,265	\$1,171,457	\$1,199,906	\$1,227,992	\$1,258,162	\$1,292,624
FUEL ADJUSTMENT	(28,461)	(27,633)	(8,718)	11,589	36,111	24,418	33,796	63,643	96,734	132,719	180,139
ENVIRONMENTAL SURCHARGE	125,403	124,418	123,516	122,726	122,084	120,774	119,719	119,133	119,324	119,422	119,761
BASE RATE CHANGE	26,899	25,630	3,379	0	0	9,691	0	0	0	0	0
TOTAL FROM MEMBERS	1,065,042	1,115,006	1,160,044	1,206,313	1,258,227	1,286,147	1,324,972	1,382,682	1,444,049	1,510,303	1,592,524
OFF SYSTEM SALES	47,549	45,942	43,947	42,312	41,538	59,310	63,818	58,476	52,788	47,468	37,972
TOTAL OPERATING REVENUE	1,112,590	1,160,948	1,203,991	1,248,625	1,299,764	1,345,457	1,388,791	1,441,158	1,496,838	1,557,772	1,630,497
EXPENSES											
PRODUCTION											
FUEL	385,070	395,914	423,984	455,005	489,494	500,584	524,433	560,885	601,020	644,548	695,992
O AND M	210,147	225,817	238,943	226,186	225,490	251,860	246,868	260,815	268,733	279,234	290,950
OTHER POWER SUPPLY	33,564	31,764	33,616	33,532	36,053	36,758	35,559	38,175	38,946	41,461	44,454
TRANSMISSION O AND M	30,648	31,553	32,489	36,940	38,010	39,282	40,948	42,669	48,477	50,453	52,494
ADMINISTRATIVE & GENERAL	52,503	54,170	55,890	57,666	59,498	61,389	63,340	65,354	67,432	69,577	71,791
DEPRECIATION	177,070	182,198	186,659	189,099	192,535	208,677	214,658	214,811	217,885	222,075	223,937
TAXES	0	0	0	0	0	0	0	0	0	0	0
INTEREST ON LONG TERM DEBT	223,996	233,350	233,415	240,607	248,152	248,550	241,255	232,883	224,703	217,380	209,956
INTEREST CHARGED TO CONSTR	(7,494)	0	(5,873)	(18,203)	(31,816)	(9,943)	0	0	0	0	0
OTHER DEBT COST	110	110	110	110	110	110	110	110	107	100	100
TOTAL EXPENSES	1,105,614	1,154,876	1,199,234	1,220,941	1,257,525	1,337,268	1,367,172	1,415,701	1,467,303	1,524,828	1,589,674
OPERATING MARGINS	6,976	6,071	4,757	27,685	42,240	8,189	21,619	25,457	29,535	32,943	40,823
OTHER REVENUE	4,223	5,596	6,914	4,390	4,221	4,238	6,047	8,224	5,994	4,911	6,726
NET MARGIN	\$11,200	\$11,668	\$11,671	\$32,075	\$46,461	\$12,428	\$27,665	\$33,680	\$35,529	\$37,854	\$47,549
TIMES INTEREST EARNED RATIO	1.05	1.05	1.05	1.13	1.19	1.05	1.11	1.14	1.16	1.17	1.23

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST

CASH FLOW SCHEDULE
(\$000)

	ACTUAL 2004	REVISED BUDGET 2005	BUDGET 2006	BUDGET 2007	2008	2009	2010	2011	2012	2013	2014
AVAILABLE FUNDS											
NET MARGIN	(\$27,268)	(\$7,954)	\$4,978	\$7,194	\$12,318	\$19,301	\$11,331	\$38,819	\$15,493	\$10,883	\$11,101
DEPRECIATION	38,994	52,293	58,843	64,561	87,770	108,218	137,626	139,286	152,510	158,248	163,219
LTD ADVANCES	252,519	338,508	620,563	674,693	575,240	549,500	807,200	167,000	169,000	159,000	174,000
SHORT TERM BORROWINGS	0	0	0	0	0	0	0	0	0	0	0
OPERATING RESERVES	(104,822)	151	2,389	2,561	2,617	2,624	2,645	2,627	2,569	2,614	2,582
OTHER TRANSACTIONS	153,031	(229,194)	780	780	780	780	780	780	585	0	0
TOTAL AVAILABLE	312,455	153,804	687,553	749,788	678,725	680,423	959,583	348,512	340,157	330,745	350,903
CASH REQUIREMENTS											
PRINCIPAL PAYMENTS	32,026	44,736	54,644	63,146	76,645	87,497	97,833	108,638	107,314	109,348	112,014
CREDIT FACILITY PAYMENTS	0	0	0	0	20,000	90,000	710,000	0	0	0	0
FUEL STOCK	13,962	2,736	5,967	2,647	9,493	(5,776)	(2,269)	3,491	1,039	2,107	3,918
MATERIALS & SUPPLIES	574	5,755	3,679	5,165	15,288	14,505	6,056	1,267	10,584	682	1,034
OTHER ASSETS	(198)	(397)	368	516	1,529	1,450	606	127	1,058	68	103
ACCOUNTS RECEIVABLE	7,163	18,481	6,634	(240)	1,509	(1,902)	2,305	8,018	464	2,089	4,076
POST RETIREMENT MEDICAL FD	24	188	2,389	2,561	2,617	2,624	2,645	2,627	2,569	2,614	2,582
INTEREST CHARGED TO CONSTR	16,080	6,119	14,172	38,702	47,691	36,270	12,454	21,767	11,024	13,608	23,786
CAPITAL ADDITIONS	221,769	131,145	579,007	637,296	504,799	397,680	188,616	201,388	208,614	196,396	202,523
CAPITAL CREDITS RETIRED	0	0	0	0	0	0	0	0	0	0	0
TOTAL CASH REQUIREMENTS	291,401	208,763	666,860	749,794	679,571	622,347	1,018,245	347,323	342,666	326,913	350,037
INCREASE DECREASE IN CASH	\$21,054	(\$54,959)	\$20,692	(\$6)	(\$846)	\$58,076	(\$58,663)	\$1,189	(\$2,509)	\$3,832	\$865
DEBT SERVICE COVERAGE	0.76	1.00	1.07	1.05	1.09	1.14	1.16	1.19	1.16	1.16	1.16

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST

CASH FLOW SCHEDULE
(\$000)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
AVAILABLE FUNDS											
NET MARGIN	\$11,200	\$11,668	\$11,671	\$32,075	\$46,461	\$12,428	\$27,665	\$33,680	\$35,529	\$37,854	\$47,549
DEPRECIATION	177,180	182,308	186,769	189,209	192,645	208,787	214,768	214,921	217,992	222,175	224,037
LTD ADVANCES	90,000	0	190,000	180,000	200,000	5,000	0	0	11,000	32,000	0
SHORT TERM BORROWINGS	0	0	0	0	0	0	0	0	0	0	0
OPERATING RESERVES	2,490	2,350	2,224	2,167	2,106	2,090	2,035	1,970	1,939	1,940	2,007
OTHER TRANSACTIONS	(0)	0	(0)	0	0	0	(0)	0	(0)	(0)	0
TOTAL AVAILABLE	280,870	196,325	390,664	403,450	441,212	228,305	244,469	250,571	266,460	293,969	273,593
CASH REQUIREMENTS											
PRINCIPAL PAYMENTS	106,311	106,132	105,104	109,343	114,617	121,450	127,168	133,851	140,987	143,291	128,268
CREDIT FACILITY PAYMENTS	0	0	0	0	0	0	0	0	0	0	0
FUEL STOCK	1,818	1,743	4,511	4,985	5,542	1,782	3,833	5,858	6,450	6,995	8,267
MATERIALS & SUPPLIES	12,730	550	3,387	1,588	2,128	12,975	849	2,762	2,663	2,701	958
OTHER ASSETS	1,273	55	339	159	213	1,297	85	276	266	270	96
ACCOUNTS RECEIVABLE	2,056	4,190	5,863	4,177	4,383	1,239	3,904	4,847	5,190	5,510	6,836
POST RETIREMENT MEDICAL FD	2,490	2,350	2,224	2,167	2,106	2,090	2,035	1,970	1,939	1,940	2,007
INTEREST CHARGED TO CONSTR	7,494	0	5,873	18,203	31,816	9,943	0	0	0	0	0
CAPITAL ADDITIONS	146,093	27,484	317,665	267,579	281,276	71,553	42,427	138,113	133,151	135,036	47,883
CAPITAL CREDITS RETIRED	0	0	0	0	0	0	0	0	0	0	0
TOTAL CASH REQUIREMENTS	280,264	142,503	444,965	408,201	442,083	222,329	180,301	287,676	290,646	295,742	194,315
INCREASE DECREASE IN CASH	\$605	\$53,822	(\$54,301)	(\$4,751)	(\$871)	\$5,976	\$64,168	(\$37,105)	(\$24,186)	(\$1,773)	\$79,278
DEBT SERVICE COVERAGE	1.23	1.24	1.26	1.31	1.34	1.25	1.29	1.29	1.29	1.31	1.40

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST

BALANCE SHEET
(\$000)

	ACTUAL 2004	REVISED BUDGET 2005	BUDGET 2006	BUDGET 2007	2008	2009	2010	2011	2012	2013	2014
ASSETS											
ELECTRIC PLANT IN SERVICE	\$1,544,046	\$2,046,976	\$2,245,076	\$2,542,001	\$3,304,486	\$3,998,311	\$4,302,865	\$4,387,985	\$4,883,325	\$4,931,010	\$5,006,483
CONSTR WORK IN PROGRESS	481,268	138,891	533,971	913,044	703,049	443,174	339,690	477,725	202,024	364,343	515,178
UTILITY PLANT	2,025,315	2,185,867	2,779,046	3,455,045	4,007,535	4,441,485	4,642,555	4,865,710	5,085,349	5,295,353	5,521,661
ACCUM DEPRECIATION	726,858	775,676	834,519	899,080	985,816	1,092,999	1,229,870	1,368,961	1,521,311	1,679,397	1,842,464
UTILITY PLANT NET	1,298,456	1,410,191	1,944,527	2,555,964	3,021,719	3,348,486	3,412,684	3,496,749	3,564,038	3,615,955	3,679,197
PROPERTY & INVESTMENTS	56,544	41,503	43,112	44,893	46,730	48,574	50,439	52,286	54,270	56,884	59,466
OTHER ASSETS	919	4,553	4,691	4,829	3,932	3,036	2,419	2,361	2,338	2,315	2,301
CURRENT ASSETS	84,773	29,815	50,507	50,501	49,655	107,731	49,068	50,257	47,747	51,580	52,445
CASH AND INVESTMENTS	56,520	75,001	81,636	81,396	82,905	81,003	83,308	91,326	91,789	93,879	97,955
ACCOUNTS RECEIVABLE	36,711	39,446	45,413	48,060	57,553	51,777	49,508	52,999	54,037	56,145	60,063
FUEL STOCK	26,149	31,904	35,584	40,748	56,037	70,541	76,597	77,864	88,448	89,130	90,164
MATERIALS & SUPPLIES	1,504	1,827	2,195	2,712	4,241	5,691	6,297	6,423	7,482	7,550	7,653
OTHER CURRENT ASSETS											
TOTAL ASSETS	\$1,561,577	\$1,634,241	\$2,207,664	\$2,829,103	\$3,322,771	\$3,716,838	\$3,730,320	\$3,830,265	\$3,910,150	\$3,973,437	\$4,049,244
EQUITY AND LIABILITIES											
EQUITY	\$142,050	\$133,973	\$138,951	\$146,144	\$158,462	\$177,763	\$189,095	\$227,913	\$243,406	\$254,289	\$265,391
LONG TERM DEBT	1,267,907	1,389,678	1,955,597	2,567,143	3,045,738	3,417,741	3,417,109	3,475,471	3,537,156	3,586,808	3,648,794
SHORT TERM DEBT	0	0	0	0	0	0	0	0	0	0	0
CURRENT LIABILITIES	94,528	53,346	53,484	53,622	53,760	53,898	54,036	54,174	54,312	54,450	54,588
DEF CREDIT & OPER RESERVES	57,093	57,244	59,633	62,194	64,811	67,435	70,080	72,707	75,275	77,890	80,472
TOTAL EQUITY & LIABILITIES	\$1,561,577	\$1,634,241	\$2,207,664	\$2,829,103	\$3,322,771	\$3,716,838	\$3,730,320	\$3,830,265	\$3,910,150	\$3,973,437	\$4,049,244
EQUITY TO ASSET RATIO	9.10%	8.20%	6.29%	5.17%	4.77%	4.78%	5.07%	5.95%	6.22%	6.40%	6.55%

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST

BALANCE SHEET
(\$000)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ASSETS											
ELECTRIC PLANT IN SERVICE	\$5,601,423	\$5,628,907	\$5,803,827	\$5,901,437	\$6,039,670	\$6,632,815	\$6,675,242	\$6,813,355	\$6,946,506	\$7,081,541	\$7,129,424
CONSTR WORK IN PROGRESS	73,825	73,825	222,443	410,615	585,474	73,825	73,825	73,825	73,825	73,825	73,825
UTILITY PLANT	5,675,248	5,702,732	6,026,270	6,312,052	6,625,145	6,706,640	6,749,067	6,887,180	7,020,331	7,155,366	7,203,249
ACCUM DEPRECIATION	2,019,534	2,201,732	2,388,391	2,571,490	2,770,025	2,978,702	3,193,361	3,408,172	3,626,057	3,848,132	4,072,069
UTILITY PLANT NET	3,655,714	3,501,000	3,637,879	3,734,562	3,855,120	3,727,938	3,555,706	3,479,008	3,394,274	3,307,234	3,131,180
PROPERTY & INVESTMENTS	61,956	64,306	66,529	68,696	70,803	72,893	74,928	76,898	78,837	80,777	82,784
OTHER ASSETS	2,329	2,357	2,385	2,413	2,441	2,469	2,497	2,525	2,556	2,594	2,632
CURRENT ASSETS											
CASH AND INVESTMENTS	53,050	106,873	52,572	47,821	46,951	52,927	117,096	79,990	55,805	54,031	133,310
ACCOUNTS RECEIVABLE	100,011	104,201	110,064	114,241	118,624	119,863	123,767	128,614	133,804	139,314	146,150
FUEL STOCK	61,881	63,623	68,134	73,119	78,662	80,444	84,276	90,134	96,584	103,579	111,846
MATERIALS & SUPPLIES	102,894	103,443	106,830	108,418	110,547	123,522	124,370	127,132	129,795	132,496	133,454
OTHER CURRENT ASSETS	8,926	8,981	9,320	9,479	9,692	10,989	11,074	11,350	11,616	11,886	11,982
TOTAL ASSETS	\$4,046,761	\$3,954,784	\$4,053,713	\$4,158,749	\$4,292,837	\$4,191,043	\$4,093,714	\$3,995,651	\$3,903,271	\$3,831,912	\$3,753,338
EQUITY AND LIABILITIES											
EQUITY	\$276,590	\$288,258	\$299,929	\$332,003	\$378,464	\$390,891	\$418,557	\$452,237	\$487,766	\$525,620	\$573,170
LONG TERM DEBT	3,632,483	3,526,351	3,611,247	3,681,904	3,767,287	3,650,837	3,523,669	3,389,818	3,259,832	3,148,540	3,020,272
SHORT TERM DEBT	0	0	0	0	0	0	0	0	0	0	0
CURRENT LIABILITIES	54,726	54,864	55,002	55,140	55,278	55,416	55,554	55,692	55,830	55,968	56,106
DEF CREDIT & OPER RESERVES	82,962	85,311	87,535	89,702	91,808	93,899	95,934	97,904	99,843	101,783	103,790
TOTAL EQUITY & LIABILITIES	\$4,046,761	\$3,954,784	\$4,053,713	\$4,158,749	\$4,292,837	\$4,191,043	\$4,093,714	\$3,995,651	\$3,903,271	\$3,831,912	\$3,753,338
EQUITY TO ASSET RATIO	6.83%	7.29%	7.40%	7.98%	8.82%	9.33%	10.22%	11.32%	12.50%	13.72%	15.27%

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST

STATISTICAL DATA

	ACTUAL 2004	REVISED BUDGET 2005	BUDGET 2006	BUDGET 2007	2008	2009	2010	2011	2012	2013	2014
MEMBER CO-OP AVG COST											
BASE RATES (MILLS/KWH)	37.96	40.42	42.02	43.05	43.15	45.87	48.93	48.91	48.87	49.17	49.49
FUEL ADJ RATE (MILLS/KWH)	5.80	8.14	8.33	8.47	4.72	0.03	(2.26)	(1.24)	(2.13)	(2.01)	(0.90)
ENVIRON. SURCHARGE (MILLS/KWH)	0.00	2.06	4.98	4.71	7.04	7.68	7.61	7.38	7.16	6.96	6.78
TOTAL FM MEMBERS (MILLS/KWH)	42.45	50.49	55.20	56.10	54.45	52.57	53.75	54.56	53.44	53.68	54.98
PERCENTAGE CHANGE IN RATES	10.1%	19.0%	9.3%	1.6%	-2.9%	-3.5%	2.3%	1.5%	-2.1%	0.5%	2.4%
POWER PURCHASES - SEPA											
DEMAND (\$/KW/MO) - SEPA	2.23	2.23	2.23	2.23	2.60	3.72	3.72	3.72	3.72	3.85	4.21
ENERGY - MILLS/KWH - SEPA	9.13	9.13	9.12	9.14	9.33	10.08	10.08	10.08	10.08	10.35	11.40
OFF-SYSTEM SALES											
ENERGY (MILLS/KWH)	30.72	40.11	39.16	34.58	33.56	45.52	37.69	36.73	38.68	40.31	40.75
STATISTICS											
AVG FUEL COST (MILLS/KWH)	18.63	23.05	23.74	24.56	24.25	19.92	17.99	18.88	18.29	18.48	19.40
VARIABLE O&M (MILLS/KWH)	3.01	3.53	5.64	5.75	6.03	5.17	3.73	3.82	3.78	3.85	3.98
TOTAL GENERATION (MWH)	9,046,449	11,178,161	11,904,949	12,179,044	14,770,127	16,174,480	17,121,915	17,464,011	18,383,954	18,905,874	19,265,660
SALES TO MEMBER CO-OPS (MWH)	11,810,312	12,249,498	12,839,739	13,314,207	15,298,576	16,299,394	16,750,327	17,165,106	17,634,048	18,106,619	18,582,621
TOTAL SYSTEM CAPACITY (MW)	2,044	2,460	2,463	2,463	3,163	3,148	3,420	3,497	3,778	3,781	3,784
ORIGINAL COST OF FACILITIES (\$000)											
PRODUCTION PLANT	\$1,086,187	\$1,537,514	\$1,675,191	\$1,852,604	\$2,559,508	\$3,219,747	\$3,500,549	\$3,539,533	\$4,030,230	\$4,050,217	\$4,085,267
TRANSMISSION PLANT	390,029	427,067	465,625	536,743	590,344	652,619	671,815	693,304	728,848	739,883	753,374
GENERAL PLANT	67,830	69,140	76,857	86,570	90,484	93,199	95,995	98,874	101,841	104,896	108,043
TOTAL PLANT	\$1,544,046	\$2,033,721	\$2,217,673	\$2,475,916	\$3,240,336	\$3,965,565	\$4,268,358	\$4,331,711	\$4,860,918	\$4,894,995	\$4,946,683

EAST KENTUCKY POWER COOPERATIVE
TWENTY YEAR FINANCIAL FORECAST

STATISTICAL DATA

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>MEMBER CO-OP AVG COST</u>											
BASE RATES (MILLS/KWH)	50.83	52.16	52.24	52.22	52.21	52.78	52.91	52.89	52.87	52.84	52.89
FUEL ADJ RATE (MILLS/KWH)	(1.51)	(1.43)	(0.44)	0.57	1.73	1.14	1.54	2.83	4.20	5.62	7.43
ENVIRON. SURCHARGE (MILLS/KWH)	6.89	6.72	6.36	6.14	5.92	5.86	5.75	5.57	5.41	5.28	5.17
TOTAL FM MEMBERS (MILLS/KWH)	55.92	57.12	57.97	58.76	59.72	59.50	59.84	60.95	62.17	63.42	65.16
PERCENTAGE CHANGE IN RATES	1.7%	2.1%	1.5%	1.4%	1.6%	-0.4%	0.6%	1.9%	2.0%	2.0%	2.7%
<u>POWER PURCHASES - SEPA</u>											
DEMAND (\$/KW/MO) - SEPA	4.21	4.21	4.21	4.35	4.77	4.77	4.77	4.77	4.92	5.39	5.39
ENERGY - MILLS/KWH - SEPA	11.40	11.40	11.40	11.72	12.90	12.90	12.90	12.90	13.25	14.60	14.60
<u>OFF-SYSTEM SALES</u>											
ENERGY (MILLS/KWH)	41.98	43.97	46.52	49.54	52.62	50.60	52.21	55.16	58.27	60.45	62.07
<u>STATISTICS</u>											
AVG FUEL COST (MILLS/KWH)	19.05	19.19	20.16	21.19	22.29	21.85	22.30	23.47	24.73	26.02	27.60
VARIABLE O&M (MILLS/KWH)	4.33	4.34	4.37	4.40	4.45	4.41	4.42	4.50	4.60	4.71	4.83
TOTAL GENERATION (MWH)	20,209,955	20,630,632	21,028,227	21,476,156	21,963,090	22,908,321	23,515,395	23,901,147	24,301,330	24,772,195	25,218,353
SALES TO MEMBER CO-OPS (MWH)	19,044,961	19,520,897	20,010,244	20,527,901	21,069,997	21,616,688	22,142,591	22,685,461	23,228,676	23,812,891	24,441,666
TOTAL SYSTEM CAPACITY (MW)	4,066	4,066	4,232	4,306	4,389	4,667	4,667	4,815	4,898	4,981	4,981
<u>ORIGINAL COST OF FACILITIES (\$000)</u>											
PRODUCTION PLANT	\$4,621,465	\$4,621,465	\$4,762,516	\$4,812,789	\$4,889,196	\$5,503,636	\$5,503,636	\$5,598,021	\$5,686,107	\$5,774,683	\$5,774,683
TRANSMISSION PLANT	850,434	874,580	899,437	925,029	951,391	981,931	1,020,488	1,060,229	1,101,188	1,143,418	1,186,945
GENERAL PLANT	111,284	114,622	118,061	121,603	125,251	129,009	132,879	136,865	140,971	145,200	149,556
TOTAL PLANT	\$5,583,183	\$5,610,667	\$5,780,014	\$5,859,421	\$5,965,838	\$6,614,575	\$6,657,002	\$6,795,115	\$6,928,266	\$7,063,301	\$7,111,184

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 13

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 13. Provide information regarding EKPC's emission allowances, both for sulfur dioxide and nitrogen oxide:

a. for each month of 2005 and 2006, the total number of emission allowances purchased and the price paid for each emission allowance.

b. for each month of 2005 and 2006, the total number of emission allowances sold or transferred by EKPC and the price received for each emission allowance.

c. for each remaining month of 2006 and for each month of 2007, a forecast of the total number of emission allowances which EKPC anticipates purchasing.

d. for each remaining month of 2006 and for each month of 2007, a forecast of the total number of emission allowances which EKPC anticipates selling or transferring.

Response 13a. Please see Attachment 1.

Response 13b. Please see Attachment 2.

Response 13c. For current compliance purposes, EKPC forecasts the following estimated emission allowance acquisitions for the remainder of 2006 and each month of 2007. Depending on market prices and projected consumption of allowances, this quantity of future vintage allowances is subject to change. Please see Attachment 3.

Response 13d. At this time, EKPC does not plan to sell or transfer any emission allowances during the remainder of 2006 or 2007.

Emission Allowance Transactions: SO₂**Allowances Received**

<u>Month EA's</u> <u>Received</u>	<u>Price</u> <u>per Ton</u>	<u>Quantity</u> <u>(Tons)</u>
--------------------------------------	--------------------------------	----------------------------------

2005

Jan-05	\$ 711.67	15,000
May-05	\$ 780.00	2,500
Aug-05	\$ 850.00	12,500
Sep-05	\$ 866.67	7,500
Oct-05	\$ 886.67	7,500
Nov-05	\$ 1,295.00	2,500
Dec-05	\$ 1,600.00	19,957

2006

Jan-06	\$ 1,513.75	10,000
Feb-06	\$ 1,279.89	21,000
May-06	\$ 658.78	18,500
Jun-06	\$ 548.00	12,500
Aug-06	\$ 675.00	1,000
Sep-06	\$ 622.41	13,500
Oct-06	\$ 599.12	8,500
Nov-06	\$ 181.06	34,500

Emission Allowance Transactions: NOx**Allowances Received**

Month EA's <u>Received</u>	Price <u>per Ton</u>	Quantity <u>(Tons)</u>
-------------------------------	-------------------------	---------------------------

2005

Sep-05	\$ 2,406.25	600
Oct-05	\$ 2,500.00	200
Nov-05	\$ 2,748.58	597

2006

Jun-06	\$ 1,947.20	930
Jul-06	\$ 1,955.68	1,100
Sep-06	\$ 1,470.26	526
Oct-06	\$ 1,317.70	1,166
Nov-06	\$ 809.48	858

Emission Allowance Transactions: SO₂**Allowances Delivered**

<u>Month EA's Delivered</u>	<u>Price per Ton</u>	<u>Quantity (Tons)</u>
<u>2005</u>		
Aug-05	\$ 745.61	5,700
Sep-05	\$ 745.61	5,700
Oct-05	\$ 745.61	5,700
Dec-05	\$ 1,596.56	20,000

2006

No allowances were delivered in 2006.

Note: The above transactions do not include allowances auctioned by the EPA in April 2005 and April 2006. Net proceeds received by EKPC from these auctions were \$562,960 in 2005 and \$652,183 in 2006.

Emission Allowance Transactions: NOx**Allowances Delivered**

<u>Month EA's Delivered</u>	<u>Price per Ton</u>	<u>Quantity (Tons)</u>
---------------------------------	--------------------------	----------------------------

2005

Sep-05	\$ 2,000.00	460
Oct-05	\$ 2,000.00	113

2006

No allowances were delivered in 2006.

Projected Emission Allowance Purchases

	Quantity (Tons)
<u>SO₂ Allowances</u>	
Dec-06	11,500
<u>2007</u>	
Jan-07	7,500
Feb-07	7,500
Mar-07	7,500
Apr-07	2,000
May-07	2,000
Jun-07	2,000
Jul-07	2,000
Aug-07	2,000
Sep-07	2,000
Oct-07	2,000
Nov-07	2,000
Dec-07	2,000

NO_x Allowances

Dec-06	200
<u>2007</u>	
Jan-07	150
Feb-07	150
Mar-07	150
Apr-07	150
May-07	150
Jun-07	150
Jul-07	150
Aug-07	150
Sep-07	150
Oct-07	150
Nov-07	150
Dec-07	150

Note: These are estimated acquisitions and subject to change.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 14

RESPONSIBLE PERSON: Frank Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 14. Refer to page 2 of your response to the Commission's Order of October 27, 2006, Item 9 and page 2 of your response to the Commission's Order of October 27, 2006, Item 11. Describe the purpose and nature of the estimated \$7 million expenditure in 2006 and an estimated \$10 million expenditure in 2007 for telecommunications in EKPC's Capital Funds Construction Budget.

Response 14. 2006 Telecommunications Budget

Approximately \$3M was to be expended on a new two-way radio system. This was postponed and moved to the 2007 budget.

Approximately \$2M was to expand the digital microwave system to connect to the member systems. This was postponed indefinitely and will be considered on a case-by-case basis.

Approximately \$600K was for telecommunications into a new switching station. This is for real-time data acquisition and remote control, protective relaying, and voice circuits. The budget assumes a microwave tower will have to be built at the site.

Approximately \$450K was to replace leased data circuits with our own facilities. Leased analog data circuits are less reliable than our own facilities and

local phone companies find them increasingly difficult to maintain. This expenditure was postponed to 2007.

Approximately \$125K was to install generators and fuel tanks at remote telecommunications sites. This is necessary to keep these critical sites operating during times of local power outages.

Approximately \$500K was to provide enhanced capability to monitor and manage the telecommunication systems.

2007 Telecommunications Budget

Approximately \$6M is for a new two-way radio system. EKPC currently has a single channel low-band system. An enhanced system would provide trunking capability for EKPC and its members and would assist during normal operations and during emergency restoration activities.

Approximately \$650K is for real-time data acquisition and remote control, protective relaying, and voice circuits for 4 new switching stations.

Approximately \$450K is to replace leased data circuits with our own facilities. Leased analog data circuits are less reliable than our own facilities and local phone companies find them increasingly difficult to maintain.

Approximately \$450K is to provide the ability to monitor and manage the telecommunications system from the backup control center site.

Approximately \$176K is to provide terminal equipment for a backup fiber optic route between our headquarters and our backup control center site. This eliminates a single source of failure for providing telecommunications into the backup control center site.

Approximately \$1.8M is for telecommunications facilities to provide real-time data acquisition and remote control, protective relaying, and voice circuits for the new transmission facilities being built to serve Warren RECC.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 15

RESPONSIBLE PERSON: Dale Henley

COMPANY: East Kentucky Power Cooperative, Inc.

Request 15. Refer to pages 6, 19, 29, 52, 72, 84, 96, 125, and 148 of your response to the Commission's October 27, 2006 Order, Item 13. Provide a copy of the report(s) given by President and CEO Roy Palk during the Committee Meeting of the Whole for each Board Meeting of EKPC held during 2006. If there are no written reports, provide a copy of all notes, memoranda, slides, Power Point presentations, and other documents used to present the report(s).

Response 15. The minutes of the Committee of the Whole includes a description of the topics covered by Mr. Palk. The minutes are included as an attachment to Item 17 herein. The presentations by Mr. Palk at the Committee of the Whole were oral presentations without supporting documentation.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION DATA REQUEST DATED

NOVEMBER 9, 2006

REQUEST NO. 16

RESPONDING PERSON: Dale Henley

Request No. 16: Refer to pages 13, 77, 109, 125, and 158 of your response to the Commission's October 27, 2006 Order, Item 13. Provide a copy of the minutes of each Executive Session for each Board of Directors meeting of EKPC held during 2006.

Response No. 16: The approved minutes of the Executive Session of the EKPC Board of Directors Meetings held on January 10, 2006 are attached. As noted in the response to Request No. 20, no minutes of the Executive Session held on March 14, 2006 were taken. Minutes of the remaining Executive Sessions held during 2006 have not been approved by the Board of Directors, and are not yet official. EKPC plans to take action to have those minutes approved at the December 5, 2006 Board Meeting, and will file the official minutes as soon as they become available.

EAST KENTUCKY POWER COOPERATIVE, INC.**EXECUTIVE SESSION PORTION OF THE
MINUTES OF BOARD MEETING****JANUARY 10, 2006**

Following is the Executive Session portion of the regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, January 10, 2006, which began at 11:30 a.m. EST, pursuant to proper notice.

EXECUTIVE SESSION

At 12:10 p.m., Board Chairman Wayne Stratton asked for the meeting to go into Executive Session. A motion was made by P. D. Depp, seconded by Lonnie Vice, and passed, to go into Executive Session. There being no objection, Licking Valley RECC's new General Manager/CEO Kerry Howard remained for the Executive Session (Mr. Howard has not yet been seated on the EKPC Board). Senior Staff was also asked to remain.

Review of December 2005 Meeting Among Managers, Board Chairman, and EKPC P&CEO and the Responses of P&CEO

Don Schaefer and Roy Palk reported on the meeting held among the Member System Managers, Roy Palk, and Wayne Stratton in December regarding member systems' concerns, such as:

- That EKP's culture change to become more cost conscious and focused on cooperatives' consumers' needs and expectations.
- That EKP develop and document a strategy plan for growth that would address how EKP plans to grow the system. Also include review of Partners Plus plan for proper utilization for growth.
- That EKP management be held accountable for established goals in an effort to develop meaningful goals and produce measurable results.
- That EKP develop a long-range forecast for the long-range plan of generation and coal supplies. This should include an analysis of all alternatives for power supply and acquisition of fuels.
- That EKP reconsider future plans for the Combustion Turbine additions.
- That EKP inform the member systems and the Board of all EKP activities (example—load management pilot project). Develop a better way to keep all informed.

Roy Palk thanked the member system managers for the opportunity to meet with them in December and commented favorably regarding the meeting. His responses follow:

Regarding culture change, this is one of the focus items Palk presented to the Board last fall. Two things that have the opportunity to drive culture change are planning and transmission system operation. Many current factors are involved in planning, such as how fuel strategy drives environmental costs, how we view partnering of other utilities, is the RFP process the only way or is there a sole source negotiation for looking at power supply and planning. Kentucky is a highly regulated state so the regulatory process slows down the decision-making process.

Regarding developing and documenting a strategy plan for growth that would address how EKP plans to grow the system, Palk discussed the need for a joint growth strategy, recognizing that system growth initiates within the distribution system and EKPC's responsibility is to provide resulting power supply. Partners Plus can be used to examine and to enhance the growth strategy, and a complete review of that program is slated in the early second quarter of 2006.

Regarding EKP management accountability for established goals, Palk discussed the need for accountability. The bottom line is costs. As mechanical strategies are implemented to comply with environmental issues, the pressures of purchasing strategies should reduce and most likely reduce the cost of environmental credits.

Regarding EKP developing a long-range forecast for the long-range plan of generation and coal supplies, Palk said this was covered in earlier comments.

As to alternative fuel strategy, Palk said the CFBs and the scrubbers provide opportunity for some alternative fuel strategies. Previous fuel strategy has been to comply with the Clean Air Act by using compliance coal; therefore, scrubbers were not installed. Coal prices have increased and changed the economics, so the mechanical devices such as the scrubbers and CFB technology provide more fuel diversity.

Regarding EKP informing the member systems and the Board of all EKP activities. Communication is our responsibility, and we apologize for any inadequacy.

Discussion followed.


No other business was brought before the Board.

There being no objection, Chairman Stratton adjourned the Executive Session as well as the Board meeting at 12:47 p.m.

Approved:



R. Wayne Stratton
Chairman of the Board



A. L. Rosenberger
Secretary

Date: *May 9, 2006*

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION DATA REQUEST DATED

NOVEMBER 9, 2006

REQUEST NO. 17

RESPONDING PERSON: Dale Henley

Request No. 17: Provide a copy of all minutes of each Committee Meeting of the Whole held during 2006, whether in regular or executive session.

Response No. 17: Copies of the Minutes are attached.

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

JANUARY 10, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, January 10, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

Meeting in Louisville – Ron Sheets has arranged to have a meeting regarding non-energy related matters, which meeting will be held January 25 at 10:00 a.m. at the Galt House in Louisville, in conjunction with the Energy Management Conference.

State of the State Address – Roy Palk reviewed Governor Fletcher's January 9 state of the state address. He noted that the topic of energy was almost non-existent, and then discussed the tremendous need for an energy policy in Kentucky. Barry Mayfield then addressed the issues that will be taken up by the next session of the Legislature.

Twenty-Year Financial Forecast 2006-2025

David Eames distributed and reviewed the Twenty-Year Financial Forecast and Equity Development Plan for 2006-2025 and Financial Forecast graphs. Anyone with additional questions should contact either Frank Oliva or Mr. Eames. This item will be brought before the Board for approval in February.

Later in this committee of the whole meeting, Mr. Eames, in response to a question, provided and reviewed a handout titled "Comparison of Financial Forecasts to Actual Cost to Member Cooperatives."

Pilot Projects for Economic Development Loan Fund Program

Gary Crawford introduced the concept of an economic development pilot project. The member managers will soon receive, by e-mail, a draft policy for an economic development loan program which will give each member an opportunity to borrow up to \$1 million from EKPC for economic development projects in their service territory.

Demand Response/DLC Pilot

Gary Crawford gave a presentation on a proposal to undertake a load management pilot program for water heaters and air conditioners. Big Sandy, Blue Grass Energy, and EKPC are working jointly on the direct load control demonstration projects. The pilot program

Operations, Services and Support Committee Meeting Minutes
Page 2
January 10, 2006

must be brought to the Public Service Commission. The goal is to begin on June 1, 2006, and end April 2007. EKPC's Jim Lamb will manage the program.

EKPC Generation & Transmission Coordinated Schedule

Roy Palk called attention to the schedule included in the back of the Board book.

At 10:38 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings.

REGULAR COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 10:50 a.m. on Tuesday, January 10, 2006, pursuant to proper notice. The following committee members were present:

Dan Brewer	Blue Grass
Donnie Crum	Grayson
Elbert Hampton	Cumberland Valley
Bob Marshall	Owen
Neil Pandygraft	Farmers
Bobby Sexton	Big Sandy
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, David Eames, Dale Henley, Doug Oliver, and Gary Crawford. Also present was Kerry Howard of Licking Valley.

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Bobby Sexton, seconded by Neil Pandygraft, and passed to approve the December 6, 2005, committee meeting minutes as presented to each committee member and as included in the Board book.

Operations, Services and Support Committee Meeting Minutes
Page 3
January 10, 2006

Interest Rate Swaps

After review and discussion of the applicable information, a motion was made by Bobby Sexton, seconded by Elbert Hampton, and, following further discussion, passed to recommend the Board authorize EKPC to enter into standard interest rate swaps having a cumulative notional amount of up to \$300 million and forward starting interest rate swaps having a cumulative notional amount of up to \$300 million, as outlined in the resolution included in the Board book.

OPERATIONS COMMITTEE INFORMATION ITEMS -

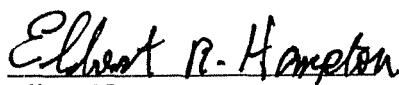
Information and Discussion Items

NRECA New and Emerging Technologies ("NET") Conference – Roy Palk told the Board he is on the emerging technologies panel and so will be one of the speakers for the energy managers of large industries and commercial accounts at the NET Conference next week. The format that NRECA is proposing to use is to solicit questions from the participants in advance and use those questions and provide responses as the presentation format. NRECA felt the focus would be on issues of predictability, impact of renewables, impact of transmission problems, transportation costs for fuels, volatility vs. deregulation, leveraging the power of a co-op network, partnerships, regional pricing differences, power restoration, adequate notification, technology for service restoration, etc. Mr. Palk asked that any Members having stories or situations they have dealt with regarding their commercial and/or industrial customers on any of these issues, to please relate those to him so he may share those with others.

Kentucky Chamber of Commerce's "Best Places to Work in Kentucky" Program – Doug Oliver reported that EKPC employees chose to nominate EKPC for the "Best Places to Work in Kentucky Award," and EKPC was notified in December that it is one of the top 21 in the large company (250+ employees) category. South Kentucky RECC was ranked in the top 20 medium size (less than 250 employees) category. Notification of ranking order will take place in March.

There being no further business, the meeting was adjourned at 11:10 a.m.

Approved:


Elbert Hampton
Secretary

2-16-06
Date

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

FEBRUARY 7, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, February 7, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

VP of Coordinated Planning – P&CEO Roy Palk announced that EKPC's Jim Lamb has been named Vice President of Coordinated Planning. Coordinated Planning will be responsible for Market Research, load forecasting, generation and transmission planning, fuel forecasting, demand side management, and power supply risk management.

Notice of Violation – Palk and Dale Henley informed the Board that on January 17, 2006, the USEPA issued a Notice of Violation charging violation of the acid rain program (Title IV of the Clean Air Act) at Dale Station Units 1 and 2. On Friday, January 27, 2006, EKPC representatives met with state regulators, and are scheduled to meet with USEPA regulators in Atlanta on February 13. EKPC has enlisted the assistance of Hunton & Williams as outside attorneys with expertise in these matters.

ACES Presentation – David Tudor, President and CEO of Alliance for Cooperative Energy Services Power Marketing, LLC (ACES PM), provided a presentation to the Board, focusing on an overview and update of ACES, the market status, and the matter to come before the Board today regarding a bilateral agreement.

Renewable Energy Update – Ralph Tyree provided a brief history of "Renewables" at EKPC from 2000 to present, including hydro studies on the Ohio River, buying the first block of Green Power, launching a Green Power program called "EnviroWatts," construction and commercial operation of the first four landfill gas-to-electric ("LFGTE") projects in Kentucky (Bavarian, Green Valley, Laurel Ridge, and Hardin County), announcement of a fifth LFGTE project in Pendleton County, and noted that wind studies conducted in southeast Kentucky have yielded surprisingly positive results. Renewable energy offers advantages of portfolio diversity, emission offsets, and supports state and federal energy policies. It has been demonstrated that renewable energy can be cost competitive with fossil fuel projects.

Warren RECC Transmission Case – On October 1, 2004, EKPC filed an application with the Federal Energy Regulatory Commission ("FERC") seeking an order compelling the Tennessee Valley Authority ("TVA") to physically interconnect with EKPC's transmission system at three new locations for purposes of serving Warren RECC when it becomes a member on April 1, 2008.

Operations, Services and Support Committee Meeting Minutes
Page 2
February 7, 2006

The filing was necessary because TVA refused to allow the proposed interconnections. On April 14, 2005, FERC ruled for EKPC that it was entitled to the interconnection. Since EKPC and TVA were unable to work through details necessary to implement the interconnections, the task of doing so fell to the FERC. Mr. Palk reported that the final FERC order is in, EKPC received 85% of its requests, and work is taking place to implement the contents of the order. Mr. Palk listed the benefits gained along with connection with Warren RECC, as strengthening of the western part of EKPC's service area, and a direct connection to Big Rivers.

Gilbert Unit Update - Craig Johnson gave a presentation to the Board summarizing the Gilbert Unit's 2005 operation. He covered Gilbert's 2005 availability versus the forecasted availability. Gilbert's actual availability was 66.21% for 2005. EKPC had forecasted an availability of 60%. The primary reasons for this low availability were due to problems with the fluid bed ash coolers and fluid bed heat exchangers. The boiler manufacturer has made modifications to the fluid bed ash coolers and has agreed to replace the internal components for both of the fluid bed heat exchangers. This will be done in an outage scheduled for the spring of 2006. Production is forecasting an availability of 85% for the Gilbert Unit in 2006. EKPC's experience on its other coal-fired units is that low availability on a new unit is common. Mr. Johnson also covered the emission and performance test results of the Gilbert Unit. The Gilbert Unit met or surpassed its performance and emissions guarantees.

Communications Plan – Mr. Palk introduced a communications plan, which he intends to make a quarterly presentation regarding cost issues and how they are being tracked and controlled. He explained the format to be used to track and report costs, and provided the short- and long-term initiatives. A more detailed presentation will be provided next month.

At 11:20 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings.

REGULAR COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 11:30 a.m. on Tuesday, February 7, 2006, pursuant to proper notice. The following committee members were present:

Operations, Services and Support Committee Meeting Minutes
Page 3
February 7, 2006

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Larry Hicks	Salt River
Bob Marshall	Owen
Neil Pendygraft	Farmers
Bobby Sexton	Big Sandy
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, David Eames, Frank Oliva, Doug Oliver, Dale Henley, and Gary Crawford. Also present were Kerry Howard of Licking Valley, Gerald Hayes of Warren RECC, Mike Norman of RUS, and David Tudor of ACES.

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Bobby Sexton, seconded by Neil Pendygraft, and passed to approve the January 10, 2006, committee meeting minutes as presented to each committee member and as included in the Board book.

Financial Forecast

After review and discussion of the applicable information, a motion was made by Bob Marshall, seconded by Bobby Sexton, and, there being no further discussion, passed to recommend the Board approve the Twenty-Year Financial Forecast and Equity Development Plan for 2006-2025, as outlined in the resolution included in the Board book.

Resolution for Bill Duncan

After review of the applicable information, a motion was made by Kerry Howard and others, seconded by Bobby Sexton, and, there being no further discussion, passed to recommend the Board approve a resolution honoring Bill Duncan, as outlined in the resolution included in the Board book.

ACES PM Agreement

After review and discussion of the applicable information, a motion was made by Larry Hicks, seconded by Bill Shearer, and, there being no further discussion, passed to

Operations, Services and Support Committee Meeting Minutes
Page 4
February 7, 2006

recommend the Board authorize execution of a Bilateral Agreement with Alliance for Cooperative Energy Services Power Marketing, LLC (ACES PM) which is acceptable in form and substance to the best interest of EKPC, as outlined in the resolution included in the Board book.

OPERATIONS COMMITTEE INFORMATION ITEMS -

Information and Discussion Items

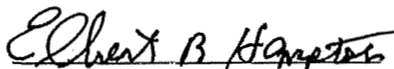
E. A. Gilbert Project Costs – David Eames called attention to Page M-8 in the Monthly Reports, which contains a schedule of the Gilbert project costs. He noted that future schedules would be provided for Gilbert as well as for the Spurlock Unit 4, Smith Unit 1, and possibly the CT projects.

Randy Dials – Roy Palk noted that Randy Dials is out due to medical reasons.

2005 Franchise Property Taxes – Mr. Eames called attention to the yearly 2005 Franchise Property Taxes schedule included in the Board book.

There being no further business, the meeting was adjourned at 11:40 a.m.

Approved:


Elbert Hampton
Secretary

3-14-06
Date

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

MARCH 14, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, March 14, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

EXECUTIVE SESSION

Immediately following the call to order of the Committee Meeting-of-the-Whole, Board Chairman Wayne Stratton called for the meeting to convene into an Executive Session of Directors and Alternate Directors, along with Roy Palk, Dale Henley, attorney Jay Holloway of Hunton and Williams, and Gerald Hayes of Warren RECC. Dave Eames joined the Executive Session for the Dale Units No. 1 and No. 2 NOV discussion. Della Damron stayed to assist with the minutes. At this time, everyone except those designated left the room.

The minutes of the remainder of the **Executive Session** are included in the separate March 14, 2006, Executive Session portion of the Committee Meeting of the Whole Minutes (being a part of the Operations, Services and Support Committee Meeting Minutes).

At 10:45 a.m., the Executive Session concluded and Chairman Stratton adjourned the committee meeting of the whole in order for the three standing committees to conduct their regular monthly meetings.

REGULAR COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 10:55 a.m. on Tuesday, March 14, 2006, pursuant to proper notice. The following committee members were present:

Operations, Services and Support Committee Meeting Minutes
Page 2
March 14, 2006

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Larry Hicks	Salt River
Kerry Howard	Licking Valley
Elbert Hampton	Cumberland Valley
Neil Pendygraft	Farmers
Bobby Sexton	Big Sandy
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, David Eames, Gary Crawford, Doug Oliver, and Dale Henley.

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Bobby Sexton, seconded by Neil Pendygraft, and passed to approve the February 7, 2006, committee meeting minutes as presented to each committee member and as included in the Board book.

CFC e-Pay/Paying Agent Service

After review of the applicable information, a motion was made by Larry Hicks, seconded by Bill Shearer, and, there being no further discussion, passed to recommend the Board approve execution of the CFC e-Pay/Paying Agent Service Agreement, as outlined in the resolution included in the Board book.

CFC Line of Credit

After review and discussion of the applicable information, a motion was made by Larry Hicks, seconded by Bobby Sexton, and, there being no further discussion, passed to recommend the Board approve establishment of a CFC Line of Credit for \$10,000,000, as outlined in the resolution included in the Board book.

National Bio and Agro-Defense Facility

After review and discussion of the applicable information, a motion was made by Dudley Bottom, seconded by Bobby Sexton, and, there being no further discussion, passed to

Operations, Services and Support Committee Meeting Minutes
Page 3
March 14, 2006

recommend the Board approve to support a National Bio and Agro-Defense Facility in Pulaski County, as outlined in the resolution included in the Board book.

Chief Operating Officer

After review and discussion of the applicable information, a motion was made by Dan Brewer, seconded by Dudley Bottom, and following further discussion, passed to recommend the Board authorize the position of Chief Operating Officer at EKPC, as outlined in the resolution presented.

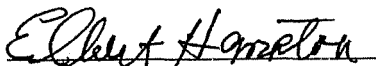
OPERATIONS COMMITTEE INFORMATION ITEMS -

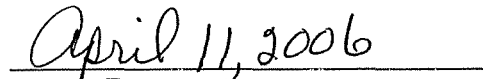
Information and Discussion Items

No information or discussion items were brought before the Committee.

There being no further business, the meeting was adjourned at 11:10 a.m.

Approved:


Elbert Hampton
Secretary


Date

REDACTED

PSC Request 17
Attachment
Page 11 of 40

**EXECUTIVE SESSION PORTION OF THE
MINUTES OF THE**

COMMITTEE MEETING OF THE WHOLE

**(BEING A PART OF THE OPERATIONS, SERVICES
AND SUPPORT COMMITTEE MEETING MINUTES)**

MARCH 14, 2006

Following is the Executive Session portion of the Committee Meeting of the Whole regular meeting of East Kentucky Power Cooperative, Inc., held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, March 14, 2006, which regular Committee Meeting of the Whole began at 9:30 a.m., EST, pursuant to proper notice.

EXECUTIVE SESSION

Immediately following the call to order of the Committee Meeting-of-the-Whole, Board Chairman Wayne Stratton called for the meeting to convene into an Executive Session of Directors and Alternate Directors, along with Roy Palk, Dale Henley, attorney Jay Holloway of Hunton and Williams, and Gerald Hayes of Warren RECC. Dave Eames joined the Executive Session for the Dale Units No. 1 and No. 2 NOV discussion. Della Damron stayed to assist with the minutes. At this time, everyone except those designated left the room.

Report of the President and Chief Executive Officer

EKPC Business Management Plan – Mr. Palk gave a presentation on the business management plan, which plan has been previewed by the Board officers and MDM Group representative, Don Schaefer. This organizational accountability covers three segments— Cost-Conscious Culture, Communication/Reporting, and Operational Performance.

He discussed the gap between EKPC's costs and surrounding companies, including the Fuel Adjustment Clause (includes gas, coal, and purchased power), Environmental Surcharge (cost of allowances plus other factors), and Operational Costs.

Mr. Palk reviewed the short-term goals to be accomplished by the end of 2007, which is to reduce all-in cost by \$20 million, with a stretch goal of \$30 million. He provided a breakdown of each short-term cost reduction goal and those responsible for those areas.

Regarding long-term goals, he reviewed the Board-approved existing power supply projects (Spurlock No. 4, Smith No. 1, and Smith CTs), and environmental strategy

regarding Spurlock 1 and 2 SO₂ removal; as well as new initiatives. He also discussed the plan for better communication to the Board with quarterly and monthly reports. This could create a need for a different format for the Board book as well as Board meetings.

Mr. Palk distributed and reviewed a proposed resolution to authorize the position of a Chief Operations Officer (COO) and asked that it be an added agenda item to be brought to the Board through the Operations, Services & Support Committee.

[REDACTED]

[REDACTED]

[REDACTED]

Smith Station Permitting Update – Mr. Palk said that a different approach is being taken for permitting Smith. EKP had a coordination meeting with the Department of Air Quality to discuss permitting. The approach is to permit Smith Unit No. 1 baseload and all five

Combustion Turbines and a second permit for Smith baseload, if needed in the future, as one emissions source. A coordination meeting will take place April 7 with three class-one area representatives in advance of this permitting process.

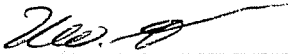
TVA's Power Supply Negotiations – Mr. Palk informed the Board that negotiations are still ongoing for power supply from TVA—a bridge supply for the Warren RECC load and a longer-term power purchase agreement for up to 20 years. A counter proposal is being prepared and expected to be delivered in about a week.

ACES Power Marketing Conference – The ACES PM conference will be held in June. Later in the Board meeting, Chairman Stratton authorized EKPC Directors to attend at EKPC's expense.

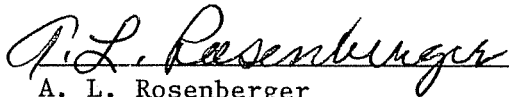
CCO Resolution – Chairman Stratton asked that the Operations, Services & Support Committee take up the CCO resolution.

At approximately 10:45 a.m., Chairman Stratton called for conclusion of the Executive Session and the Committee Meeting-of-the-Whole.

Approved:



R. Wayne Stratton
Chairman of the Board



A. L. Rosenberger
Secretary

Date: May 9, 2006

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

APRIL 11, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, April 11, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

Vice President-Power Delivery – P&CEO Roy Palk introduced EKPC's new VP of Power Deliver, John Twitchell.

Scott Smith Presentation – Scott Smith, recently retired from state government in the Cabinet for Environmental and Public Protection, spoke to the Board. Among his comments, he said EKPC is held in high esteem in Frankfort. He commended EKPC for its dedication to clean-coal technology.

PSC – Cranston Line – On April 7, the Kentucky PSC approved EKPC to construct the Cranston-Rowan 138 kV transmission line. According to Mary Jane Warner, the special-use permit is expected and construction is anticipated to begin mid-October.

Revolving Credit Facility Waivers – Waivers have been obtained from the banks involved in the \$650 million Credit Facility.

Best Places to Work in Kentucky – Sponsored by the Kentucky Chamber of Commerce, South Kentucky RECC placed 16th in the medium-company category, and EKPC placed 17th in the large-company category in this competition.

Kentucky VFW "Large Employer of the Year" Award – EKPC has been awarded Kentucky Employer of the Year in the large employer category for 2006.

Update on E-Mail – Mr. Palk provided updates to his e-mail regarding EPA matters.

- Intervention by the RUS Administrator – Today, the Deputy Administrator informed Mr. Palk that the Office of General Counsel has advised the administrator not to file formal intervention.
- Meeting with EPA Administrator – Mr. Palk, Glenn English of NRECA, Basin Electric's P&CEO, Tom Smith from Oglethorpe, and Steve Smith from Hoosier met with EPA Administrator, Stephen Johnson, on April 5 at Mr. Johnson's request.

Operations, Services and Support Committee Meeting Minutes
Page 2
April 11, 2006

- Kentucky Congressional Delegation – Charlie Grizzel and Mr. Palk met with the Kentucky congressional delegation on April 6 regarding the EPA issues. Mr. Grizzel is working with EKPC in an advisory capacity on these matters.
- Hunton & Williams Letter – A letter pertaining to a draft compliance plan for Dale Units 1 and 2, regarding the EPA Acid Rain Program, has been sent to the EPA from Hunton & Williams.

New CEO Conference – Mr. Palk spoke at this conference, covering issues pertaining to CFC's power supply.

Cost Containment/Operations Report – Gary Crawford provided a presentation on the progress and ongoing work of the business management plan. Cost savings of approximately \$6.7 million have been identified as part of the planned \$20 million targeted savings. Reports will be provided monthly and quarterly. Wayne Stratton spoke to the Board regarding its role in supporting and providing input for these cost containment efforts.

Propane Plus Update – Mr. Crawford briefly updated the Board on the propane business following the recent signing into law of House Bill 568 for affiliated services. The financial annual report will be provided in May.

2004 Financial Results

Dave Eames distributed and reviewed a set of graphs depicting financial results for 2005, as well as a 2005 Financial Results booklet.

At 11:15 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings.

REGULAR COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 11:25 a.m. on Tuesday, April 11, 2006, pursuant to proper notice. The following committee members were present:

Operations, Services and Support Committee Meeting Minutes
Page 3
April 11, 2006

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Larry Hicks	Salt River
Elbert Hampton	Cumberland Valley
Bob Marshall	Owen
Neil Pendencygraft	Farmers
Bobby Sexton	Big Sandy
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, David Eames, Dale Henley, Gary Crawford, Ralph Three, and Doug Oliver

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Bill Shearer, seconded by Elbert Hampton, and passed to approve the March 14, 2006, committee meeting minutes as presented to each committee member and as included in the Board book.

Amend Resolution On Clean Renewable Energy Bonds

A motion was made by Larry Hicks, seconded by Bobby Sexton, and, there being no further discussion, passed to recommend the Board approve amending the December 6, 2005, resolution expressing official intent and authorizing borrowing regarding certain capital expenditures to be reimbursed with proceeds of Clean Renewable Energy Bonds through The Energy Policy Act of 2005, as outlined in the resolution included in the Board book.

OPERATIONS COMMITTEE INFORMATION ITEMS -

Information and Discussion Items

Green Power – Green power was briefly discussed. Also, invitations have been mailed for the Pearl Hollow dedication.

Operations, Services and Support Committee Meeting Minutes
Page 4
April 11, 2006

There being no further business, the meeting was adjourned at 11:35 a.m.

Approved:

Elbert Hampton
Elbert Hampton
Secretary

May 9 - 06
Date

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

MAY 9, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, May 9, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

Requirements Comparison – P&CEO Roy Palk distributed a schedule showing a comparison between RUS loan requirements and the Credit Facility requirements. This was prepared in response to questions on the topic.

Sumview Feature -- A new feature has been added to Sumview on E-Source regarding off-line baseload units.

TVA Board Meeting -- TVA's Board meeting will be held May 18 in Hopkinsville with the focus to be transmission access. Mr. Palk and Warren RECC's Gerald Hayes will be among those making a statement at that meeting.

EKPC Annual Meeting – EKPC's annual meeting will be held Tuesday, June 13, at the Clark County Extension Offices in Winchester. Joanne Glasser, President of Eastern Kentucky University, will be the speaker.

Annual Bankers Meeting and Tour – EKPC hosted a meeting and tour at Maysville for bankers of the Credit Facility on April 27.

National G&T Managers Association – This association has appointed a group to do a white paper on Joint Planning. The paper will be presented to the G&T Managers' meeting this fall.

EKPC Employee Meetings – Mr. Palk's spring meetings with EKPC employees were completed by the end of April. Among the topics of discussion were cost containment, the industry, growth, and member system concerns.

Landfill Gas-To-Energy – Dedication of the Pearl Hollow landfill gas-to-energy project took place on April 17. A contract has been signed for another project in Pendleton County, which will be the fifth landfill gas-to-energy site

Operations, Services and Support Committee Meeting Minutes
Page 2
May 9, 2006

EPA Activities Update – The Notice of Violation ("NOV") at Dale Station Units 1 & 2 have been moved from the EPA to the Department of Justice. A meeting is set for June 19 to refine strategy planning regarding proposals to the EPA in this matter. A letter from the Kentucky Delegation asking the EPA Administrator to engage his offices in a settlement process is expected soon.

Meeting with Deputy RUS Administrator – Mr. Palk met with Jim Newby, assistant administrator of the electric program, in D.C. last week regarding the 106 process on environmental issues of which RUS has charge. Discussed were the Warren RECC transmission line and also how EKPC could help in expediting this approval process.

U.S. Power Industry & EKPC Capital Needs – Roy Palk and Jim Lamb gave a presentation on the power industry and our capital needs effectively showing the volatility in the marketplace. This presentation was previously given by Palk in Washington D.C. at the New Managers' Conference.

Propane Plus Update - Dave Drake made a presentation to the Board about the Propane Plus ventures EKPC has with Clark Energy, Farmers RECC, Jackson Energy, and Shelby Energy and provided the financial annual report.

Cost Containment Update – Gary Crawford informed the Board on the cost-containment process by the Member Services business unit. He listed the teams' members and their areas of responsibility. Member system participation in the review process was solicited by surveys of the member systems' CEOs, and representatives of the member systems participated on each of the teams. Recommended budget reductions of over \$2.5 million have been accepted and other budget reductions are continuing to be evaluated. The reductions will be made, where possible, in the balance of the 2006 budget and be fully effective in the 2007 budget to be submitted late in 2006.

Marketing Update – Jeff Hohman provided a marketing update on PartnersPlus for 2005. He touched on the 2006 Energy Management Conference. Distributed were copies of the 'PartnersPlus Programs and Rebates' as well as 'PartnersPlus Energy Efficiency Programs.'

At 11:20 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn. The Chairman then announced that, if there were no objection, an experiment be tried where, following a brief break, the three standing committees would not meet independently but all would come together and meet and conduct business during the regular Board meeting. There was no objection and the change was so ordered.

Operations, Services and Support Committee Meeting Minutes
Page 3
May 9, 2006

OPERATIONS, SERVICES & SUPPORT ("OSS") COMMITTEE MEETING -

There was no formal, independent committee meeting due to a trial change in the Board/Committee meetings. At the appropriate time, the OSS Committee Chairman Donnie Crum determined a quorum of the Committee was present as follows:

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Larry Hicks	Salt River
Elbert Hampton	Cumberland Valley
Kerry Howard	Licking Valley
Bob Marshall	Owen
Neil Pendencygraft	Farmers
Bobby Sexton	Big Sandy
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

ACTION ITEMS -

Re-enactment of Resolution for Execution of CFC e-Pay/Paying Agent Service

After review of the applicable information, a motion was made by Larry Hicks, seconded by Elbert Hampton, and, there being no further discussion, passed to recommend the Board approve execution of the CFC e-Pay/Paying Agent Service Agreement—re-enactment of EKPC's March 2006 Board resolution, as outlined in the resolution included in the Board book. Following OSS Committee action, the full Board took action on this item.

Committee Meeting Minutes

A motion was made by Bobby Sexton, seconded by Dudley Bottom, and passed to approve the April 11, 2006, committee meeting minutes as presented to each committee member and as included in the Board book.

Operations, Services and Support Committee Meeting Minutes
Page 4
May 9, 2006

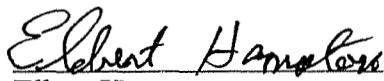
OPERATIONS COMMITTEE INFORMATION ITEMS -

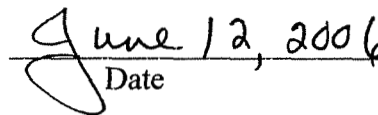
Information and Discussion Items

During this portion of the meeting, Roy Palk answered questions regarding the COO position. Mr. Palk said an announcement is expected before the end of May.

There being no further business, the OSS Committee meeting was adjourned and Chairman Stratton continued with the remainder of the Committee/Board meetings.

Approved:


Elbert Hampton
Secretary


Date

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

JUNE 12, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Monday, June 12, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

ACES Board Meeting – P&CEO Roy Palk gave a brief summary on the most recent ACES Board meeting and provided year-to-date financial information.

ACES PM Member Conference – The first annual ACES PM Member Conference was held recently in Indianapolis. Several positive comments were presented.

Tennessee Valley Authority ("TVA") Board Meeting – Mr. Palk and Warren President and CEO Gerald Hayes were among those who testified at the TVA Board Meeting on May 18. The hearing held at that Board meeting was on the issue of whether or not TVA will open its transmission system and allow others to access it. The new TVA Board is to make a decision on whether to change its policies with regard to Section 212J of the Federal Power Act.

Spurlock Unit No. 4 – The decision regarding a permit by the Kentucky Division of Air Quality is expected this date.

Smith Power Station – EKPC will model two base units and five Combustion Turbines ("CTs") as one emission source. However, when applying for permits, those will be broken down as the five CTs with natural gas (no fuel oil) on one permit and the two base load units on a second permit.

Environmental Protection Agency ("EPA") – Mr. Palk briefly reviewed the issues involving the EPA, being (a) the federal lawsuit on the New Source review which includes Spurlock Station Unit No. 2 and Dale Station Units Nos. 3 and 4 and (b) the acid rain alleged violation at Dale Station Units Nos. 1 and 2. According to EPA's legal representation, they are going to convert the Dale Station acid rain issues into another lawsuit. Mr. Palk and David Eames met with the EPA and requested that the lawsuit be postponed in an effort to attempt a global settlement of all issues, which EPA has agreed to postpone for three weeks. A draft settlement agreement is expected by the end of this week.

Operations, Services and Support Committee Meeting Minutes
Page 2
June 12, 2006

Introduction of Richard Byrne – Mr. Byrne was introduced. Mr. Byrne briefly explained his planned approach at fulfilling his requirements for the organization. He will be providing a report to the Board at the July meeting.

Touchstone Energy Update – Jerry McDonald provided his annual update to the Board on Touchstone Energy and provided a copy of Touchstone Energy EXTRA.

Annual Meeting – Mr. Palk reminded everyone of tomorrow's annual meeting to take place at the Clark County Cooperative Extension Office. Dr. Joanne Glasser, President of Eastern Kentucky University, will be the guest speaker.

At 10:13 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings.

OPERATIONS, SERVICES & SUPPORT ("OSS") COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 10:28 a.m. on Monday, June 12, 2006, pursuant to proper notice. The following committee members were present:

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Larry Hicks	Salt River
Elbert Hampton	Cumberland Valley
Kerry Howard	Licking Valley
Bob Marshall	Owen
Neil Pandygraft	Farmers
Bobby Sexton	Big Sandy
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

Operations, Services and Support Committee Meeting Minutes
Page 3
June 12, 2006

EKPC staff members present for all or a portion of the meeting were Roy Palk, David Eames, Gary Crawford, Dale Henley, and Doug Oliver. Also present were Randy Sexton of Farmers RECC Randy Sexton, and Donna White of Warren RECC.

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Bobby Sexton, seconded by Larry Hicks, and passed to approve the May 9, 2006, committee meeting minutes as presented to each committee member and as included in the Board book.

Workers Compensation Letter of Credit

After review of the applicable information, a motion was made by Dudley Bottom, seconded by Larry Hicks, and, there being no further discussion, passed to recommend the Board authorize EKPC to apply to National Rural Utilities Cooperative Finance Corporation ("CFC") (the Administrative Agent to the Revolving Credit Agreement of 9/2/05) for a new Workers Compensation Letter of Credit in an amount not to exceed \$5,000,000 as requested by the Kentucky Office of Workers' Claims, as outlined in the resolution included in the Board book.

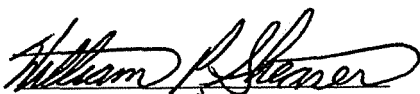
OPERATIONS COMMITTEE INFORMATION ITEMS -

Information and Discussion Items

No information or discussion items were brought before the Committee.

There being no further business, the meeting was adjourned at 10:30 a.m.

Approved:



Secretary

Date



**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

JULY 11, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, July 11, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

Environmental Protection Agency ("EPA") – As reported last month, a visit was made to EPA's law firm—the DOJ. At that time, they agreed to briefly postpone litigation in an effort to try to structure negotiations for the universal settlement for both the new-source review case and the acid-rain notice of violation on Dale Units 1 and 2. The DOJ has now filed a complaint, which has yet to be served upon EKP. This filing of the second litigation is in order to obtain a consent decree, which requires a suit to be file. Although EKP is pursuing global settlement, at the same time, EKP will be preparing for the trial of the new-source review case set for October 2, if it goes forward.

Cooperative Generating Conference – Mr. Palk reported that the RUS Administrator, Jim Andrew, spoke to the Cooperative Generating Conference held last month in Cincinnati and hosted by EKPC. He spoke on projected generation transmission needs and entities working together to meet those needs. A paper covering those topics will be presented at both the G&T Managers' meeting the G&T Planners' Group meeting to be held this fall.

Smith Station Certificate Update - With the hearing on the Smith Units concluded last November, EKP met recently with the PSC seeking the status of the Certificate. Because more work needs to be done on the site, a consultant has been called in and that particular work should be completed by August 1. Soon after we anticipate having the certificate of convenience and necessity and the site study completed. The filing for the Air permit is also expected around August 1.

Meeting with Big Rivers – John Twitchell and Jim Lamb recently met with Big Rivers ("BR"). At some future time, BR would like to build a second unit on the Wilson site, and EKP and BR will have discussion on joint use of transmission and power supply.

Fuel Review Update – A presentation was provided by Tom Mason, an independent consultant hired to review EKPC's management of its fuel operations. Mr. Mason reviewed the major causes for the dramatic increase in coal prices in the past several years. He said EKP staff is doing a commendable job, with a good use of an evaluated-cost model. He presented his recommendations—among them are enhanced staffing, expand

Operations, Services and Support Committee Meeting Minutes
Page 2
July 11, 2006

policies and procedures manual, broaden the fuel strategy, price options available, consider overscrubbing for cost savings, continue to monitor inventory levels, consider consortium purchases, continue to review the possibility of converting and marketing scrubber sludge, expand the use of current coal evaluation model, work with state government to modify and expand the Kentucky Coal Tax Credit, and expand benchmarking of EKP's fuel performance to include ECAR/MAIN and SERC.

PSC-Required Management Audit Update – Graham Johns briefly reviewed the status of the 2001 PSC-required management audit that was performed by The Liberty Consulting Group out of Pennsylvania. Of the original 63 recommendations, 55 are complete, three were closed on an agree-to-disagree basis, and five remain open. A report on this status was included in the Board book. Additional material will be e-mailed to all Managers and Directors.

Center for Energy and Economic Development ("CEED") Presentation – Steve Miller, CEED President, provided a presentation titled "Leading in a Time of Growing Uncertainty." He shared with the Board that the four "Ps" of uncertainty—Politics, Policy, Pricing, and Public Opinion. CEED is in the business of supporting coal-based electricity and wants to help companies continue coal use. EKPC is a board member of CEED.

At 10:55 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings.

OPERATIONS, SERVICES & SUPPORT ("OSS") COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 11:05 a.m. on Tuesday, July 11, 2006, pursuant to proper notice. The following committee members were present:

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Larry Hicks	Salt River
Elbert Hampton	Cumberland Valley
Kerry Howard	Licking Valley

Operations, Services and Support Committee Meeting Minutes
Page 3
July 11, 2006

Bob Marshall	Owen
Randy Sexton	Farmers
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, Dale Henley, Ann Wood, and Doug Oliver.

ACTION ITEMS -

Election of Officers

By agreement, General Counsel Dale Henley acted as Temporary Committee Chairman and called the meeting to order. He called for the election of officers for the Committee. The following officers were duly nominated and elected:

Chairman – Donnie Crum

Lonnie Vice nominated Donnie Crum for the office of Chairman of the Operations, Services and Support (“OSS”) Committee; seconded by Larry Hicks. A motion was made by Bob Marshall, seconded by Dudley Bottom, and passed that nominations cease. With no other nominations, the Temporary Chairman declared Donnie Crum elected as Chairman.

Vice Chairman – Elbert Hampton

Dudley Bottom nominated Elbert Hampton for the office of Vice Chairman of the OSS Committee; seconded by Kerry Howard. A motion was made by Dudley Bottom, seconded by Larry Hicks, and passed that nominations cease. With no other nominations, the Temporary Chairman declared Elbert Hampton elected as Vice Chairman.

Secretary – Bill Shearer

Larry Hicks nominated Bill Shearer for the office of Secretary of the OSS Committee; seconded by Elbert Hampton. A motion was made by Bob Marshall, seconded by Larry Hicks, and passed that nominations cease. With no other nominations, the Temporary Chairman declared Bill Shearer elected as Secretary.

Mr. Crum then assumed position as the OSS Committee Chairman.

Operations, Services and Support Committee Meeting Minutes
Page 4
July 11, 2006

Committee Meeting Minutes

A motion was made by Dudley Bottom, seconded by Lonnie Vice, and passed, approving the June 12, 2006, committee meeting minutes as presented to each committee member and included in the Board book.

Resolution to Honor Neil Pendygraft and Approval for Severance Bonus

After review of the applicable information and taking the two items together, a motion was made by Bob Marshall, seconded by Dudley Bottom and, there being no further discussion, passed to recommend the Board approve a resolution to honor Neil Pendygraft, out-going Director representing Farmers RECC; and approved the award of a severance bonus in the amount of \$1,600 for Mr. Pendygraft's two years of service on the EKPC Board, as outlined in the resolutions included in the Board book.


OPERATIONS COMMITTEE INFORMATION ITEMS -

Information and Discussion Items

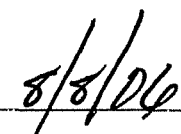
- Randy Sexton, representing Farmers RECC and EKPC's newest Director, briefly introduced himself.
- In response to a question regarding the 2006 budget, Ann Wood reviewed the Net Margins report included in the Board book and the Forecast Update included in the Business Management Plan. She reviewed the depreciation study recommendations with the Committee, noting that the depreciation study recommendations are not incorporated into the Forecast Update.

There being no further business, the meeting was adjourned at 11:30 a.m.

Approved:



Bill Shearer
Secretary



Date

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

AUGUST 8, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, August 8, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the Chairman of the Board

CTs 6 & 7 Loan – Chairman Stratton reported that the USDA has approved the \$55.24 million CT loan for CTs 6 & 7.

Report of the President and Chief Executive Officer

White Paper–Joint Planning for Power Supply Resources Among G&Ts – The Generation and Transmission ("G&T") Managers Group formed a Committee to draft a white paper on the concept of joint planning among G&Ts. The paper was approached from the standpoint of capital risk, transmission risk, and fuel risk. It is now complete and has been submitted to the G&T Managers Group President for discussion at their September group meeting. Along with Roy Palk assisted by EKPC's Jim Lamb, the committee was comprised of Chuck Terrill and Rick Thomas of North Carolina Electric, Gary Roulet of Western Farmers Electric in Oklahoma, and Ted Hilmes of KAMO Electric in Oklahoma. Anyone wishing a copy of the draft should contact Mr. Palk.

Environmental Protection Agency ("EPA") Settlement – EKPC is preparing for the October 2 trial in Lexington on the New Source Review case and, at the same time, attempting settlements in both the New Source Review case and the Acid Rain case. Palk and Roger Cowden were recently in Washington, D.C. for trial preparation and settlement talks. A draft settlement on both cases continues to be reviewed and will be presented soon to EPA. Palk said he is looking for guidance on settlement from Dave Eames in terms of financial effects and Randy Dials in terms of operation of the system.

Owensboro Municipal Utilities – Owensboro Municipal Utilities ("OMU") representatives met with EKPC on August 1. OMS has 200 MW of excess capacity and is looking at various utilities prior to sending out Requests for Proposal ("RFP") to market that power. EKP told OMU it is definitely interested in receiving an RFP.

System Peaks – During the last month, EKP has set two new system peaks with little, if any, transmission constraints. Palk stated that John Twitchell attributed the lack of transmission constraints to the lack of market activity. Due to high temperatures, electric

Operations, Services and Support Committee Meeting Minutes
Page 2
August 8, 2006

loads were high everywhere, and generating resources were fully utilized serving local area loads, with little surplus left for intra-area transactions.

Power Supply Planning Strategy – Jim Lamb gave a presentation on power supply planning strategy, with his points being:

- Wholesale power markets are a part of EKPC's power supply.
- Power supply risk management is an important EKPC strategy and is being executed throughout the organization.
- Risk-adjusted power supply means that power supply options are being evaluated based on the cost and volatility of the option, not just the cost.

CFC Presentation—Credit Facility and Equity Requirements – National Rural Utilities Cooperative Finance Corporation ("CFC") representatives Andrew Don and Bill Edwards gave a presentation (handout provided) titled Capital Markets' View of EKPC. This was at the request of Roy Palk to discuss equity regarding EKPC. They said although it has been a difficult year financially for EKPC, CFC is comfortable with EKPC's position.

CFC Board – Board Chairman Wayne Stratton is one of two finalists to be nominated for the position of financial expert on the CFC Board. Tom Smith of Georgia's Oglethorpe Power is the other candidate, and the election will take place this fall. Several are working together to provide information in support of Stratton's candidacy.

At 10:30 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings.

OPERATIONS, SERVICES & SUPPORT ("OSS") COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 10:45 a.m. on Tuesday, August 8, 2006, pursuant to proper notice. The following committee members were present:

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Kerry Howard	Licking Valley

Operations, Services and Support Committee Meeting Minutes
Page 3
August 8, 2006

Bob Marshall	Owen
Wade May	Big Sandy
Randy Sexton	Farmers
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, Dave Eames, Dale Henley, Doug Oliver, and Gary Crawford.

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Dudley Bottom, seconded by Wade May, and passed, approving the July 11, 2006, committee meeting minutes as presented to each committee member and included in the Board book.

RUS-Approved Registered Engineers

After review of the applicable information, a motion was made by Dudley Bottom, seconded by Lonnie Vice and, there being no further discussion, passed to recommend the Board authorize Mary Jane Warner, Rick Drury, Jim Shipp, Craig Johnson, and John Twitchell as RUS-approved registered engineers for signing inventory of Work Orders Form 219; and authorize the submission to RUS of new RUS Forms 179—Architect and Engineers Qualifications for each authorized engineer, as outlined in the resolution included in the Board book.

OPERATIONS COMMITTEE INFORMATION ITEMS -

Information and Discussion Items

Net Margins – In response to a question about the year-to-date net margins, Dave Eames responded that EKPC is looking at two possibilities to bring up the net margins. The 2005 year-end deficit was in part due to planning for the EPA settlement which was set up with SO₂ allowances at \$950 and NO_x allowances at \$2,500. Currently those allowances are around \$650 and \$1,800, respectively. We are planning on buying those allowances and taking back into income the difference between what they were booked at and what they cost. Depending upon the final prices, that could be around \$4 million.

During the environmental surcharge process, one of the PSC's requirements was a depreciation study within two years. The study was done based on EKP's assets at end-of-


Operations, Services and Support Committee Meeting Minutes
Page 4
August 8, 2006

year 2005. We've applied to RUS and CFC to put that into effect January 1, 2006, make some retroactive adjustments to our books, and the net effect will probably be a \$12 million reduction in depreciation related expense, mainly to power plant accounts.

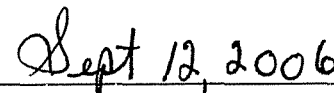
If we are able to accomplish both of those, the emissions allowances is a one-time gain, the settlement will be a one-time impact, but the depreciation will carry on year to year.

There being no further business, the meeting was adjourned at 11:05 a.m.

Approved:



Bill Shearer
Secretary



Date

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING
SEPTEMBER 12, 2006**

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, September 12, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

Environmental Protection Agency ("EPA") Settlement -- Roy Palk said he, Dave Eames, Dale Henley, and Randy Dials will go to Washington, D.C. to meet with the EPA officials on Wednesday, September 13, to discuss the settlement proposal for both the Acid Rain and the New Source Review cases. Two major issues to be discussed are limits on NOx emissions from EKP's units and the amount of penalties required on acid rain.

Warren Transmission Line Project - Rural Utilities Services ("RUS") has determined that the four projects making up the Warren RECC transmission line project should be combined due to being covered under one loan. RUS has told EKP that an Environmental Assessment will be required on this combined project versus the more involved and costly Environmental Impact Statement.

New Castle Substation Fatality -- An attempt to steal copper from the New Castle Substation resulted in the death of one man. The Kentucky State Police are investigating the incident. Because copper theft is on the increase and creates a hazard to employees entering these substations, EKP is in the process of preparing guidelines for EKP and member system employees to use prior to entering any such facility.

Technology Applications -- Reports were provided focusing on technology applications and how some of these projects have been applied to the EKPC system as well as to one particular member cooperative and the resultant benefits.

- Generation—Randy Dials discussed EPRI Solutions and its operational assessment guidelines which EKP used to determine whether EKP uses best-use practices in its operations and maintenance of power production.
- Transmission—John Twitchell discussed an EPRI software product—Dynamic Thermal Circuit Rating, which reviews real-time weather and load conditions and adjusts the rating of the equipment up or down to take advantage of the full capability of the equipment, has been incorporated into EKP's day-to-day operations of the Avon transformer. This causes no damage to equipment and no increase in maintenance. Additional transmission lines are being considered for use with this software.

Operations, Services and Support Committee Meeting Minutes
Page 2
September 12, 2006

- **Distribution**—Don Schaefer, Jackson Energy P&CEO, discussed NRECA's Cooperative Research Network (CRN), which monitors, evaluates and applies technologies that help electric co-ops control costs, improve productivity, and enhance member/customer service. Mr. Schaefer is on the Distribution Operations Task Force, and he spoke of several projects that Jackson Energy is currently using.

Following these reports, a request was made that the full cost/benefit analysis of EPRI and CRN membership be provided to the Board.

Cost Containment Report – Graham Johns distributed and reviewed the Cost Containment Team's 18 recommendations with regard to the following areas—Executive, Legal, Finance, Governmental Affairs, and Coordinated Planning. The team has been working on this report over the past several months.

Power Supply Vision – Jim Lamb distributed and reviewed EKPC's power supply vision. Included in this report were the three key assumptions on which the vision rests: 1. EKPC will pursue risk adjusted least cost power supply, whether build or buy; 2. EKPC will continue as an RUS borrower; and 3. Relatively low-cost capital will be available.

UK Network Update – One Cost Containment team recommendation was to limit overall advertising with a cap of \$730,000. Jerry McDonald and Gary Crawford noted that because the UK Network is a valuable asset for strategic communications, it was decided to stay with the network and eliminate expenses elsewhere in the advertising budget.

Economic Development Website Overview – Bill Prather provided a presentation on the new Internet Marketing Program for industrial, large commercial recruitment. He said that over 80% of site location done today is initially done through the Internet. EKP has developed a module to be used on websites of the member cooperatives for those who wish to use it. The sites available are:

- www.ekpc.coop (under Economic & Community Development)
- www.sitesacrossamerica.com (by Touchstone Energy)
- www.fastfacility.com (commercial site used worldwide)

At 11:30 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings and to break for lunch.

Operations, Services and Support Committee Meeting Minutes
Page 3
September 12, 2006

OPERATIONS, SERVICES & SUPPORT ("OSS") COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 11:45 a.m. on Tuesday, September 12, 2006, pursuant to proper notice. The following committee members were present:

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Elbert Hampton	Cumberland Valley
Kerry Howard	Licking Valley
Bob Marshall	Owen
Wade May	Big Sandy
Randy Sexton	Farmers
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, Dave Eames, Doug Oliver, Gary Crawford, Steve McClure, and Roger Cowden. Also present were Consultant Dick Byrne and Warren RECC's Mike McGuirk.

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Wade May, seconded by Lonnie Vice, and passed, approving the August 8, 2006, committee meeting minutes as presented to each committee member and included in the Board book.

OPERATIONS COMMITTEE INFORMATION ITEMS -

Information and Discussion Items

EKPC Employee Benefits Cost Reduction Proposal – Doug Oliver distributed and reviewed the Benefits Cost Reduction Proposal. This will be presented today to the Board during an Executive Session.


2006-2007 Compensation Changes – Doug Oliver reviewed the 2006-2007 proposed Wage and Salary recommendations (a summary analysis and recommendation were previously

Operations, Services and Support Committee Meeting Minutes
Page 4
September 12, 2006

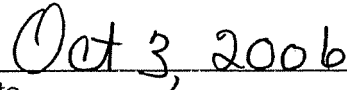
mailed to each director and alternate director), which will be submitted to the Board for final review and approval at the October Board meeting.

There being no further business, the meeting was adjourned at 12:30 p.m.

Approved:



Bill Shearer
Secretary



Date

**MINUTES OF
OPERATIONS, SERVICES & SUPPORT COMMITTEE MEETING**

OCTOBER 3, 2006

COMMITTEE MEETING OF THE WHOLE

Members of the Operations, Services and Support Committee joined members of the Fuel and Power Supply, and the Power Delivery Committees for a committee meeting of the whole on Tuesday, October 3, 2006, at the Headquarters Building. Board Chairman Wayne Stratton called the meeting to order at 9:30 a.m.

Report of the President and Chief Executive Officer

PSC Appointment – John Clay, a CPA from Maysville, Kentucky, and who served as deputy secretary of the Cabinet of Environment and Public Protection, has been appointed to the Kentucky Public Service Commission.

Concept Paper–Joint Planning for Power Supply Resources Among G&Ts – The G&T Managers Group and G&T Planners Group are reviewing the concept paper on joint planning in detail, beginning with identifying transmission gaps.

Environmental Protection Agency ("EPA") Settlement Status –Jay Holloway of Hunton and Williams confirmed with Roy Palk that most everything needed for proposing a settlement to EPA on both the Acid Rain and New Source Review is before DOJ who represents the EPA. A reply is anticipated in the next few days and perhaps another settlement meeting between now and the end of the year.

Envision Energy Services, LLC ("Envision") Update – Chuck Caudill provided the annual Envision update. Envision provides moderate-sized commercial and industrial accounts with preventive maintenance technology, power quality solutions, and energy cost management. Envision is both a marketing tool and a for-profit service provider. Envision is a partnership of EKPC and ten member systems, but it serves all 16 member systems. Mr. Caudill provided Envision financials and available new technology. An Envision Board meeting will be held following today's EKPC Board meeting.

Recommendations from Power Delivery Cost Containment Teams – John Twitchell reviewed the results of the cost containment teams' work within Power Delivery. Two teams were formed to review two most significant areas: the Reliability and Congestion Management Team dealt with congestion management on the transmission system and the Maintenance and Construction Management Team dealt with construction and maintenance processes for transmission lines and substations. Detailed updates will be supplied as the recommendations are implemented.

Operations, Services and Support Committee Meeting Minutes
Page 2
October 3, 2006

Regarding recent storm damage, severe storms in parts of our service territory several weekends ago resulted in some outages lasting in excess of two hours. This was a result of either KU's transmission system or equipment failures due to lightning strikes. A more detailed report will be provided the Power Delivery Committee.

At 10:05 a.m., Chairman Stratton called for the committee meeting of the whole to adjourn in order for the three standing committees to conduct their regular monthly meetings.

OPERATIONS, SERVICES & SUPPORT ("OSS") COMMITTEE MEETING -

A regular meeting of the East Kentucky Power Cooperative, Inc. (EKPC) Operations, Services and Support Committee was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, at 10:15 a.m. on Tuesday, October 3, 2006, pursuant to proper notice. The following committee members were present:

Dudley Bottom	Shelby
Dan Brewer	Blue Grass
Donnie Crum	Grayson
Elbert Hampton	Cumberland Valley
Larry Hicks	Salt River
Kerry Howard	Licking Valley
Bob Marshall	Owen
Randy Sexton	Farmers
Bill Shearer	Clark
Lonnie Vice	Fleming-Mason

EKPC staff members present for all or a portion of the meeting were Roy Palk, Dave Eames, Doug Oliver, Gary Crawford, and Dale Henley. Also present was Debbie Martin of Shelby Energy.

Operations, Services and Support Committee Meeting Minutes
Page 3
October 3, 2006

ACTION ITEMS -

Committee Meeting Minutes

A motion was made by Dudley Bottom, seconded by Lonnie Vice, and passed, approving the September 12, 2006, committee meeting minutes as presented to each committee member and included in the Board book.

EKPC's 2006-2007 Compensation Program

After review of the applicable information, a motion was made by Larry Hicks with the recommendation to remove the \$40 food gift certificate for the EKPC Directors and member system managers; the motion was seconded by Lonnie Vice and, there being no further discussion, passed to recommend the Board approve the following changes to EKPC's 2006-2007 compensation program:

- Effective October 29, 2006, a 3.0% general increase for all regular full-time EKPC employees who meet performance expectations. No structure adjustments, merit increases, or skill-based/non skill-based level or step increases will be granted until further notice;
- Effective immediately, provide a \$40 general food item gift certificate for each EKPC employee.

FEMA Designated Agent

After review of the applicable information, a motion was made by Larry Hicks, seconded by Kerry Howard and passed to recommend the Board authorize John R. Twitchell, VP, Power Delivery, as agent to execute documents for obtaining and administering certain federal financial assistance (with the Federal Emergency Management Agency ["FEMA"]) under the Disaster Relief Act of 1974 and to file them in the appropriate federal and state agencies, as outlined in the resolution included in the Board book.

Board Policies Nos. 109, 503, 505, 508, 515, NRECA Adoption Agreements, and Amended Pension Restoration Plan

After review and discussion of the applicable information, a motion was made by Larry Hicks, seconded by Dudley Bottom and, there being no further discussion, passed to approve amendments and revisions to Board Policies Nos. 109, 503, 505, 508, and 515; the NRECA Adoption Agreements, and the amended Pension Restoration Plan, all as outlined in the resolution included in the Board book.

Operations, Services and Support Committee Meeting Minutes
Page 4
October 3, 2006

Annual Performance Appraisal Review and Salary Adjustment of the President and Chief Executive Officer

This item will go before the full Board during an Executive Session at today's Board meeting.

OSS COMMITTEE INFORMATION ITEMS -


Information and Discussion Items

Salt River Electric

Salt River P&CEO Larry Hicks clarified a Resolution dated July 12, 2005, relating to a loan for the purchase of realty in Salt River Electric Cooperative Corporation's service territory for industrial development. In the Resolution, the Board approved a loan up to \$400,000. According to Mr. Hicks, the loan will be made directly to the industrial customer at "0" interest. The loan will be secured by a mortgage, and subject to such other due diligence considerations as are appropriate.

There being no further business, the meeting was adjourned at 11:00 a.m.

Approved:



Bill Shearer
Secretary

Nov. 14, 2006

Date

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

**COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06
REQUEST 18**

RESPONSIBLE PERSON: Dale Henley

COMPANY: East Kentucky Power Cooperative, Inc.

Request 18. Refer to pages 109, 125, and 158 of your response to the Commission's October 27, 2006 Order, Item 13.

a. Describe the subject of the presentations made in Executive Session to EKPC's Board of Directors by Robert Byrne on July 11, 2006, August 8, 2006, and September 12, 2006, as well as the scope and extent of his engagement to provide consultancy services to EKPC.

b. Provide a copy of the consulting contract between EKPC and Robert Byrne.

Response 18a. A description of these presentations will be contained in the appropriate minutes as approved by the Board of Directors. This approval is anticipated at the December 5, 2006 meeting. Thereafter, this Response will be appropriately supplemented.

Response 18b. Attached is a copy of the Independent Contractor Agreement between Richard Byrne and EKPC.

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement (“Agreement”) is entered into on and effective May 23, 2006 by and among Richard K. Byrne (“Byrne”) and East Kentucky Power Cooperative (“EKPC”) collectively referred to herein as the “Parties”.

Recitals

A. Byrne is engaged in the electric utility consulting business.

B. EKPC desires to formalize the terms upon which it will engage the services of Byrne, as an independent contractor, in connection with his consulting for EKPC, including operations, strategic advice and planning.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements set forth herein, the Parties agree as follows:

Section 1. Services To Be Performed By Byrne

a. The general nature and scope of the services Byrne is engaged to, and agrees to, perform for EKPC are to professionally and competently advise the Chief Executive Officer (“CEO”) of EKPC and others directed by the CEO.

b. Byrne will determine the method, details, and means of performing the above described services. Byrne will at all times represent EKPC in a professional and courteous manner.

c. Byrne enters into this Agreement as an independent contractor, and will remain so throughout the term of this Agreement.

d. Byrne agrees that he is not currently an employee of EKPC and will not become so while this Agreement is in effect, or as a result of this Agreement or the services provided hereunder.

e. Byrne agrees that he will not be entitled to the rights or benefits afforded to EKPC’s employees, including wages, disability or unemployment insurance, worker’s compensation, medical insurance, sick leave, or any other employment benefit as a result of, or during the term of, this Agreement, or the services provided hereunder.

f. Byrne is responsible for paying when due all tax liabilities, including self-employment and estimated taxes, incurred as a result of the consideration paid by EKPC to Byrne for services under this Agreement. Byrne agrees to indemnify EKPC for any claims, costs, losses, fees, penalties, interest, or damages suffered by EKPC resulting from Byrne’s failure to comply with this provision.

g. Byrne shall use his sole professional discretion in determining the manner of conducting and controlling the services to be provided under this Agreement, including the scheduling of work hours needed to provide the services required hereunder.

h. Byrne shall not be required to devote his full time, attention, and energy to the performance of services pursuant to this Agreement. Byrne is free to sell other types of services.

Section 2. At-Will Nature Of This Agreement

This Agreement is not for any fixed or specific duration. This Agreement can be terminated at the will of either party at any time, for any reason (or for no reason), either with or without notice. Such termination shall be effective at the earlier of: (1) the moment notice of such termination is actually received by the other party, or (2) three days after notice of such termination is placed in the United States Mail to the following addresses:

To: Roy M. Palk
East Kentucky Power Cooperative
4758 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

To: Richard K. Byrne
P. O. Box 1198
Naples, FL 34106

Section 3. Compensation.

a. Byrne's compensation will be paid at a rate of \$230.00 per hour actually worked. Byrne will submit invoices for payment every two (2) weeks. Byrne will receive the gross amount billed. The maximum amount EKPC will pay under this Agreement will be \$235,000. There will be no deductions or EKPC contributions for taxes, retirement systems, insurance or any other purpose. Travel time shall not be considered hours worked and no compensation for such time will be paid.

b. In the event EKPC terminates this Agreement before Byrne has received a minimum of \$60,000 for his services, then EKPC will pay Byrne the difference between the amount he received for services rendered to that date and \$60,000.

c. EKPC will reimburse Byrne for coach class airline transportation required between his home in Naples, Florida and Lexington, Kentucky. In addition, EKPC will reimburse Byrne for coach class airline transportation for Byrne's wife every two (2) weeks during the existence of this Agreement from her home in Naples, Florida to Lexington, Kentucky.

d. EKPC will reimburse Byrne for reasonable and necessary lodging expenses up to One Hundred Fifty Dollars (\$150.00) per day during the term of this Agreement. Byrne must

submit receipts for such expenses in order to be reimbursed. In addition, when Byrne is performing services for EKPC in Kentucky, EKPC will reimburse Byrne for the rental of a mid-sized automobile. Receipts for such expenses must be submitted by Byrne in order to be reimbursed.

Section 4. Property Rights Of EKPC.

a. Prior to, and during the term of this Agreement, Byrne has had, and will have access to and become acquainted with, confidential and proprietary information of EKPC, including, but not limited to the confidential and proprietary information of EKPC and its Affiliates, including, but not limited to confidential and proprietary information or plans regarding customer relationships; personnel; sales, marketing and financial operations or methods; trade secrets; formulas; devices; secret inventions; processes and other compilations of information, records, and specifications (collectively "Proprietary Information"). Byrne shall not misuse, misappropriate, or disclose any of EKPC's Proprietary Information, directly or indirectly, or use any part of it in any way, either during the term of Byrne's engagement under this Agreement or at any time thereafter, except as required in the course of the engagement hereunder and as authorized in writing by EKPC.

b. All files, records, documents, computer-recorded information, drawings, specifications, equipment, electronic media, software designs and applications, inventions, and similar items relating to EKPC and its affiliates, whether conceived, designed, prepared, or developed by Byrne or otherwise coming into Byrne's possession prior to or during the term of the Byrne's engagement under this Agreement, shall become and remain the exclusive property, of EKPC and shall not be removed from the premises of EKPC or its affiliates, under any circumstances whatsoever without the prior written consent of EKPC, except when (and only for the period) necessary to carry out Byrne's duties hereunder, and if removed shall be immediately returned upon any termination of the Byrne's engagement and no copies thereof shall be kept by the Byrne.

c. The Parties expressly agree that all of the provisions of this Section 4 shall survive any termination of Byrne's engagement under this Agreement.

Section 5. Noninterference. While Byrne is engaged by EKPC and for a period of twenty-four months thereafter, Byrne shall not without the prior written consent of EKPC, directly or indirectly solicit, attempt to solicit, induce, or otherwise cause or assist any person who is then employed by EKPC to terminate such employment in order to become an employee, consultant or independent contractor to or for any employer other than EKPC. The Parties expressly agree that all of the provisions of this Section 5 shall survive any termination of Byrne's engagement under this Agreement.

Section 6. Remedies. Byrne acknowledges that a breach or threatened breach by Byrne of any of the provisions of this Agreement will result in EKPC suffering irreparable harm that cannot be calculated or fully or adequately compensated by recovery of damages alone. Accordingly, Byrne agrees that EKPC shall be entitled to interim, interlocutory and permanent injunctive relief, specific performance and other equitable remedies, in addition to any other

relief to which EKPC may become entitled should there be such a breach or threatened breach. Byrne specifically agrees to pay immediately upon demand all legal fees, expenses, and costs incurred by EKPC in any legal proceedings commenced by EKPC to enforce the provisions of this Agreement.

The restrictive covenants in this Agreement will be construed as independent of any other provisions in this Agreement, and the existence of any claim or cause of action by Byrne against EKPC, whether predicated on this Agreement or otherwise, will not constitute a defense to the enforcement by EKPC of such covenants and agreements. If any provision of this Agreement, is invalid in part or in whole, it will be deemed to have been amended, whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law and, as so amended, will be enforceable. The parties will execute all documents necessary to evidence such amendment.

Section 7. Miscellaneous.

a. Severability. If any provision of this Agreement shall be adjudicated invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other provisions of this Agreement will not in any way be affected or impaired.

b. Entire Agreement. This Agreement constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the Parties related to the subject matter hereof and supersedes all prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral.

c. Amendments; No Waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in the form of a written amendment or waiver and signed, in the case of any amendment, by all Parties hereto, and in the case of a waiver, by the Party against whom the waiver is to be effective. No waiver by a Party of any breach of this Agreement shall be deemed to extend to any prior or subsequent breach. No failure or delay by a Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

d. Governing Law. This agreement shall be construed in accordance with and governed by the internal laws (without reference to choice or conflict laws) of the Commonwealth of Kentucky.

e. Construction. No Party hereto, nor their respective counsel, shall be deemed drafter of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any Party hereto.

f. Indemnification. Byrne shall indemnify EKPC against any losses, claims, damages, liabilities, expenses (including attorney's fees and expenses), judgments, fines, amounts paid in settlement in connection with any threatened or actual claim, action, suit, proceeding or investigation (whether asserted or arising before or after the date of this

Agreement) arising out of or based in any part upon any act or failure to act by Byrne in connection with this Agreement. Byrne will carry insurance to cover his professional and/or work conduct.

g. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date set forth in the preamble, above.

East Kentucky Power Cooperative
By: Ray M. Palk
[Name]
Title: Pres & CEO
Date: May 26, 2006

CONTRACTOR:
Richard K. Byrne
Richard K. Byrne
Date: May 26, 2006

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EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

**COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06
REQUEST 19**

RESPONSIBLE PERSON: Doug Oliver

COMPANY: East Kentucky Power Cooperative, Inc.

Request 19. Refer to page 158 of your response to the Commission's October 27, 2006 Order, item 13. Describe the scope, extent, and amount of the Employee Benefits Cost Reduction Proposal discussed at EKPC's September 12, 2006 Board meeting. Also state the date the savings will be implemented and indicate whether savings will be realized through lay-offs, severances, attrition, or other method.

Response 19. The Employee Benefits Cost Reduction Proposal discussed at EKPC's September 12, 2006 Board meeting is composed of two components. One, for new employees starting after January 1, 2007, a complete new benefits package was introduced and two, for existing employees, changes were proposed that require greater employee cost responsibility. The changes are listed below.

Proposed Benefit Plan for "New" Employees Effective 01/01/07

- Eliminate Defined Benefit Plan
- Create new 401k with employer contributions and greater matching
- Require medical contributions for both employee & dependents
- Modify LTD program to reduce costs
- Change Retiree Medical & Term Life

Benefits as a percent of gross wages example

“New” Employee Benefit Package Effective 01/01/07 Summary

<u>Benefit</u>	<u>2005 Costs</u>	<u>“New” Employee</u>
Retirement	15.42%	0.00%
Term & Group Life	0.56%	0.57%
Medical Ins.	12.86%	10.50%
Dental/Vision	0.39%	0.00%
EAP	0.04%	0.05%
LTD	0.99%	0.74%
401k	1.61%	10.00%
Paid Leave	12.00%	11.67%
Gov. Mandates	<u>7.37%</u>	<u>7.18%</u>
TOTAL	<u>51.25%</u>	<u>40.71%*</u>

*Based on 2006 annualized costs as a % of gross wages

The above changes for new employees were approved and will be implemented January 1, 2007. This change will have a long-term reduction in benefit cost as current employees leave the organization through retirement and attrition.

Current Employees - Modified Benefit Package Effective 01/01/07

- Require employee medical contributions
- Increase employee drug co-pays
- Increase plan deductible
- Increase max out-of-pocket limit
- Change LTD Carrier

- 2007 Contributions - Employee (5%) Dependents (7.5%)
- 2008 Contributions – Employee (10%) Dependents (15%)

EKPC estimates that the modified benefit package effective 01/01/07 will result in savings of approximately \$1.7 million.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 20

RESPONSIBLE PERSON: Dale Henley

COMPANY: East Kentucky Power Cooperative, Inc.

Request 20. Refer to page 44 of your response to the Commission's October 27, 2006 Order, item 13. Explain why no minutes were kept of the Executive Session of the EKPC Board of Directors meeting which took place on March 14, 2006.

Response 20. This was a Director's only meeting. No others were present and no notes or writings of any kind were supplied to the recording secretary upon its conclusion.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 11/9/06

REQUEST 21

RESPONSIBLE PERSON: David Eames/Ann Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 21. Refer to page 1 of your response to the Commission's October 27, 2006 Order, Item 13, where you state that "In addition, the Board receives information regarding the level of EKPC's monthly revenue, expense and margin." Provide a copy of any and all information provided to EKPC's Board of Directors during 2006, not previously provided to the Commission in this proceeding, which relates to EKPC's revenues, expenses, income, cash flows, sales, rates, short-term or long-term financing, construction expenditures, budget revisions, and/or margins.

Response 21. Please see the attached information.

JANUARY 2006

2005
EAST KENTUCKY POWER COOPERATIVE
COAL RECEIPTS, USAGE, STOCKPILE
TONNAGE (1000)

DALE STATION		Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	BTU	MMBTU	ION	Tons	BTU
38	11971	2.120	50.76	50	1745	1.745	41.59	87	0
41	12022	2.120	50.98	46	12477	1.604	40.03	79	0
37	12030	2.132	51.29	47	12094	1.794	43.39	87	0
39	12227	2.203	53.88	41	11931	1.829	43.63	84	0
47	12327	2.300	56.70	51	12119	1.959	47.48	84	0
83	12320	2.515	61.46	54	12117	2.021	48.99	72	0
59	12333	2.356	58.11	57	12142	2.114	51.35	80	0
42	12233	2.177	53.26	94	11970	1.891	45.28	84	0
37	12220	2.231	54.53	41	12208	2.062	50.35	73	0
68	12100	2.507	60.68	86	12236	1.982	48.51	78	0
66	12280	2.390	58.70	33	11898	1.852	44.08	67	0
557	12191	2.317	56.49	532	12122	1.916	46.45	875	0

COOPER STATION		Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	BTU	MMBTU	ION	Tons	BTU
111	12111	2.052	49.72	84	12249	1.759	43.09	0	150
83	12053	1.999	48.20	77	12088	1.829	44.21	0	135
64	12361	2.249	55.60	59	12178	1.834	44.68	0	146
56	12251	2.224	54.48	43	12219	2.008	49.07	0	72
67	12296	2.149	52.84	72	12206	1.866	45.55	0	51
100	12107	2.190	53.02	76	12206	1.866	45.55	0	122
58	11975	2.167	51.90	80	12231	1.898	46.43	0	140
86	12049	2.146	51.73	77	12201	1.735	42.35	0	142
67	12276	2.153	52.86	68	12201	1.692	41.36	0	130
74	12023	2.150	51.71	68	12256	1.734	42.51	0	144
57	11819	2.125	50.24	67	12294	1.868	45.93	0	142
823	12118	2.138	51.84	721	12208	1.815	44.31	0	1374

GILBERT STATION		Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	BTU	MMBTU	ION	Tons	BTU
19	11390	1.000	22.77	14	1855	1.855	323	619	46
47	10955	1.081	23.68	40	1758	1.758	372	612	50
66	11293	1.066	24.07	55	1790	1.790	360	394	47
81	11000	1.125	24.74	73	1804	1.804	301	566	47
44	10866	1.142	24.82	53	1909	1.909	380	311	54
106	10983	1.172	25.74	68	1903	1.903	392	637	67
115	10790	1.207	26.06	59	1859	1.859	468	412	848
30	10560	1.229	25.95	50	1875	1.875	409	822	68
58	11081	1.206	26.73	67	1833	1.833	362	409	808
27	11402	1.200	27.37	0	1982	1.982	364	341	832
60	11157	1.248	27.85	33	1905	1.905	308	358	782
653	11007	1.162	25.57	512	1864	1.864	4174	3552	

TOTAL SYSTEM		Received		Cost		Used		Stockpile	
Ave. Cost /Ton	Ave. Cost /MMBTU	Rec'd	Used	Stockpile	Days Part				
44.82	1.855	323	385	619	46				
42.39	1.758	372	377	612	50				
43.29	1.790	360	394	577	47				
43.19	1.804	301	313	566	47				
46.30	1.909	380	311	637	54				
45.75	1.903	392	311	637	67				
44.49	1.859	468	412	848	71				
45.09	1.875	382	409	822	68				
44.39	1.833	362	379	808	66				
48.07	1.982	364	341	832	69				
45.74	1.905	308	358	782	70				
44.91	1.864	4174	3552						

0000001

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(November 2005 Commitments)**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Date		Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
					Through	11/30/05					
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007	0	249,197		249,197	-249,197	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008	960,000	220,652		220,652	739,348	0.000	12300	2.3990
B & W RESOURCES INC	0000151081	03/10/2004	05/31/2006	240,000	128,093		128,093	111,907	0.000	12000	2.0630
JAMIESON CONSTRUCTION CO	0000151179	09/19/2005	10/31/2005	20,000	21,534		21,534	-1,534	0.000	11500	2.5970 A
JAMIESON CONSTRUCTION CO	0000151183	10/12/2005	11/30/2005	15,000	16,063		16,063	-1,063	0.000	11500	2.6410 A
JAMIESON CONSTRUCTION CO	0000151184	11/01/2005	12/31/2005	11,000	17,089		17,089	-6,089	0.000	11500	2.7830 A
LEWIS COAL SALES LLC	0000151185	10/12/2005	12/31/2005	15,000	15,936		15,936	-936	0.000	11500	2.6410 A
GATLIFF COAL COMPANY	0000000116	10/01/2003	06/30/2006	240,000	142,535		142,535	97,465	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	06/30/2006	240,000	112,623		112,623	127,377	0.000	12600	1.5500
GATLIFF COAL COMPANY	0000000122	01/01/2005	12/31/2008	0	0		0	0	0.000	12300	2.0330

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000002

INDEX OF ALL COAL PURCHASE COMMITMENTS
(November 2005 Commitments)

Cooper

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through
										11/30/05
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	960,000	228,601	731,399	0.000	12300	2.3660	
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	145,945	334,055	0.000	12000	2.3340	A
B & W RESOURCES INC	0000251083	04/01/2004	03/31/2006	240,000	165,190	74,810	0.000	12000	1.8130	
INTERNATIONAL COAL GROUP LLC	0000251176	08/09/2005	12/31/2005	40,000	33,233	6,767	0.000	11000	2.1700	
GATLIFF COAL COMPANY	0000000214	10/01/2003	06/30/2006	120,000	164,459	-44,459	0.000	12900	1.3950	Completed
GATLIFF COAL COMPANY	0000000216	10/01/2003	06/30/2006	120,000	0	120,000	0.000	12900	1.4900	Completed
GATLIFF COAL COMPANY	0000000217	10/01/2003	06/30/2006	120,000	0	120,000	0.000	12600	1.4100	Completed
GATLIFF COAL COMPANY	0000000218	10/01/2003	06/30/2006	120,000	0	120,000	0.000	12600	1.4900	Completed
GATLIFF COAL COMPANY	0000000222	01/01/2005	12/31/2008	0	0	0	0.000	12300	2.3990	

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000003

INDEX OF ALL COAL PURCHASE COMMITMENTS
(November 2005 Commitments)

Spurlock#1

Through 11/30/05

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	3,403,000	270,729	3,132,271	1.823	12000	1.4310
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2007	702,800	97,591	605,209	1.823	11800	2.2210
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	0	15,955	-15,955	4.029	11800	2.2350
CUMBERLAND COAL RESOURCES LP	0000351140	01/01/2005	12/31/2005	159,848	159,848	0	6.766	13000	1.9910
KIVA SYN FUEL SALES LLC	0000351151	03/01/2005	12/31/2005	247,300	190,461	56,839	1.823	12000	2.3520 A
SANDY RIVER SYN FUEL LLC	0000351152	03/07/2005	11/30/2005	180,000	129,813	50,187	1.823	12000	1.3490
KIVA SYN FUEL SALES LLC	0000351181	07/12/2005	12/31/2005	138,000	9,467	128,533	1.780	12000	2.1920 A
AEP COAL INC	0000000314	02/12/2002	12/31/2005	710,000	10,153	699,847	6.270	13000	1.5580
LAKEMAN FUEL CORPORATION	0000351150	03/01/2005	12/31/2005	247,300	0	247,300	1.823	12000	2.3520 A
LAKEMAN FUEL CORPORATION	0000351182	07/12/2005	12/31/2005	138,000	0	138,000	1.780	12000	2.1920 A

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000004

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(November 2005 Commitments)**

Spurlock#2

Through 11/30/05

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2007	1,889,200	575,176	1,314,024	1.823	12000	1.5580
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2007	666,000	327,926	338,074	4.029	12000	1.8120
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,780,000	558,286	1,221,714	1.823	12000	1.5160
MC MINING, LLC	0000000428	01/01/2005	12/31/2007	546,670	59,263	487,407	8.390	12500	2.8560
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	0	338,561	-338,561	4.029	12000	1.5700
CENTRAL APPALACHIAN MINING	000000424A	04/18/2004	12/31/2005	446,000	398,315	47,685	7.350	13000	1.6380
PROGRESS FUELS CORPORATION	0000451141	01/01/2005	12/31/2005	240,000	120,110	119,890	4.029	12000	2.6890
PROGRESS FUELS CORPORATION	0000451142	01/01/2005	03/31/2006	240,000	37,491	202,509	4.029	12000	2.5220
KOCH CARBON LLC	0000451193	11/23/2005	11/30/2005	3,100	3,151	-51	1.823	11500	2.7750
SANDY RIVER SYNFUEL LLC	000451152A	03/07/2005	08/31/2005	1,593	9,432	-7,839	1.823	12000	1.3490
AEP COAL INC	0000000424	02/01/2002	12/31/2005	710,000	252,579	457,421	6.320	13000	1.5600
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2005	60,000	26,689	33,311	0.000	12000	1.4500

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000005

INDEX OF ALL COAL PURCHASE COMMITMENTS
(November 2005 Commitments)

Gilbert

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through
										11/30/05
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	96,157	2,303,843	3.647	11400	1.2565	A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	56,893	543,107	2.986	11200	1.2295	A
CHAROLAIS COAL SALES LLC	0000000804	04/01/2005	12/31/2010	1,380,000	112,380	1,267,620	5.485	10500	1.2452	A
CAMELOT COAL COMPANY	0000851116	10/01/2004	12/31/2005	120,000	116,541	3,459	2.986	11500	1.0430	A
OXFORD MINING COMPANY	0000851117	10/01/2004	10/31/2005	150,000	149,950	50	3.647	11700	1.0530	A Completed
MARIETTA COAL COMPANY	0000851155	04/01/2005	12/31/2005	90,000	51,264	38,736	3.647	9500	1.2840	A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	12/31/2005	135,000	92,340	42,660	2.354	10500	1.2905	A
CUMBERLAND COAL RESOURCES LP	000851140A	01/01/2005	12/31/2005	20,152	0	20,152	6.766	13000	1.9910	

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000006

Run-of-Mine Cost Analysis - Monthly
ACTIVITY FOR THE MONTH OF: November 2005
(thru 11/30/05)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	\$/Ton	\$/M/TU	BTU	Ash	Sulfur
C.H. DEVELOPMENT LLC	0000751135	1,252.89	33.60	0.00	0.000	0.00	33.60	1.624	10,340	13.60	0.91
IKERD COAL COMPANY LLC	0000751159	5,076.98	46.63	0.00	0.000	0.00	46.63	1.878	12,417	11.55	1.93
C.H. DEVELOPMENT LLC	0000751173	1,234.58	15.00	0.00	0.000	0.00	15.00	0.967	7,764	31.55	0.79
IKERD TERMINAL COMPANY LLC	0000751180	8,031.89	40.18	0.00	0.000	0.00	40.18	1.640	12,255	11.80	1.93
IKERD TERMINAL COMPANY LLC	0000751188	2,761.14	43.00	0.00	0.000	0.00	43.00	1.933	11,122	16.79	3.54
Weighted Average - Cooper		18,357.48	40.25				40.25	1.703	11,697	13.93	2.03
B & W RESOURCES INC	0000451115	3,596.28	64.89	1.35	1.823	0.06	68.12	2.623	12,986	8.64	0.72
COALTRADE, LLC	0000451190	1,467.79	70.43	0.00	1.823	0.06	72.31	2.718	13,302	9.81	0.57
Weighted Average - Spurlock #2		5,064.07	66.49				69.34	2.651	13,077	8.98	0.68

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of November 2005 was \$3.877/MMBtu or \$90.69/ton, based on 11,697 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$4.185/MMBtu or \$100.44/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Spurlock #2 Station during the month of November 2005 was \$3.324/MMBtu or \$86.93/ton, based on 13,077 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Spurlock #2 Station during the same month, which was \$3.61/MMBtu or \$90.26/ton, based on 12,500 Btu/lb.

000007

**STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF FUNDED MEDICAL PLAN
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

2005	(1) No. of Employees	(2) Monthly (a) Contributions	(3) Y.T.D. (a) Contributions	(4) Monthly (b) Admin. Fees Cost		(5) Y.T.D. (b) Admin. Fees Cost	(6) Total Cost		(7) Y.T.D. Total Cost	(8) Benefits Received (c)		(9) Y.T.D. Benefits Received (c)	(10) Benefits vs. Cost Y.T.D.	
				Admin. Fees Cost	Cost		Monthly	Y.T.D.		Monthly	Y.T.D.		Contributions Minus Benefits (Margins)	
Jan.	1,760	1,166,939	1,166,939	121,091	121,091	121,091	1,288,030	1,288,030	640,095	640,095	640,095	526,843		
Feb.	1,767	1,170,827	2,337,766	121,683	242,774	242,774	1,292,510	2,580,540	1,358,885	1,998,980	1,998,980	338,786		
Mar.	1,772	1,172,738	3,510,504	121,792	364,566	364,566	1,294,530	3,875,070	1,481,496	3,480,476	3,480,476	30,028		
Apr.	1,771	1,168,786	4,679,290	122,514	487,080	487,080	1,291,300	5,166,370	1,219,626	4,700,102	4,700,102	(20,812)		
May	1,775	1,167,757	5,847,047	122,042	609,122	609,122	1,289,799	6,456,169	1,256,333	5,956,435	5,956,435	(109,388)		
June	1,780	1,167,083	7,014,130	122,693	731,815	731,815	1,289,776	7,745,945	1,012,251	6,968,686	6,968,686	45,444		
July	1,782	1,168,131	8,182,262	122,498	854,313	854,313	1,290,629	9,036,575	811,128	7,779,814	7,779,814	402,448		
Aug.	1,793	1,169,920	9,352,182	123,181	977,494	977,494	1,293,101	10,329,676	1,265,034	9,044,847	9,044,847	307,334		
Sept.	1,800	1,177,069	10,529,251	123,573	1,101,066	1,101,066	1,300,642	11,630,317	1,043,735	10,088,583	10,088,583	440,668		
Oct.	1,799	1,177,814	11,707,065	123,703	1,224,770	1,224,770	1,301,517	12,931,834	1,372,205	11,460,787	11,460,787	246,277		
Nov.	1,807	1,181,944	12,889,008	124,131	1,348,900	1,348,900	1,306,074	14,237,908	1,188,238	12,649,026	12,649,026	239,983		

	Data Per Month Per Employee	
	Contribution Rate	Claims Paid
Base Benefits	\$ 660.07	\$ 618.78
Admin Fee	\$ 65.99	\$ 65.99
	\$ 726.06	\$ 684.76

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.
(b) Includes \$52.34 specific excess risk, \$10.52 administration, January - June \$0.75 case management July -December \$0.60 case management,
\$2.00 utilization review and \$3.75 PPO fee.
(c) Includes excess risk reimbursements: \$87,452.14 for EKPC, \$4294.04 for Jackson, \$93,935.73 for Owen, \$30,534.66 for Inter Co.,
and \$214,843.04 for Salt River.

000008

**STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF-FUNDED DENTAL PLAN
EAST KENTUCKY POWER COOPERATIVE**

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)		(11)		(12)		(13)		(14)					
	No. Emp.	Amount of Contr. (a)	Claims Paid	Admin. Fee	Surplus (Deficit)	No. Emp.	Amount of Contr. (b)	Claims Paid	Surplus (Deficit)	Amount of Contr.	Claims Paid	Surplus (Deficit)	Amount of Contr.	Claims Paid	Surplus (Deficit)	Admin. Fee	Surplus (Deficit)	Amount of Contr.	Claims Paid	Surplus (Deficit)	Admin. Fee	Surplus (Deficit)	Amount of Contr.	Claims Paid	Surplus (Deficit)	Admin. Fee	Surplus (Deficit)	Amount of Contr.	Claims Paid	Surplus (Deficit)		
2005																																
Jan.	658	15,792	5,540	1,316	8,936	427	12,831	7,212	5,619	28,623	12,752	1,316	28,623	12,752	1,316	14,554	14,554	28,623	12,752	1,316	28,623	12,752	1,316	14,554	14,554	28,623	12,752	1,316	14,554	14,554		
Feb.	657	15,768	13,256	1,314	1,489	429	13,024	22,074	(9,050)	28,792	35,330	1,314	28,792	35,330	1,314	(7,852)	6,703	28,792	35,330	1,314	28,792	35,330	1,314	(7,852)	6,703	28,792	35,330	1,314	(7,852)	6,703		
Mar.	655	15,720	8,868	1,310	5,542	431	12,937	16,643	(3,706)	28,657	24,565	1,310	28,657	24,565	1,310	2,782	9,485	28,657	24,565	1,310	28,657	24,565	1,310	2,782	9,485	28,657	24,565	1,310	2,782	9,485		
Apr.	651	15,624	21,132	1,302	(6,810)	427	12,869	24,780	(11,910)	28,493	45,911	1,302	28,493	45,911	1,302	(18,720)	(9,235)	28,493	45,911	1,302	28,493	45,911	1,302	(18,720)	(9,235)	28,493	45,911	1,302	(18,720)	(9,235)		
May	655	15,722	12,433	1,312	1,977	430	12,956	8,245	4,711	28,678	20,678	1,312	28,678	20,678	1,312	6,688	(2,546)	28,678	20,678	1,312	28,678	20,678	1,312	6,688	(2,546)	28,678	20,678	1,312	6,688	(2,546)		
June	654	15,698	2,740	1,310	11,648	428	12,850	4,122	8,728	28,548	6,862	1,310	28,548	6,862	1,310	20,377	17,830	28,548	6,862	1,310	28,548	6,862	1,310	20,377	17,830	28,548	6,862	1,310	20,377	17,830		
July	651	15,626	15,030	1,304	(708)	429	12,928	18,712	(5,784)	28,554	33,742	1,304	28,554	33,742	1,304	(6,492)	11,338	28,554	33,742	1,304	28,554	33,742	1,304	(6,492)	11,338	28,554	33,742	1,304	(6,492)	11,338		
Aug.	655	15,720	26,487	1,310	(12,077)	429	12,947	37,400	(24,453)	28,667	60,731	1,310	28,667	60,731	1,310	(33,374)	(22,036)	28,667	60,731	1,310	28,667	60,731	1,310	(33,374)	(22,036)	28,667	60,731	1,310	(33,374)	(22,036)		
Sept.	654	15,696	12,585	1,308	1,803	429	12,831	16,108	(3,276)	28,527	28,693	1,308	28,527	28,693	1,308	(1,474)	(23,509)	28,527	28,693	1,308	28,527	28,693	1,308	(1,474)	(23,509)	28,527	28,693	1,308	(1,474)	(23,509)		
Oct.	654	15,700	14,986	1,312	(598)	428	12,809	19,188	(6,379)	28,509	34,174	1,312	28,509	34,174	1,312	(6,977)	(30,486)	28,509	34,174	1,312	28,509	34,174	1,312	(6,977)	(30,486)	28,509	34,174	1,312	(6,977)	(30,486)		
Nov.	654	15,696	13,429	1,308	959	428	12,938	16,266	(3,329)	28,634	29,037	1,308	28,634	29,037	1,308	(1,711)	(32,197)	28,634	29,037	1,308	28,634	29,037	1,308	(1,711)	(32,197)	28,634	29,037	1,308	(1,711)	(32,197)		
Total	7,198	172,762	146,486	14,406	11,870	4,715	141,920	190,749	(48,829)	314,682	332,475	14,406	314,682	332,475	14,406			314,682	332,475	14,406	314,682	332,475	14,406			314,682	332,475	14,406				

Employer		Employee	
Contr. Rate	\$22.00	Claims Paid	\$20.35
Admin. fee	2.00	Admin. fee	2.00
	\$24.00	Claims Paid	\$22.35
		Contr. Rate	\$30.10
		Claims Paid	\$ 40.46

(a) Includes Administration Fee of \$2.00 per employee.
(b) Employee with (1) dependent \$19.40; employee with more than (1) dependent \$38.60
Note: Self-funded employer margin through December 31, 2004 is \$54,516,000; employee deficit is -\$31,492.00

000009

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: December 19, 2005
SUBJECT: Big Sandy Run-Of-Mine Coal Processing Agreement

East Kentucky Power Cooperative Inc.'s ("EKPC") processing agreement with Rivereagle Corporation ("Rivereagle") expires December 31, 2005.

I recommend we issue a purchase order to Rivereagle for Spurlock run-of-mine ("ROM") processing in 2006. Rivereagle has agreed at a rate of \$1.55/ton for 2006. Rivereagle receives coal 24 hours a day, Monday through Friday, and to 3 p.m. on Saturday. Rivereagle has provided excellent service for our ROM program and continues to offer dependable, reliable, and flexible service.

Your approval is requested, as authorized by Board Policy 403 II.M., to issue a purchase order to Rivereagle to process our ROM coal for 2006.

jb/gv
c: Jerry Bordes
Ernie Huff

Approved by: Original Approved

Date: Original Dated December 20, 2005

000010

TO: Dave Eames

FROM: Randy Dials (Original Initialed)

DATE: December 21, 2005

SUBJECT: Economy Spot Rail Transportation Agreement, Spurlock Power Station Unit No. 2

KEY MEASURE(S): This Supports Reliable and Competitive Energy Costs

Background

East Kentucky Power Cooperative, Inc., (“EKPC”) fuel process has negotiated a spot coal purchase for Spurlock Power Station Unit No. 2 for one, 100-car train of coal per month for the first quarter of 2006. This coal will be purchased from Constellation Energy (“Constellation”) and loaded at the Damron Fork loadout in Pike County, Kentucky.

An agreement (CSXT-Core-895) has been reached between management and CSX Transportation, Inc., (“CSX”) for shipment of this coal to Charleston Bottoms, Kentucky, at a rate of \$7.18/ton subject to monthly fuel surcharges.

Justification and Strategic Analysis

This rail transportation purchase order is necessary for delivery of the coal purchased from Constellation that was approved on December 15, 2005. This transportation agreement will enable EKPC to generate power at the lowest possible cost for its Member Systems. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Recommendation

As Vice President-in-charge in the absence of Roy Palk, your approval is requested to enter into purchase order number CSXT-Core-895 with CSX at a transportation rate of \$7.18 per ton from Damron Fork, Kentucky, to Spurlock Power Station Unit No. 2.

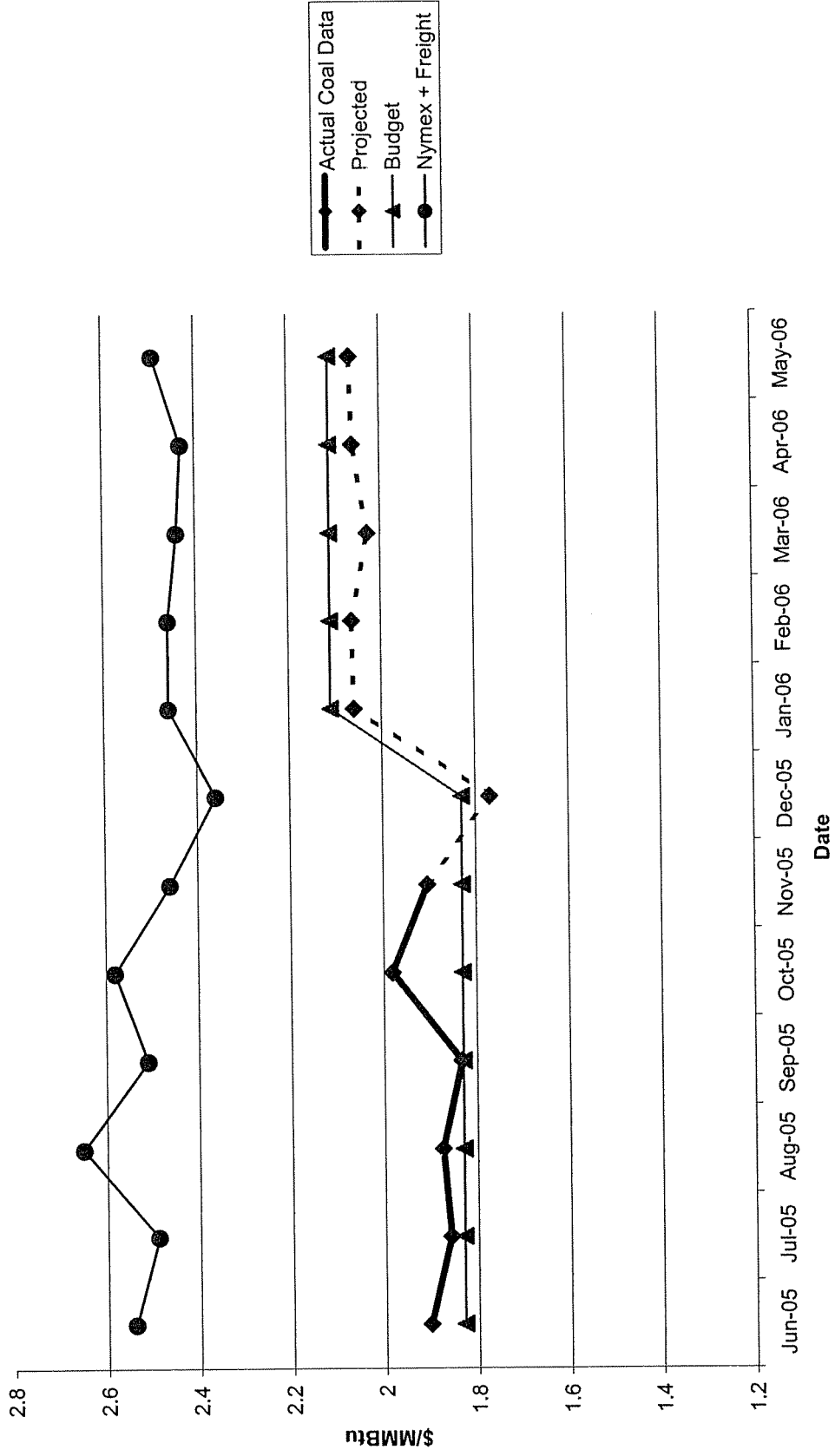
Approved by: Original Approved

Date: Original Dated December 21, 2005

eh/gv

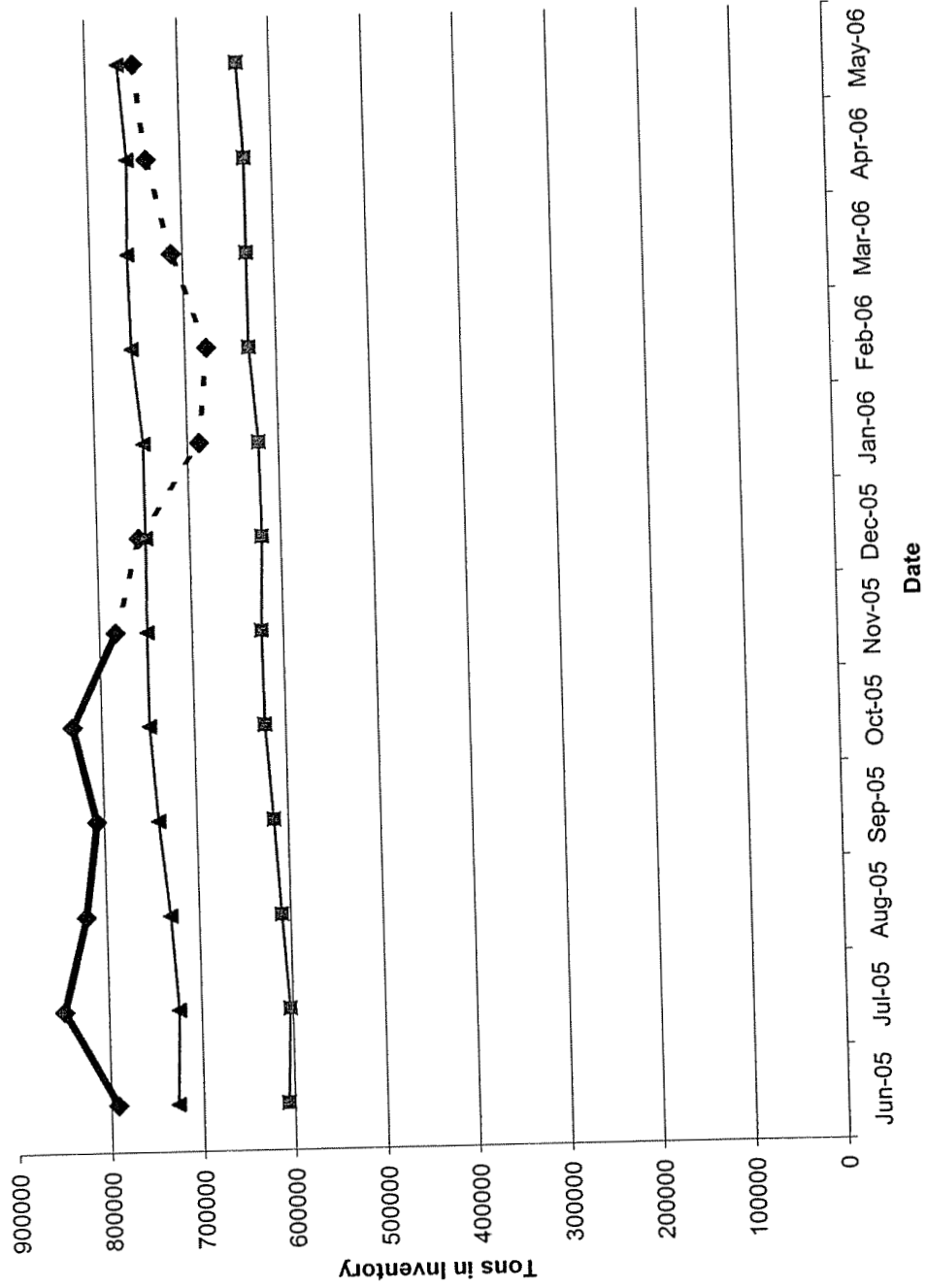
000011

Actual and projected Coal Cost - System



000012

Actual and projected Coal Inventory - System



000013

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: December 5, 2005
SUBJECT: Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of November 2005 as shown below:

Date	Quantity (MMBtu)	Price \$/MMBtu
11/02/05	1,340	\$11.5825
11/05/05	5,261	\$8.6602
11/06/05	4,977	\$8.6602
11/07/05	1,092	\$8.6602
11/08/05	6,193	\$10.2427
11/10/05	1,978	\$10.0194
11/16/05	11,200	\$11.1456
11/17/05	67,000	\$11.1456
11/18/05	9,000	\$11.1456
11/29/05	1,203	\$11.1456
11/21/05	1,380	\$11.8641
11/22/05	2,767	\$11.8641
11/23/05	3,987	\$11.8641
11/28/05	2,201	\$11.8544
11/29/05	21,000	\$12.5534
11/30/05	<u>20,000</u>	<u>\$13.7767</u>
	160,579	\$11.4831

gv

Approved by: Original Approved

Date: Original Dated December 5, 2005

000014

**RUN-OF-MINE COAL PURCHASE REPORT
FOR PERIOD NOVEMBER 22, 2005 TO DECEMBER 21, 2005**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Cooper Station</u> C. H. Development Barbourville, KY	51173	Cooper Station Burnside, KY	4,000	Cooper Station	\$15.00	7,000
C. H. Development Barbourville, KY	51135	Cooper Station Burnside, KY	3,000	Cooper Station	\$35.00	10,000
Ikerd Terminal Co.	51180	Cooper Station Burnside, KY	8,000	Cooper Station	\$39.00	11,800
<u>Spurlock Station</u> Foundation Energy Linthicum Heights, MD	51195	Rivereagle Catlettsburg, KY	4,600	Spurlock Station	\$63.00	11,800
M. C. Mining, LLC Tulsa, OK	51196	Rivereagle Catlettsburg, KY	10,000	Spurlock Station	\$2.556/MMBtu	12,500

gv

000015

TO: Gary Crawford
FROM: Randy Dials (Original Initialed)
DATE: December 14, 2005
SUBJECT: Spot Coal Purchase—Spurlock Power Station Unit No. 2
KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

To maintain a desirable stockpile inventory level at Spurlock Power Station Unit No. 2, additional spot coal purchases are needed for the first quarter of 2006. Fuel personnel have made verbal solicitations of the compliance coal market and continue to find the supply of this product to be very limited. Four suppliers were located with this type coal available for the first quarter of 2006. The responsive proposals have been evaluated and attached.

The recommended purchases are described in detail below:

1. Foundation Energy Sales—9,300 tons of coal at a delivered price of \$2.814/MMBtu or \$67.53/ton, based on 12,000 Btu/lb.
2. Constellation Energy—30,000 tons of coal at a delivered price of \$2.901/MMBtu or \$74.27/ton, based on 12,400 Btu/lb.
3. Progress Fuels—108,000 tons of coal or synfuel at a delivered price of \$2.876/MMBtu or \$69.03/ton, based on 12,000 Btu/lb.

The Foundation Energy Sales and Progress Fuels coal will be delivered by barge, and the Constellation Energy coal will be rail deliveries. Delivered prices are based on current freight rates.

Justification and Strategic Analysis

The purchases recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

Mr. Gary Crawford
Page 2
December 14, 2005

Recommendation

As Vice President-in-charge in the absence of Roy Palk, your approval is requested to issue a purchase orders to Foundation Energy Sales for 9,300 tons of coal at a delivered price of \$2.814/MMBtu based on 12,000 Btu/lb; Progress Fuels for 108,000 tons of coal or synfuel at a delivered cost of \$2.876/MMBtu based on 12,000 Btu/lb.; and Constellation Energy for 30,000 tons of coal at a delivered price of \$2.901/MMBtu based on 12,800 Btu/lb. All these coals will be 1.2 lbs. SO₂/MMBtu.

Approved by: Original Approved

Date: Original Dated December 15, 2005

eh/gv

000017

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2

VERBAL PRICING FOR 1ST QTR. 2006

Scrubbers Off Model

Date: 12/14/2005
 Event Nbr: 56
 Bid End Date: 12/14/2005

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO2 Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	MMBtu
Foundation Energy Sales WV Monthly Non-Union /Producer	1	12,000 0.74 13.50	3,100	3	2.137	23.680	63.500	4.030	67.530	2.814	93.347	3.889
Constellation Energy KY Monthly Non-Union /Broker	2	12,800 0.79 10.00	10,000	3	1.484	25.280	67.000	7.270	74.270	2.901	101.034	3.947
Progress Fuels WV Monthly Non-Union /Broker	3	12,000 0.74 13.50	36,000	3	2.137	23.680	65.000	4.030	69.030	2.876	94.847	3.952
Hilton Coal Co WV Weekly / Non-Union /Producer	4	11,000 0.68 16.00	40,000	1	2.763	21.760	66.000	4.030	70.030	3.183	94.883	4.313
Infinity Coal Sales WV Monthly Non-Union /Producer	8										0.000	
Central Appalachian KY Monthly / Non-Union /Producer	7										No Coal Available	
Massey Utility WV Monthly / Non-Union /Producer	5										No Coal Available	
Argus Energy KY Weekly / Non-Union /Producer	9										No Coal Available	

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO2 Cost/Ton: \$1,600.00 Maintenance Factor: 0.1652



000018

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2

VERBAL PRICING FOR 1ST QTR. 2006

Scrubbers Off Model

Date: 12/14/2005
 Event Nbr: 56
 Bid End Date: 12/14/2005

Coal Supplier	Number	% Ash	Quality Btu % Sulfur	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost		
												\$	Ton MMBtu	
Arch Coal Sales Logan Monthly Non-Union /Producer	6												0.000	
													<i>No Coal Available</i>	

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$1,600.00 Maintenance Factor: 0.1652

000019

TO: Gary Crawford
FROM: Randy Dials (Original Initialed)
DATE: December 16, 2005
SUBJECT: Spot Coal Purchase—Spurlock Power Station Unit No. 2
KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

To maintain a desirable stockpile inventory level at Spurlock Power Station Unit No. 2, additional spot coal purchases are needed for December 2005 and January 2006. Fuel personnel made verbal solicitations of the compliance coal market and found four suppliers with this type coal available for the first quarter of 2006. Purchase orders were issued to three of these suppliers. Another supplier has been found who has 25,000 tons of coal available during the December through January timeframe.

The recommended purchase is described in detail below:

1. Lightning, Inc.—25,000 tons of coal at a delivered price of \$2.911/MMBtu or \$72.78/ton, based on 12,000 Btu/lb. Lightning is a producer based in Beckley, West Virginia.

The coal will be delivered by barge.

Justification and Strategic Analysis

The purchases recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

Recommendation

As Vice President-in-charge in the absence of Roy Palk, your approval is requested to issue a purchase order to Lightning, Inc., for 25,000 tons of coal at a delivered

000020

Mr. Gary Crawford
Page 2
December 16, 2005

price of \$2.911/MMBtu based on 12,500 Btu/lb. This coal will be 14 percent ash and 1.2 lbs. SO₂/MMBtu.

Approved by: Original Approved

Date: Original Dated December 16, 2005

eh/gv
Attachment

000021

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2

VERBAL PRICING FOR DEC--JAN

Scrubbers Off Model

Date: 12/20/2005
Event Nbr: 57
Bid End Date: 12/15/2005

Coal Supplier	Number	Quality Btu % Sulfur	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost		
											\$	MMBtu	
Foundation Energy Sales WV Monthly Non-Union /Producer	1	12,000 0.74 13.50	3,100	3	2.137	23.680	63.500	4.030	67.530	2.814	93.347	3.889	
												P.O. #51198	
Constellation Energy KY Monthly Non-Union /Broker	2	12,800 0.79 10.00	10,000	3	1.484	25.280	67.000	7.270	74.270	2.901	101.034	3.947	
												P.O. #51199	
Progress Fuels WV Monthly Non-Union /Broker	3	12,000 0.74 13.50	36,000	3	2.137	23.680	65.000	4.030	69.030	2.876	94.847	3.952	
												P.O. #51200	
Lightning, Inc. WV Monthly Non-Union /Producer	10	12,500 0.77 14.00	12,500	2	2.128	24.640	68.750	4.030	72.780	2.911	99.548	3.982	
												Recommended	
Hilton Coal Co WV Campbell Weekly / Non-Union /Producer	4	11,000 0.68 16.00	40,000	1	2.763	21.760	66.000	4.030	70.030	3.183	94.883	4.313	
												0.000	
Infinity Coal Sales WV Raleigh Monthly Non-Union /Producer	8										No Coal Available		
												0.000	
Central Appalachian KY Pike Monthly Non-Union /Producer	7										No Coal Available		
												0.000	
Massey Utility WV Boone Monthly Non-Union /Producer	5										No Coal Available		
												0.000	

Cost Factors used in Model
Weekly Pay Factor: 0.005 Unit Boiler
SO₂ Cost/Ton: \$1,600.00 Maintenance Factor: 0.1652

000022

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2

VERBAL PRICING FOR DEC--JAN

Scrubbers Off Model

Date: 12/20/2005
 Event Nbr: 57
 Bid End Date: 12/15/2005

Coal Supplier	Number	Quality Btu % Sulfur	Ash Disposal + Boiler Maint. \$/Ton	SO2 Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
									Tons	Term
Argus Energy Martin Weekly / Non-Union /Producer	9									0.000
Arch Coal Sales Logan Monthly Non-Union /Producer	6									No Coal Available
										No Coal Available

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO2 Cost/Ton: \$1,600.00 Maintenance Factor: 0.1652

000023

TO: Dave Eames

FROM: Randy Dials (Original Initialed)

DATE: December 20, 2005

SUBJECT: Spot Coal Purchase—Spurlock Power Station Unit No. 2

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

To maintain a desirable stockpile inventory level at Spurlock Power Station Unit No. 2, an additional spot coal purchase is needed for December 2005. Fuel personnel have continued to make verbal solicitations of the compliance coal market and has found an additional 10,000 ton train available for December 2005.

The recommended purchase is described in detail below:

1. M. C. Mining—10,000 tons of coal at a delivered price of \$2.936/MMBtu or \$73.39/ton, based on 12,500 Btu/lb. M. C. is a producer based in Tulsa, Oklahoma.

The coal will be delivered by rail.

Justification and Strategic Analysis

The purchases recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

Recommendation

As Vice President-in-charge in the absence of Roy Palk, your approval is requested to issue a purchase order to M. C. Mining, LLC, for 10,000 tons of coal at a

000024

Mr. Dave Eames
Page 2
December 20, 2005

delivered price of \$2.936/MMBtu based on 12,500 Btu/lb. This coal will be 10 percent ash and 1.2 lbs. SO₂/MMBtu.

Approved by: Original Approved

Date: Original Dated December 20, 2005

eh/gv
Attachment

000025

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2

VERBAL PRICING FOR DEC. 2005

Scrubbers Off Model

Date: 12/20/2005
Event Nbr: 58
Bid End Date: 12/20/2005

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	MMBtu
Foundation Energy Sales Kanawha Monthly Non-Union /Producer	1	12,000 0.74 13.50	3,100	3	2.137	23.680	63.500	4.030	67.530	2.814	93.347	3.889
											P.O. #51198	
Constellation Energy Pike Monthly Non-Union /Broker	2	12,800 0.79 10.00	10,000	3	1.484	25.280	67.000	7.270	74.270	2.901	101.034	3.947
											P.O. #51199	
Progress Fuels Various Monthly Non-Union /Broker	3	12,000 0.74 13.50	36,000	3	2.137	23.680	65.000	4.030	69.030	2.876	94.847	3.952
											P.O. #51200	
Lightning, Inc. Fayette Monthly Non-Union /Producer	10	12,500 0.77 14.00	12,500	2	2.128	24.640	68.750	4.030	72.780	2.911	99.548	3.982
											P.O. #51197	
M. C. Mining Pike Monthly Non-Union /Producer	11	12,500 0.77 10.00	10,000	1	1.520	24.640	65.000	8.390	73.390	2.936	99.550	3.982
											Recommended	
Hilton Coal Co Campbell Weekly / Non-Union /Producer	4	11,000 0.68 16.00	40,000	1	2.763	21.760	66.000	4.030	70.030	3.183	94.883	4.313
Infinity Coal Sales Raleigh Monthly Non-Union /Producer	8											0.000
												No Coal Available
Central Appalachian Pike Monthly Non-Union /Producer	7											0.000
												No Coal Available

Cost Factors used in Model
Weekly Pay Factor: 0.005 Unit Boiler
SO₂ Cost/Ton: \$1,600.00 Maintenance Factor: 0.1652



000026

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2

VERBAL PRICING FOR DEC. 2005

Scrubbers Off Model

Date: 12/20/2005
 Event Nbr: 58
 Bid End Date: 12/20/2005

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO2 Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	Ton MMBtu
Massey Utility Boone Monthly / Non-Union / Producer	5										0.000	No Coal Available
Argus Energy Martin Weekly / Non-Union / Producer	9										0.000	No Coal Available
Arch Coal Sales Logan Monthly / Non-Union / Producer	6										0.000	No Coal Available

Cost Factors used in Model
 Weekly Pay Factor: 0.005
 SO2 Cost/Ton: \$1,600.00
 Unit Boiler Maintenance Factor: 0.1652

000027

CONSTRUCTION IN PROGRESS

December 2005

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru November 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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Distribution Substations & Taps

Blue Grass Energy Cooperative

Headquarters Distribution Station 11.2/14 mVA 69-12.5 kV Rebuild	734(P)	24	The ER was approved by RUS on December 20, 2005. Site grading activities began the week of January 3, 2006.	5/1/2006
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Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	104	A site option has been obtained. Design and Survey activities have started. The ER was submitted to RUS on November 17, 2005 approval is pending.	6/1/2006
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Powell - Taylor Tap 69kV 4.75 miles	978(P)	43	Survey and design activities are 90% complete. RW procurement activities are 43% complete.	6/1/2006
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Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	83	R/W Agents are still working with the Developer to select the appropriate substation site.	6/1/2006
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Clark Energy Cooperative

Hardwick's Creek Distribution Station 69-12.5 kV, 5.6/6.44mVA	447(P)	563	The construction of this station is complete. Awaiting the completion of the construction of the line tap to energize.	12/1/2005
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Hardwick's Tap 69kV 3.1 miles	619(P)	648	The clearing activities for this project are complete. The construction of this line started mid December, 2005 and all but 11 structures have been set.	12/1/2005
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000028

CONSTRUCTION IN PROGRESS

December 2005

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru November 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
JACKSON ENERGY COOP. Big Creek Substation 69-12.5 kV 11.2 MVA	452(P)	167	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	976	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. RW acquisition activities are continuing.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	16	An option has been obtained for the substation site.	5/1/2006
OWEN ELECTRIC COOPERATIVE Bristol #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	148	Construction of this project is approximately 95% complete. Plan to change out transformer before #2 Station is energized.	5/1/2006
Downing #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	11	The Substation Crew started to work on this station the first week in January, 2006.	5/1/2006

- 000029

CONSTRUCTION IN PROGRESS

December 2005

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru November 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Salt River RECC Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	3	R/W Agents are working with property owners and Coop Representatives to select the final site.	5/1/2006
Little Mount Distribution Station 161-12.5 kV, 12/16/20 MVA	902(P)	855	The construction of this station is complete. Awaiting the completion of the line construction to energize.	12/1/2005
Little Mount Tap 69kV 6 miles	1272(P)	1,220	The clearing activities for this project are complete. Bids are out for construction of this line.	12/1/2005
South Kentucky RECC Gap of the Ridge Distribution Station 11.2/14 MVA 69-25kV	558(P)	49	An option has been obtained for this site. Survey is complete and design activities are approximately 91% complete.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	44	The survey of this line is approximately 89% complete. R/W acquisition activities and design activities are approximately 50% complete.	12/1/2006
Upchurch Distribution Station 11.2/14MVA 69-12.5 kV	543 (P)	382	The construction activities are approximately 60% complete.	5/2/2006
Upchurch Tap 69 kV 1.75 miles	375 (P)	99	R/W procurement is complete except for three condemnations. A R/W Clearing contract will be bid soon.	5/2/2006

000030

CONSTRUCTION IN PROGRESS

December 2005

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru November 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities Bullitt Co. 69 kV Breaker Add. (2Brkrs.)	166(P)	54	Design of this project is approximately 89% complete.	5/1/2006
Bullitt County - J. Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	65	Siting and design activities have started. Survey activities are approximately 89% complete. Design activities are 30% complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	576	Survey and design activities are complete. The Forestry Permit has been approved. The PSC has declined approval. EKPC filed a new application on 12/16/05.	1/2/2007
J.K. Smith CT 345kV Trans. Substation	4300(P)	16	Bids have been sent out for the Design, Build Contract and are due back by February 3, 2006.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	75	The Open House for this project was held on November 10, 2005. R/W procurement and survey activities has started.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	17	Siting and survey activities have started.	6/1/2006
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	5	Bids have been sent out for the Design, Build Contract and are due back by February 3, 2006.	6/1/2007
West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	16	R/W personnel continue to work on finding a suitable site.	5/1/2006
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2006

000031

CONSTRUCTION IN PROGRESS

December 2005

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru November 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
WARREN RECC Barren County -Oakland - Magna 161 kV 28.29 miles	9266(P)	311	Survey and design activities are 49% complete. Siting activities have started.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	40	Design activities are approximately 50% complete.	4/1/2006
GM 161 kV Brkr Station	1060(P)	1,413	Construction activities for this project are 98% complete.	10/15/2005
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	305	Siting, Survey and design activities are approximately 89% complete.	12/31/2007
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	613	Siting activities are approximately 49% complete. Survey and design activities are approximately 89% complete.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	392	Survey and RW acquisition activities are approximately 49% complete.	12/31/2007

(P) - Planning Estimates
(h:share/reports/project.xls)

000032



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 APPLICABLE TO DECEMBER 2005 POWER BILL
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$26,122,973	
	=	0.02697
KWH Sales to Members and Internal Use	968,467,727	
Less Cost of Fuel in Base Rate		0.02025
FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	DECEMBER 2005	0.00672

DEVELOPMENT OF FUEL ADJUSTMENT RATE
 NOVEMBER 2005

	COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
Received				
Generation				
Coal & Oil Burned	\$16,935,528	840,604,719	0.02015	0.01749
Gas & Oil Burned in CTs	1,631,385	16,048,989	0.10165	0.00168
Fuel (Assigned Cost during F.O.)	248,579	11,663,000	0.02131	0.00026
Fuel (Assigned Cost during F.O.)	(730,029)	(11,663,000)	(0.06259)	(0.00075)
Total Fuel Cost (a)	18,085,464	856,653,708	0.02111	0.01867
Purchases				
Net Energy Cost - Economy Purchases	8,855,898	154,528,115	0.05731	0.00914
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
Total Purchase Cost (b)	8,855,898	154,528,115	0.05731	0.00914
Subtotal Purchase and Fuel Cost (a+b)	26,941,362	1,011,181,823	0.02664	0.02782
Delivered				
Off-System Sales Fuel Costs (Over) or Under Recovery	(147,458)	(2,622,084)	(0.05624)	(0.00015)
Inadvertent - (Net) - System Losses	(670,931)	(7,771,976)	(0.00069)	(0.00069)
Inadvertent - (Net) - System Losses	(32,320,036)	(32,320,036)		
Sales Fuel Cost (c)	(818,389)	(42,714,096)	(0.01916)	(0.00085)
Totals (a+b+c)	\$26,122,973	968,467,727	0.02697	0.02697

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

000033

**East Kentucky Power Cooperative
Fuel Adjustment Rate - Fuel Cost in Base Rate**

Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)

2005	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01125	1,117,883,184	12,576,186	12,576,186	(124,127)	12,452,059
February	0.01268	949,051,344	12,033,971	24,610,157	(2,140,788)	9,893,183
March	0.00779	1,009,989,625	7,867,819	32,477,976	474,709	7,393,110
April	0.00763	763,046,315	5,822,043	5,822,043	(1,884,178)	7,706,221
May	0.00746	769,393,489	5,739,675	11,561,719	47,349	5,692,326
June	0.00165	98,045,457	161,775	11,723,494	348,251	(186,476)
July	0.00491	1,072,829,676	5,267,594	5,267,594	453,562	4,814,032
August	0.00544	1,109,807,298	6,037,352	11,304,945	201,159	5,836,193
September	0.01109	941,144,059	10,437,288	21,742,233	(1,870,475)	12,307,763
October	0.00887	885,534,310	7,854,689	7,854,689	(493,259)	8,347,948
November	0.00809	968,467,727	7,834,904	15,689,593	670,931	7,163,973
December						

[a] Based on previous month's costs

[b] Does not include EKP usage

[c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

000034



EAST KENTUCKY POWER COOPERATIVE
FUEL ADJUSTMENT
YEAR-TO-DATE 2005
AS OF NOVEMBER 30, 2005
FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		277,355,891		0.02625
-----	=	-----		
KWH Sales to Members and Internal Use		10,567,601,600		
Less Cost of Fuel in Base Rate				
		Cost	KWH	Mills/kwh
				Mills/ total kwh
Received				
Generation				
Coal & Oil Burned		183,583,899	9,556,260,105	0.01921
Gas & Oil Burned in CTs & Landfills		51,208,370	469,945,277	0.10897
Fuel (Assigned Cost during F.O.)		3,433,723	213,986,000	0.01605
Fuel (Assigned Cost during F.O.)		(12,820,625)	(213,986,000)	(0.05991)
Fuel (EKPC Gallatin Steel Load-Purchases for Gallatin included)		<u>(7,925,717)</u>	<u>(184,464,866)</u>	<u>(0.04297)</u>
Total Fuel Cost	(a)	<u>217,479,650</u>	<u>9,841,740,516</u>	<u>0.02210</u>
Purchases				
Net Energy Cost - Economy Purchases		62,699,302	1,343,221,924	0.04668
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		<u>(2,820,191)</u>	<u>(127,067,919)</u>	<u>(0.02219)</u>
Total Purchase Fuel Cost	(b)	<u>59,879,111</u>	<u>1,216,154,005</u>	<u>0.04924</u>
Subtotal Purchase & Fuel Cost		<u>277,358,761</u>	<u>11,057,894,521</u>	<u>0.02508</u>
Delivered				
Off-System Sales Fuel Costs		(4,319,736)	(98,762,579)	(0.04374)
(Over) or Under Recovery		4,316,866		0.00041
Inadvertent - (Net) - System Losses			(31,686,755)	
			(359,843,587)	
Sales Fuel Cost	(c)	<u>(2,870)</u>	<u>(490,292,921)</u>	<u>(0.00001)</u>
Totals	(a+b+c)	<u>277,355,891</u>	<u>10,567,601,600</u>	<u>0.02625</u>

000035

East Kentucky Power Cooperative

Member Cooperative Load Growth 2004 - 2005 Includes Inland Container Steam KWH Equivalency

Month	Actual		Budget		2005 % Increase By Months		2005 % Increase Cumulative		Hourly Coincident System Peak			Steam	
	2004	2005	2005	2005	Over (Under)	2004	2005 Budget	Over (Under)	Date	Day	Hr. Ending	MW	Equivalent MW
	15 Minute Billing Peak												
	MW												
Jan	2,653	2,728	2,749	2,749	3.6	0.8	3.6	0.8	Jan 18	Tues	0800	2,711	41
Feb	2,246	2,550	2,194	2,194	(2.3)	(14.0)	0.9	(6.3)	Feb 10	Thur	2000	2,175	34
Mar	2,059	2,320	2,291	2,291	11.3	(1.3)	4.0	(4.8)	Mar 03	Thur	0700	2,224	39
Apr	1,815	1,939	1,720	1,720	(5.2)	(11.3)	2.1	(6.1)	Apr 02	Sat	1200	1,659	34
May	1,788	1,861	1,724	1,724	(3.6)	(7.4)	1.1	(6.3)	May 03	Tues	0700	1,729	33
Jun	1,915	2,099	2,163	2,163	13.0	3.0	2.9	(4.9)	Jun 28	Tues	1700	2,048	28
Jul	2,099	2,285	2,346	2,346	11.8	2.7	4.2	(3.8)	Jul 25	Mon	1800	2,181	26
Aug	2,072	2,223	2,258	2,258	9.0	1.6	4.8	(3.1)	Aug 20	Sat	1500	2,227	25
Sep	1,949	2,099	1,971	1,971	1.1	(6.1)	4.4	(3.4)	Sep 12	Mon	1700	1,917	33
Oct	1,541	1,983	1,820	1,820	18.1	(8.2)	5.5	(3.9)	Oct 3	Mon	1700	1,778	26
Nov	1,865	2,259	2,283	2,283	22.4	1.1	6.9	(3.4)	Nov 18	Fri	0700	2,139	41
Dec	2,656	2,616											
YTD	24,658	26,962	23,519	23,519									

Month	Actual		Budget		2004		2005		Hourly Coincident System Peak			Steam	
	2004	2005	2004	2005	Over (Under)	2004	2005	Over (Under)	Date	Day	Hr. Ending	MW	Equivalent MW
	2004												
	MWH												
Jan	1,272,046	1,240,362	1,210,092	1,210,092	(4.9)	(2.4)	4.9	2.4	Jan 31	Sat	0900	2,589	37
Feb	1,106,965	1,058,698	1,033,719	1,033,719	(6.6)	(2.4)	(5.7)	(2.4)	Feb 4	Wed	0900	2,143	36
Mar	974,052	1,037,931	1,099,981	1,099,981	12.9	6.0	(0.3)	0.2	Mar 23	Tues	0700	1,999	35
Apr	844,517	886,606	846,765	846,765	0.3	(4.5)	(0.2)	(0.8)	Apr 05	Mon	0700	1,780	30
May	908,682	905,258	847,185	847,185	(6.8)	(6.4)	(1.3)	(1.8)	May 21	Fri	1700	1,761	28
Jun	933,951	987,297	998,590	998,590	6.9	1.1	(0.1)	(1.3)	Jun 18	Fri	1700	1,868	28
Jul	1,006,847	1,115,144	1,076,222	1,076,222	6.9	(3.5)	0.1	(1.6)	Jul 13	Mon	1700	2,041	28
Aug	961,780	1,051,941	1,113,529	1,113,529	15.8	5.9	2.7	(0.7)	Aug 3	Tues	1700	2,010	29
Sep	869,716	951,349	946,699	946,699	8.9	(0.5)	3.3	(0.7)	Sep 6	Mon	1700	1,843	31
Oct	813,529	935,753	893,863	893,863	9.9	(4.5)	3.9	(1.0)	Oct 17	Sun	0800	1,451	33
Nov	913,124	1,011,556	980,332	980,332	7.4	(3.1)	4.2	(1.2)	Nov 15	Mon	0800	1,820	34
Dec	1,202,175	1,198,878							Dec 20	Mon	0800	2,620	40
YTD	11,807,384	12,380,773	11,807,384	12,380,773									

000036

EAST KENTUCKY POWER COOPERATIVE
OFF-SYSTEM SALES - 2005
(1,000)

MONTH	2005 BUDGET											
	MWH	REVENUE	MARGIN	INCLUDES DEMAND		EXCLUDES DEMAND		MWH	REVENUE	MARGIN	MILLS/ KWH	
				MILLS/ KWH	MARGIN	MILLS/ KWH	MARGIN					
JAN	1,288	68	(4)	52.92	(4)	52.92	(4)	14	0	0	34.57	
FEB	2,631	92	(75)	34.83	(79)	34.83	(79)	34	1	0	34.56	
MAR	7,621	305	50	40.08	50	40.08	50	4	0	0	32.50	
APR	11,754	485	120	41.24	120	41.24	120	366	12	1	32.62	
MAY	9,314	406	(41)	43.59	(41)	43.59	(41)	4,161	127	8	30.59	
JUN	17,797	500	(306)	28.09	(306)	28.09	(306)	3,856	123	8	31.99	
JUL	17,073	621	(195)	36.43	(195)	36.43	(195)	265	10	1	38.32	
AUG	12,700	580	(412)	45.68	(412)	45.68	(412)	2,773	106	6	38.32	
SEP	18,268	899	(145)	49.19	(145)	49.19	(145)	526	15	1	29.12	
OCT	4,714	233	(164)	49.47	(164)	49.47	(164)	204	6	0	27.30	
NOV	13,027	693	(256)	53.21	(256)	53.21	(256)	205	6	0	27.30	
DEC								208	6	0	27.30	
TOTAL	116,187	4,882	(1,428)	42.02	(1,432)	42.02	(1,432)	12,616	\$413	\$25	32.73	

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

000037

EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson
11/15/06

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Jan	115,017	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288
Feb	145,238	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631
Mar	303,149	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621
Apr	214,017	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754
May	281,120	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314
Jun	208,861	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797
Jul	198,638	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073
Aug	107,355	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700
Sep	301,899	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268
Oct	386,285	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714
Nov	223,830	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027
Dec	370,839	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	
Total	2,856,248	4,420,544	5,008,266	1,099,913	840,778	770,747	899,286	513,879	71,224	53,466	116,187

000038

**EAST KENTUCKY POWER COOPERATIVE
SUMMARY OF FUEL COST FACTORS
IN COMPUTING FUEL ADJUSTMENT RATE
(TO BE APPLIED TO SUCCEEDING MONTH)**

	SEPTEMBER 2005		OCTOBER 2005		NOVEMBER 2005	
	mWh	Mills per kWh	mWh	Mills per kWh	mWh	Mills per kWh
						Fuel Costs
Production						
Smith Generating	42,829	178.58	7,648,424	281.84	11,387	141.92
Dale	87,058	26.83	2,336,037	29.15	100,703	28.82
Cooper	160,571	22.35	3,589,505	22.13	154,298	22.71
Spurlock I	171,135	20.78	3,556,541	19.81	160,412	20.19
Spurlock II	327,946	17.53	5,747,855	17.03	353,639	17.80
Landfills	4,734	7.53	35,667	3.54	4,663	3.30
Gilbert	155,299	11.30	1,755,106	0.00	71,552	13.85
Generating Unit						
Sub-total	949,572	25.98	24,669,135	22.56	856,654	21.67
Physical Inventory, Outage & Adjustments			(452,033)			
Gallatin	0		0		0	
Sub Total	949,572	25.50	24,217,102	21.95	856,654	21.11
Purchases	44,815	43.59	1,953,291	69.32	154,528	57.31
Sales to Others (Includes Losses)	(17,665)	36.14	(638,326)	71.27	(2,622)	56.24
(Over) or Under Recovery			1,870,475			
Inadvertent Net System Losses	(8,030)		(8,948)		(7,772)	
	(27,548)		(31,552)		(32,320)	
Total	941,144		27,402,542		968,468	
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		29.12		28.34		26.97
Fuel Adjustment charge (credit) per kWh		8.87		8.09		6.72

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

000039

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary**

November 2005

CO-OP Name/EKPC		KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	58,471	22,705,814	45.02	183,690	53.11	115,156	58.18	1,320,975
	YTD	548,657	244,022,587	41.57	1,958,440	49.60	461,900	51.49	12,564,827
BLUE GRASS ENERGY	Month	233,337	95,360,592	43.87	771,467	51.96	473,202	56.92	5,428,155
	YTD	2,420,808	1,109,263,217	40.68	8,747,787	48.56	2,120,015	50.48	55,990,509
CLARK ENERGY COOP	Month	90,491	35,811,276	45.27	289,710	53.36	182,500	58.46	2,093,493
	YTD	908,777	402,886,302	42.15	3,187,333	50.06	791,337	52.03	20,961,037
CUMBERLAND VALLEY ELECTRIC	Month	105,750	43,064,795	44.42	348,393	52.51	215,937	57.52	2,477,075
	YTD	1,016,497	466,122,532	41.31	3,716,876	49.28	905,014	51.22	23,877,085
FARMERS RECC	Month	90,803	40,333,971	42.89	326,301	50.98	196,380	55.85	2,252,727
	YTD	1,005,223	476,571,431	40.41	3,746,064	48.27	910,975	50.18	23,913,984
FLEMING MASON RECC	Month	170,181	77,802,769	42.42	568,783	49.73	349,625	54.22	4,218,788
	YTD	1,742,864	868,956,057	39.32	6,138,500	46.38	1,467,539	48.07	41,772,708
GRAYSON RECC	Month	57,054	23,017,183	44.85	186,208	52.94	116,369	58.00	1,334,888
	YTD	541,939	245,936,228	41.78	1,960,844	49.76	481,829	51.72	12,718,768
INTER-COUNTY ECC	Month	97,556	36,682,028	45.34	296,726	53.43	187,163	58.53	2,146,997
	YTD	963,643	409,657,603	41.83	3,267,649	49.81	791,099	51.74	21,196,688
JACKSON ENERGY COOP	Month	207,322	80,619,696	44.78	651,465	52.86	406,980	57.91	4,668,548
	YTD	1,998,957	877,467,702	41.51	7,014,719	49.50	1,684,882	51.42	45,120,207
LICKING VALLEY RECC	Month	57,261	23,289,204	44.62	188,411	52.71	117,226	57.74	1,344,713
	YTD	555,967	249,220,779	41.75	1,992,378	49.75	484,401	51.69	12,882,206
NOLIN RECC	Month	133,884	59,418,933	42.61	480,700	50.70	287,688	55.54	3,300,112
	YTD	1,423,554	684,893,989	39.59	5,398,414	47.47	1,311,427	49.39	33,824,166
OWEN EC	Month	345,250	169,299,334	36.26	1,368,302	44.34	716,903	48.58	8,223,727
	YTD	3,725,577	1,904,770,023	40.19	10,985,656	45.96	3,319,592	47.70	90,864,995
SALT RIVER RECC	Month	168,573	74,409,513	43.16	601,976	51.25	364,217	56.15	4,178,015
	YTD	1,903,184	880,131,137	41.01	6,849,133	48.80	1,735,730	50.77	44,683,051
SHELBY ENERGY COOP	Month	78,522	35,881,222	42.02	290,016	50.10	171,670	54.88	1,969,257
	YTD	835,059	416,336,013	39.22	3,267,008	47.07	784,609	48.95	20,380,323
SOUTH KENTUCKY RECC	Month	246,225	95,144,522	44.87	769,722	52.96	481,202	58.02	5,519,974
	YTD	2,425,438	1,070,603,500	41.34	8,511,675	49.29	2,061,026	51.22	54,836,329
TAYLOR COUNTY RECC	Month	100,180	41,029,992	46.58	292,835	53.72	198,024	58.55	2,402,213
	YTD	1,067,835	489,522,451	43.98	3,269,453	50.66	882,379	52.46	25,679,872
Totals		2,240,860	953,870,844	42.65	7,614,705	50.64	4,580,242	55.44	52,879,657
		23,083,979	10,796,361,551	40.85	80,011,929	48.26	20,193,754	50.13	541,266,755

000040

EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary
'E' Rates Only

November 2005

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	58,471	22,705,814	45.02	183,690	53.11	115,156	58.18	1,320,975
	YTD	548,657	244,022,587	41.57	1,958,440	49.60	461,900	51.49	12,564,827
BLUE GRASS ENERGY	Month	204,543	77,350,128	45.70	625,763	53.79	397,375	58.93	4,558,330
	YTD	2,094,613	896,289,944	42.34	7,087,606	50.25	1,755,577	52.21	46,793,735
CLARK ENERGY COOP	Month	90,491	35,811,276	45.27	289,710	53.36	182,500	58.46	2,093,493
	YTD	908,777	402,886,302	42.15	3,187,333	50.06	791,337	52.03	20,961,037
CUMBERLAND VALLEY ELECTRIC	Month	105,750	43,064,795	44.42	348,393	52.51	215,937	57.52	2,477,075
	YTD	1,016,497	466,122,532	41.31	3,716,876	49.28	905,014	51.22	23,877,085
FARMERS RECC	Month	82,032	35,481,540	43.69	287,045	51.78	175,454	56.72	2,012,677
	YTD	907,066	419,149,364	41.22	3,299,235	49.09	810,428	51.02	21,385,567
FLEMING MASON RECC	Month	91,213	36,629,211	44.49	296,331	52.58	183,914	57.60	2,109,712
	YTD	874,728	404,969,349	41.06	3,223,120	49.02	776,303	50.94	20,627,937
GRAYSON RECC	Month	54,361	21,296,307	45.58	172,286	53.67	109,163	58.80	1,252,222
	YTD	512,725	229,982,992	42.24	1,833,324	50.21	451,532	52.17	11,998,958
INTER-COUNTY ECC	Month	91,300	33,420,776	46.06	270,374	54.15	172,816	59.32	1,982,423
	YTD	899,063	373,671,398	42.60	2,987,227	50.60	723,755	52.53	19,629,959
JACKSON ENERGY COOP	Month	194,286	74,117,975	45.38	599,614	53.47	378,482	58.58	4,341,635
	YTD	1,864,191	807,345,214	42.01	6,473,972	50.03	1,551,519	51.95	41,945,490
LICKING VALLEY RECC	Month	57,261	23,289,204	44.62	188,411	52.71	117,226	57.74	1,344,713
	YTD	555,967	249,220,779	41.75	1,992,378	49.75	484,401	51.69	12,882,206
NOLIN RECC	Month	110,884	44,300,327	45.03	358,390	53.12	224,716	58.19	2,577,744
	YTD	1,183,496	523,704,407	42.02	4,124,668	49.89	1,027,665	51.85	27,155,947
OWEN EC	Month	161,642	72,343,584	43.88	585,257	51.97	359,068	56.94	4,118,932
	YTD	1,846,963	860,540,771	41.20	6,707,523	48.99	1,688,863	50.95	43,848,807
SALT RIVER RECC	Month	156,868	67,769,838	43.78	548,260	51.87	335,688	56.82	3,850,753
	YTD	1,771,267	805,844,399	41.58	6,266,759	49.36	1,602,084	51.34	41,374,773
SHELBY ENERGY COOP	Month	57,189	22,910,908	45.15	185,349	53.24	116,494	58.33	1,336,326
	YTD	597,087	263,090,902	42.29	2,077,217	50.18	515,932	52.14	13,718,106
SOUTH KENTUCKY RECC	Month	225,454	85,074,511	45.56	688,256	53.65	435,903	58.78	5,000,332
	YTD	2,204,149	950,785,266	42.11	7,580,767	50.09	1,845,378	52.03	49,467,081
TAYLOR COUNTY RECC	Month	84,755	34,004,028	44.80	275,092	52.89	171,737	57.94	1,970,043
	YTD	882,604	391,596,195	41.88	3,079,204	49.74	766,845	51.70	20,245,720
Totals	Month	1,826,500	729,570,222	44.89	5,902,221	52.98	3,691,629	58.04	42,347,385
	YTD	18,667,850	8,289,222,401	41.83	65,595,649	49.74	16,158,533	51.69	428,477,235

000041

EKPC Generation & Transmission Coordinated Schedule

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

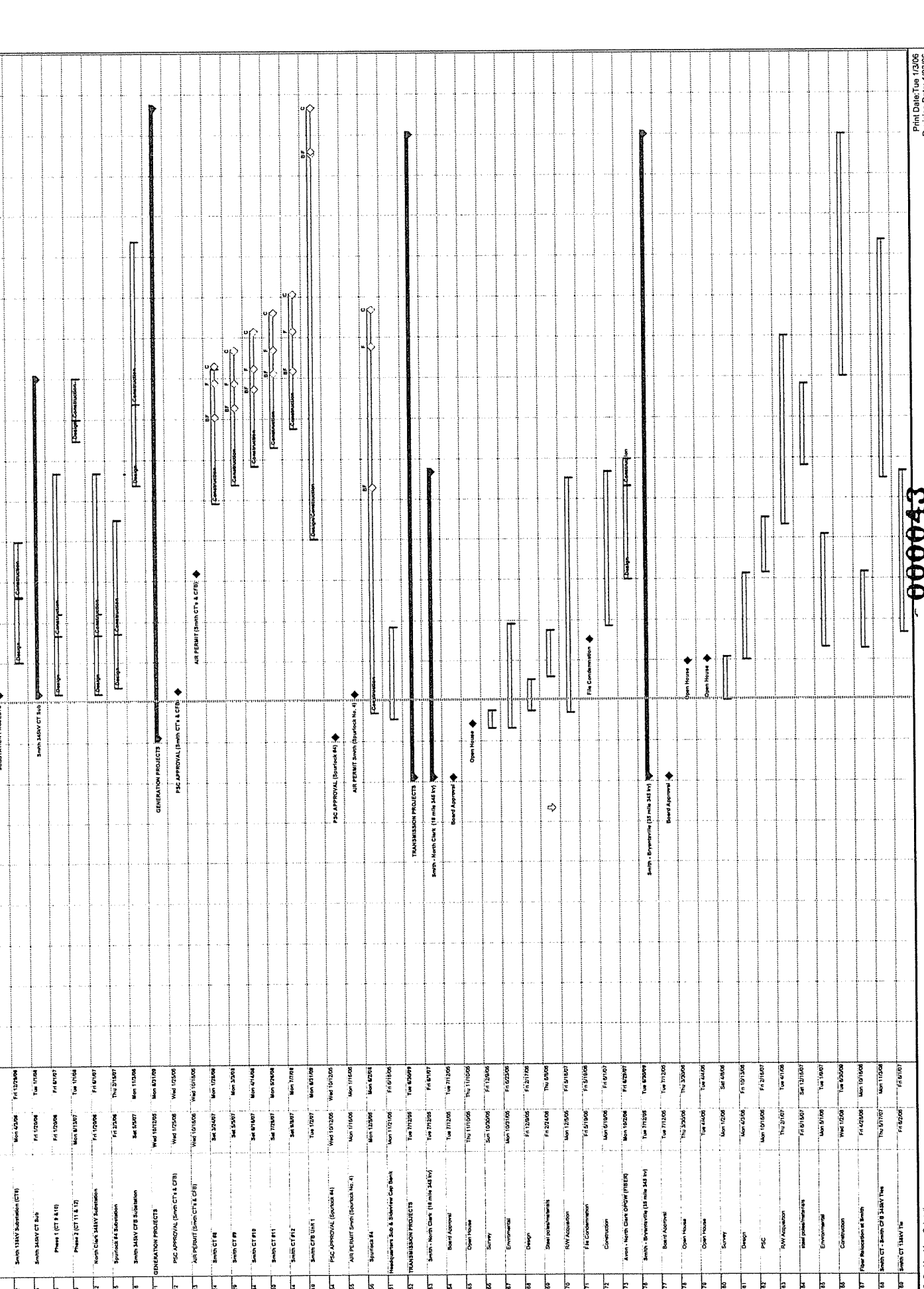
The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – Bryantsville 345kV Line. Please note that the Sideview substation site has been renamed as North Clark.

The attached schedule has been reviewed and approved by our production, substation, transmission line, system protection, transmission planning and generation planning personnel. The last revision date of this schedule is January 3, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.



000043

EAST KENTUCKY POWER COOPERATIVE
Comparative Operating Statement
(Nearest \$1,000)

	12 Months Ended 11/30/05	12 Months Ended 11/30/04	% Increase Decrease (-)
REVENUE			
Member Coops-----	\$594,736	\$485,058	22.6
Power Transactions - Deliveries----	4,917	1,642	199.5
Other-----	27,763	29,571	-6.1
TOTAL REVENUE-----	\$627,416	\$516,271	21.5
OPERATIONS & MAINTENANCE			
Production			
Fuel-----	\$260,639	\$167,255	55.8
O & M-----	86,802	77,590	11.9
Transmission-----	22,849	25,269	-9.6
General Administration-----	38,727	32,855	17.9
Power Transactions - Receipts----	105,051	137,956	-23.9
Depreciation-----	50,802	38,913	30.6
Insurance-----	(279)	2,197	-112.7
Taxes-----	235	3	7733.3
Total Oper. & Maint.-----	564,826	482,038	17.2
Margin Before Interest-----	62,590	34,233	82.8
Interest - Short Term Debt-----	334	506	-34.0
Interest - Long Term Debt-----	68,433	53,270	28.5
Interest Charged to Construction-	0	0	0.0
Net Interest-----	68,767	53,776	27.9
NET MARGIN (DEFICIT)-----	(\$6,177)	(\$19,543)	-68.4

STATISTICAL SUMMARY

TIER-----	0.91	0.63	43.7
Sales to Coops - MWH -----	12,249,151	11,782,709	4.0
% Increase of Prev Year-----	3.96	3.31	19.6
Basic Rate to Coops (Mills)-----	41.40	37.09	11.6
Fuel Rate to Coops (Mills)-----	7.15	4.08	-75.2
Net Rate to Coops (Mills)-----	48.55	41.17	17.9
Deliveries to Others - MWH -----	187,320	73,336	155.4
Production - MWH -----	10,938,005	9,046,595	20.9
Purchase Receipts - MWH -----	1,956,056	3,237,472	-39.6

000044

EAST KENTUCKY POWER COOPERATIVE

NET MARGINS - 2005

	MONTH		YEAR-TO-DATE		
	2005 Actual	2005 Budget	2005 Actual	2005 Budget	2004 Actual
January	5,432,227	(1,657,448)	5,432,227	(1,657,448)	7,191,010
February	9,610,826	(660,409)	15,043,053	(2,317,857)	15,182,262
March	(2,952,191)	(480,837)	12,090,862	(2,798,694)	17,984,400
April	(5,175,693)	(2,313,975)	6,915,169	(5,112,669)	19,240,838
May	(9,590,994)	1,193,291	(2,675,825)	(3,919,378)	21,619,295
June	(8,601,689)	1,891,464	(11,277,514)	(2,027,914)	21,631,719
July	2,550,467	1,957,722	(8,727,047)	(70,192)	16,238,201
August	(5,190,145)	4,423,444	(13,917,192)	4,353,252	5,856,226
September	11,729,615	(233,630)	(2,187,577)	4,119,622	(405,981)
October	(543,286)	(2,112,271)	(2,730,863)	2,007,351	(14,528,894)
November	4,373,513	1,549,039	1,642,650	3,556,390	(19,447,540)
December		1,564,643		5,121,033	(27,267,516)

000045

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM-AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94.

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.

USDA-REA	BORROWER DESIGNATION	
	Kentucky 59 & 63 GT Fayette	
OPERATING REPORT - FINANCIAL	BORROWER DESIGNATION	
	East Kentucky Power Cooperative	
	P. O. Box 707 Winchester, Kentucky 40392-0707	
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	PERIOD ENDED November 30, 2005	REA USE ONLY

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

<i>Kim Vanner</i>	December 19, 2005
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
<i>Ray M. Balk</i>	December 19, 2005
SIGNATURE OF MANAGER	DATE

SECTION A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	441,222,765	546,236,048	506,753,729	53,581,837
2. Income From Leased Property - Net.	0	0	0	0
3. Other Operating Revenue and Income	10,157,900	12,940,529	9,264,974	1,405,855
4. Total Oper. Revenues & Patronage Capital (1 thru 3)	451,380,665	559,176,577	516,018,703	54,987,692
5. Operation Expense - Production - Excluding Fuel	30,788,089	44,677,106	47,992,862	2,668,582
6. Operation Expense - Production - Fuel	152,927,662	240,059,839	205,035,639	19,029,364
7. Operation Expense - Other Power Supply	123,533,126	88,098,952	65,349,205	11,141,041
8. Operation Expense - Transmission	17,850,005	15,177,291	13,724,794	1,566,699
9. Operation Expense - Distribution	714,061	805,900	1,534,403	63,622
10. Operation Expense - Consumer Accounts.	(243)	(1,030)	0	0
11. Operation Expense - Consumer Service & Inform	3,178,180	3,263,367	3,576,141	358,181
12. Operation Expense - Sales	2,152,511	119,741	85,051	10,446
13. Operation Expense - Administrative & General	24,929,496	28,682,028	26,994,450	3,583,181
14. Total Operation Expense (5 thru 13)	356,072,887	420,883,194	364,292,545	38,421,116
15. Maintenance Expense - Production	40,631,794	30,911,183	35,021,417	2,012,496
16. Maintenance Expense - Transmission	3,405,935	3,455,655	4,102,531	247,835
17. Maintenance Expense - Distribution.	1,158,032	939,728	873,289	76,195
18. Maintenance Expense - General Plant	579,653	697,458	788,673	43,132
19. Total Maintenance Expense (15 thru 18)	45,775,414	36,004,024	40,785,910	2,379,658
20. Depreciation & Amortization Expense	35,562,439	47,369,761	47,035,899	4,555,575
21. Taxes	2,937	234,940	10,000	0
22. Interest on Long-Term Debt	48,858,519	63,368,564	68,443,693	5,971,096
23. Interest Charged to Construction - Credit	0	0	0	0
24. Other Interest Expense	486,162	255,185	169,738	29,297
25. Asset Retirement Obligations	0	0	0	0
26. Other Deductions	1,236,948	1,471,502	1,182,036	95,827
27. Total Cost of Electric Service (14 + 19 thru 25)	487,995,306	569,587,170	521,919,821	51,452,569
28. Operating Margins (4 - 26)	(36,614,641)	(10,410,593)	(5,901,118)	3,535,123
29. Interest Income.	2,247,888	5,369,850	1,925,983	542,145
30. Allowance for Funds Used During Construction	14,509,520	5,897,123	7,489,969	285,496
31. Income (Loss) from Equity Investments.	0	0	0	0
32. Other Nonoperating Income - Net	154,770	211,633	(215,044)	10,272
33. Generation & Transmission Capital Credits	0	0	0	0
34. Other Capital Credits & Patronage Dividends	254,923	574,637	256,600	477
35. Extraordinary Items	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34)	(19,447,540)	1,642,650	3,556,390	4,373,513
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold	49.79	0.00	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold	40.93	0.00	0.00	
39. Total Cost of Electric Service Per kWh Sold	51.02	0.00	0.00	
40. Purchased Power Cost Per kWh	53.32	0.00	0.00	

000046

USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette	
	PERIOD ENDED	REA USE ONLY
	November 30, 2005	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service	2,031,525,803	32. Memberships	1,600
2. Construction Work in Progress	124,933,542	33. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,156,459,345	a. Assigned and Assignable	111,125,279
4. Accum. Provision for Depreciation & Amort.	770,752,908	b. Retired This Year	0
5. Net Utility Plant (3 - 4)	1,385,706,437	c. Retired Prior Years	0
6. Non-Utility Property - Net	820	d. Net Patronage Capital	111,125,279
7. Investments in Subsidiary Companies	0	34. Operating Margins - Prior Years	0
8. Invest. in Assoc. Org. - Patronage Capital	945,914	35. Operating Margins - Current Year.	36,230,295
9. Invest. In Assoc. Org. - Other - General Funds	14,338,334	36. Non-Operating Margins	(7,320,129)
10. Invest. In Assoc. Org. - Other - Non-General Funds	0	37. Other Margins and Equities	3,512,143
11. Investments in Economic Development Projects	0	38. Total Margins & Equities (32, 33d thru 37)	143,549,188
12. Other Investments.	25,378,126	39. Long-Term Debt - REA (Net)	28,219,435
13. Special Funds	22,459,036	(Payments-Unapplied\$)	
14. Total Other Property & Investments (6 thru 13)	63,122,230	40. Long-Term Debt-Other-Econ. Devel. (net).	0
15. Cash - General Funds	1,850,934	41. Long-Term Debt-FFB-REA Guaranteed	1,133,866,972
16. Cash - Construction Funds - Trustee	500	42. Long-Term Debt-Other-REA Guaranteed	0
17. Special Deposits	425	43. Long-Term Debt-Other (Net)	233,396,738
18. Temporary Investments	57,753,625	44. Total Long-Term Debt (39 thru 43)	1,395,483,145
19. Notes Receivable (Net)	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	55,554,255	46. Accumulated Operating Provisions	50,682,158
21. Accounts Receivable - Other (Net)	6,448,320	47. Total Other Noncurrent Liabilities (45 + 46)	50,682,158
22. Fuel Stock	39,529,787	48. Notes Payable	0
23. Materials and Supplies - Other	30,995,837	49. Accounts Payable	37,128,809
24. Prepayments	1,525,644	50. Taxes Accrued	966,103
25. Other Current and Accrued Assets	210,801	51. Interest Accrued	11,242,556
26. Total Current and Accrued Assets (15 thru 25)	193,870,128	52. Other Current & Accrued Liabilities	3,997,116
27. Unamortized Debt Disc. & Extraord. Prop. Losses	4,541,346	53. Total Current & Accrued Liabilities (48 thru 52)	53,334,584
28. Regulatory Assets.	0	54. Deferred Credits	4,191,066
29. Other Deferred Debits	0	55. Accumulated Deferred Income Taxes	0
30. Accumulated Deferred Income Taxes	0	56. Total Liabilities and Other Credits	
31. Total Assets & Other Debits (5+14+26 thru 30)	1,647,240,141	(38+44+47+53 thru 55)	1,647,240,141

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$492,483.61 in November 2005, and \$5,564,720.55 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

November 2005 DemandMMBTU	362.100	EnergyMMBTU	227,406.200
Year-to-date		EnergyMMBTU	2,169,856.100

*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

000047

**PRODUCTION PERFORMANCE REPORT
OCTOBER 2005**

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
Net Generation -- MWH	103,256	1,016,405	160,716	1,688,768	558,964	5,926,699	7,761	406,237	830,697	9,038,109
Weighted Equiv. Availability Factor	98.20	92.98	94.59	89.89	74.89	87.12	91.13	89.48	83.75	88.62
Load Factor --% Coal-Fired Only Including CT's	76.64	74.46	67.51	69.35	98.98	75.34	3.26	5.04	87.67 70.67	69.57 52.58
Running Capacity Factor --% Coal-Fired Only Including CT's	73.66	77.90	76.47	84.49	85.94	83.62	99.10	81.91	82.22 82.35	83.13 83.08
Total Power Cost (Busbar) \$/MWH	50.855	42.430	34.135	32.077	35.664	32.779	531.861	173.614	41.892	40.063
Safety - OSHA Lost Time Incident Rate	0	0	0	0	0	0	0	0	0	0
Environmental Emissions SO₂--Tons NOx--lbs./MMBtu	713.3 0.40	6,788.7 0.43	1,869.8 0.50	19,903.8 0.46	3,994.30 0.34	33,837.30 0.24	0.030 0.043	2.078 0.052	6,577.400 0.370	61,191.880 0.379

Net Generation (MWH): Is the amount of energy produced and delivered to the transmission system.

Load Factor (%): Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

Running Capacity Factor (%): Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

Weighted Equiv. Availability Factor (%): Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

OSHA Lost-Time Accident Rate: Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

Total Power Cost (Busbar) (\$/MWH): Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

Environmental Emissions: Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

EAST KENTUCKY POWER COOPERATIVE

TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2005</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2005</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,423	\$68,716	2.03 - 2.466	1 - 21	\$79,435
Feb	\$24,314	\$95,280	2.217 - 2.614	1 - 26	\$200,885
Mar	\$60,612	\$104,976	2.337 - 2.811	1 - 26	\$366,150
Apr	\$44,717	\$90,917	2.575 - 3.010	1 - 34	\$505,978
May	\$62,377	\$105,842	2.710 - 3.082	1 - 21	\$714,934
Jun	\$84,598	\$144,645	2.869 - 3.304	1 - 29	\$1,010,561
Jul	\$72,734	\$112,404	3.033 - 3.452	1 - 41	\$1,259,502
Aug	\$64,002	\$118,127	3.134 - 3.625	1 - 28	\$1,502,443
Sept	\$81,000	\$141,160	3.354 - 3.797	1 - 26	\$1,832,119
Oct	\$34,196	\$99,080	3.556 - 3.945	1 - 17	\$2,050,323
Nov	\$40,830	\$76,730	3.744 - 4.044	1 - 16	\$2,217,006
Dec	\$32,863	\$65,738	3.878 - 4.158	1 - 7	\$2,375,096

Does not include investments in U.S. Securities of \$ 21,349,355 (book value) with average maturities of 0.8 years at interest rates averaging 4.19 %, and accrued interest earnings year-to-date of \$ 698,624.

FEBRUARY 2006

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(December 2005 Commitments)**

Supplier	Contract/P.O.	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
		Delivery Begins	Delivery Ends						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007	265,760	259,260	6,500	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008	704,842	243,341	461,501	0.000	12300	2.3990
B & W RESOURCES INC	0000151081	03/10/2004	05/31/2006	240,000	131,080	108,920	0.000	12000	2.0630
JAMIESON CONSTRUCTION CO	0000151184	11/01/2005	12/31/2005	11,000	17,089	-6,089	0.000	11500	2.7830 A
LEWIS COAL SALES LLC	0000151185	10/12/2005	12/31/2005	15,000	28,793	-13,793	0.000	11500	2.6410 A
C.H. DEVELOPMENT LLC	0000151189	12/01/2005	01/31/2006	2,000	579	1,421	0.000	11500	2.5220 A
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008	142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008	112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000001

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(December 2005 Commitments)**

Cooper

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Through 12/31/2005			Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Total Commitment	Shipped To Date	Tonnage Remaining			
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	239,684	555,857	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	150,457	329,543	0.000	12000	2.3340 A
B & W RESOURCES INC	0000251083	04/01/2004	03/31/2006	240,000	168,312	71,688	0.000	12000	1.8130
INTERNATIONAL COAL GROUP LLC	0000251176	08/09/2005	12/31/2005	40,000	41,871	-1,871	0.000	11000	2.1700
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000002

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(December 2005 Commitments)**

Spurlock#1

Through 12/31/2005

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	290,226	709,774	1.823	12000	1.4610
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2007	686,845	102,282	584,563	1.823	11800	1.5590
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.029	11800	2.2350
FOUNDATION ENERGY SALES	0000351140	01/01/2005	01/31/2006	159,848	159,848	0	6.766	13000	1.9910
KIVA SYN FUEL SALES LLC	0000351151	03/01/2005	12/31/2005	225,324	225,324	0	1.823	12000	2.3520 A
SANDY RIVER SYN FUEL LLC	0000351152	03/07/2005	12/31/2005	150,305	150,305	0	1.823	12000	1.3490
KIVA SYN FUEL SALES LLC	0000351181	07/12/2005	12/31/2005	9,467	9,467	0	1.780	12000	2.1920 A
AEP COAL INC	0000000314	02/12/2002	12/31/2005	10,153	10,153	0	6.270	13000	1.5580
LAKEMAN FUEL CORPORATION	0000351150	03/01/2005	12/31/2005	0	0	0	1.823	12000	2.3520 A
LAKEMAN FUEL CORPORATION	0000351182	07/12/2005	12/31/2005	0	0	0	1.780	12000	2.1920 A

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000003

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(December 2005 Commitments)
Spurlock#2**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Through 12/31/2005		Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Total Commitment	Shipped To Date			
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2007	1,523,950	584,472	1.823	12000	1.5580
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2007	658,029	336,031	4.029	12000	1.8120
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	609,091	1.823	12000	1.5460
MC MINING, LLC	0000000428	01/01/2005	12/31/2007	544,800	78,078	8.330	12500	2.8530
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	338,561	4.029	12000	1.5700
CENTRAL APPALACHIAN MINING	000000424A	04/18/2004	12/31/2005	410,000	418,372	7.270	13000	1.6350
PROGRESS FUELS CORPORATION	0000451141	01/01/2005	12/31/2005	120,110	120,110	4.029	12000	2.6890
PROGRESS FUELS CORPORATION	0000451142	01/01/2005	03/31/2006	120,000	56,615	4.029	12000	2.5220
KOCH CARBON LLC	0000451194	12/01/2005	01/15/2006	15,500	7,766	1.823	11500	2.8180
SANDY RIVER SYNFUEL LLC	000451152A	03/07/2005	12/31/2005	9,432	9,432	1.823	12000	1.3490
AEP COAL INC	0000000424	02/01/2002	12/31/2005	248,000	252,579	6.320	13000	1.5600
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0.000	12000	1.4500
LIGHTNING INC	0000451197	12/19/2005	01/31/2006	25,000	0	4.029	12500	2.9110
MC MINING, LLC	0000451202	12/20/2005	01/15/2006	10,000	0	7.180	12500	2.8870

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000004

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(December 2005 Commitments)**

Gilbert

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Through 12/31/2005		Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
					Shipped To Date	Tonnage Remaining			
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	115,625	2,284,375	3.647	11400	1.2565 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	58,538	541,462	2.986	11200	1.2295 A
CHAROLAIS COAL SALES LLC	0000000804	04/01/2005	12/31/2010	1,380,000	128,271	1,251,729	5.485	10500	1.2452
CAMELOT COAL COMPANY	0000851116	10/01/2004	12/31/2005	120,000	119,753	247	2.986	11500	1.0430 A
MARIETTA COAL COMPANY	0000851155	04/01/2005	03/31/2006	90,000	61,371	28,629	3.647	9500	1.2840 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	06/30/2006	135,000	95,481	39,519	2.354	10500	1.2905 A
FOUNDATION ENERGY SALES	000851140A	01/01/2005	12/31/2005	20,152	11,034	9,118	6.766	13000	1.9910

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000005

2005
EAST KENTUCKY POWER COOPERATIVE
COAL RECEIPTS, USAGE, STOCKPILE
TONNAGE (1000)

DALE STATION

	Received			Used			Stockpile					
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON
Jan.	38	11971	2.120	50.76	50	15188	2.120	50.76	44	13771	2.120	50.76
Feb.	41	12022	2.120	50.98	46	14047	2.120	50.98	39	12477	2.120	50.98
Mar.	37	12030	2.132	51.29	47	14339	2.132	51.29	29	12094	2.132	51.29
Apr.	39	12227	2.203	53.88	41	12929	2.203	53.88	65	19311	2.203	53.88
May	47	12327	2.300	50.70	51	12119	2.300	50.70	96	12119	2.300	50.70
June	83	12220	2.515	61.46	54	12142	2.515	61.46	112	12117	2.515	61.46
July	59	12333	2.356	58.11	53	11970	2.356	58.11	87	12142	2.356	58.11
Aug.	42	12233	2.177	53.26	56	12208	2.177	53.26	94	11970	2.177	53.26
Sept.	37	12220	2.231	54.53	41	11898	2.231	54.53	86	12236	2.231	54.53
Oct.	68	12100	2.507	60.68	51	11898	2.507	60.68	33	11898	2.507	60.68
Nov.	66	12280	2.390	58.70	49	11783	2.390	58.70	81	11783	2.390	58.70
Dec.	49	12395	2.304	57.12	54	12092	2.304	57.12	916	12092	2.304	57.12
Total	606	12207	2.316	56.55	591							

SPURLOCK - Above .7% Sulphur

	Received			Used			Stockpile					
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON
Jan.	54	11918	1.745	41.59	87	12477	1.745	41.59	0	0	0	0
Feb.	77	12477	1.604	40.03	79	12477	1.604	40.03	0	0	0	0
Mar.	65	12094	1.794	43.39	87	12477	1.794	43.39	0	0	0	0
Apr.	53	11931	1.829	43.63	84	12119	1.829	43.63	0	0	0	0
May	96	12119	1.959	47.48	84	12119	1.959	47.48	0	0	0	0
June	112	12117	2.021	48.99	72	12117	2.021	48.99	0	0	0	0
July	87	12142	2.114	51.35	80	12142	2.114	51.35	0	0	0	0
Aug.	94	11970	1.891	45.28	84	12142	1.891	45.28	0	0	0	0
Sept.	78	12208	2.062	50.35	73	12208	2.062	50.35	0	0	0	0
Oct.	86	12236	1.982	48.51	78	12236	1.982	48.51	0	0	0	0
Nov.	33	11898	1.852	44.08	67	12236	1.852	44.08	0	0	0	0
Dec.	81	11783	1.826	43.02	90	11783	1.826	43.02	0	0	0	0
Total	916	12092	1.908	46.14	965				0	0	0	0

COOPER STATION

	Received			Used			Stockpile					
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON
Jan.	111	12111	2.052	49.72	84	12111	2.052	49.72	149	12111	2.052	49.72
Feb.	83	12053	1.999	48.20	77	12053	1.999	48.20	154	12053	1.999	48.20
Mar.	64	12361	2.249	55.60	59	12361	2.249	55.60	158	12361	2.249	55.60
Apr.	56	12251	2.224	54.48	43	12251	2.224	54.48	172	12251	2.224	54.48
May	67	12296	2.149	52.84	72	12296	2.149	52.84	168	12296	2.149	52.84
June	100	12107	2.190	53.02	76	12107	2.190	53.02	191	12107	2.190	53.02
July	58	11975	2.167	51.90	80	11975	2.167	51.90	170	11975	2.167	51.90
Aug.	86	12049	2.146	51.73	77	12049	2.146	51.73	178	12049	2.146	51.73
Sept.	67	12276	2.153	52.86	68	12276	2.153	52.86	177	12276	2.153	52.86
Oct.	74	12023	2.150	51.71	68	12023	2.150	51.71	183	12023	2.150	51.71
Nov.	57	11819	2.125	50.24	67	11819	2.125	50.24	173	11819	2.125	50.24
Dec.	44	11883	2.079	49.41	68	11883	2.079	49.41	139	11883	2.079	49.41
Total	867	12106	2.135	51.71	832							

SPURLOCK - Below .7% Sulphur

	Received			Used			Stockpile					
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON
Jan.	101	12249	1.759	43.09	0	0	0	0	150	221	0	0
Feb.	124	12088	1.829	44.21	0	0	0	0	135	209	0	0
Mar.	128	12178	1.834	44.68	0	0	0	0	146	191	0	0
Apr.	72	12219	2.008	49.07	0	0	0	0	72	190	0	0
May	126	12206	1.866	45.55	0	0	0	0	51	266	0	0
June	149	12186	1.802	43.92	0	0	0	0	122	293	0	0
July	149	12231	1.898	46.43	0	0	0	0	140	302	0	0
Aug.	130	12201	1.735	42.35	0	0	0	0	142	290	0	0
Sept.	126	12222	1.692	41.36	0	0	0	0	130	286	0	0
Oct.	109	12256	1.734	42.51	0	0	0	0	144	251	0	0
Nov.	92	12294	1.868	45.93	0	0	0	0	142	201	0	0
Dec.	150	12137	2.079	50.47	0	0	0	0	152	116	0	0
Total	1456	12201	1.842	44.94	0	0	0	0	1526			

GILBERT STATION

	Received			Used			Stockpile					
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON
Jan.	19	11390	1.000	22.77	14	11390	1.000	22.77	80	11390	1.000	22.77
Feb.	47	10955	1.081	23.68	40	10955	1.081	23.68	87	10955	1.081	23.68
Mar.	66	11293	1.066	24.07	55	11293	1.066	24.07	98	11293	1.066	24.07
Apr.	81	11000	1.125	24.74	73	11000	1.125	24.74	107	11000	1.125	24.74
May	44	10866	1.142	24.82	53	10866	1.142	24.82	98	10866	1.142	24.82
June	106	10983	1.172	25.74	68	10983	1.172	25.74	135	10983	1.172	25.74
July	115	10790	1.207	26.06	59	10790	1.207	26.06	191	10790	1.207	26.06
Aug.	30	10560	1.229	25.95	50	10560	1.229	25.95	171	10560	1.229	25.95
Sept.	58	11081	1.206	26.73	67	11081	1.206	26.73	162	11081	1.206	26.73
Oct.	27	11402	1.200	27.37	0	11402	1.200	27.37	190	11402	1.200	27.37
Nov.	60	11157	1.248	27.85	33	11157	1.248	27.85	217	11157	1.248	27.85
Dec.	64	11397	1.379	31.44	76	11397	1.379	31.44	224	11397	1.379	31.44
Total	717	11042	1.181	26.09	588							

TOTAL SYSTEM

	Received			Used			Stockpile					
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON
Jan.	44.82	1.855	323	385	619	46						
Feb.	42.39	1.758	372	377	612	50						
Mar.	43.29	1.790	360	394	577	47						
Apr.	43.19	1.804	301	313	566	47						
May	46.30	1.909	380	311	637	54						
June	45.75	1.903	550	392	792	67						
July	44.49	1.859	468	412	848	71						
Aug.	45.09	1.875	382	409	822	68						
Sept.	44.39	1.833	366	379	808	66						
Oct.	48.07	1.982	364	341	832	69						
Nov.	45.74	1.905	308	358	782	70						
Dec.	46.50	1.939	388	440	699	55						
Total	450.05	1.870	4562	3923								

000006

Run-of-Mine Cost Analysis - Monthly
ACTIVITY FOR THE MONTH OF: DECEMBER 2005
 (thru 12/31/05)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevfax	S/Ton	\$M/MTU	BTU	Ash	Sulfur
C.H. DEVELOPMENT LLC	0000751135	1,290.65	34.14	0.00	0.000	0.00	34.14	1,688	10,117	12.25	0.87
IKERD COAL COMPANY LLC	0000751159	3,642.58	47.62	0.00	0.000	0.00	47.62	1,954	12,185	11.41	1.75
C.H. DEVELOPMENT LLC	0000751173	240.27	15.00	0.00	0.000	0.00	15.00	1,068	7,021	34.12	0.75
IKERD TERMINAL COMPANY LLC	0000751180	6,591.32	40.19	0.00	0.000	0.00	40.19	1,648	12,191	11.59	1.93
IKERD TERMINAL COMPANY LLC	0000751188	1,262.92	43.00	0.00	0.000	0.00	43.00	1,840	11,687	13.74	2.74
Weighted Average - Cooper		13,027.74	41.48				41.48	1,746	11,840	12.23	1.83
B & W RESOURCES INC	0000451115	2,222.58	63.60	1.35	1.823	0.06	66.83	2,614	12,784	10.00	0.80
FOUNDATION ENERGY SALES	0000451195	4,681.00	63.83	1.35	1.823	0.06	67.06	2,802	11,965	12.54	0.70
MC MINING, LLC	0000451196	9,889.77	64.60	1.35	1.823	0.06	67.83	2,702	12,550	8.88	0.68
Weighted Average - Spurlock #2		16,793.35	64.25				67.48	2,719	12,418	10.05	0.70

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of December 2005 was \$4.218/MMBtu or \$99.88/ton, based on 11,840 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$4.718/MMBtu or \$113.22/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Spurlock #2 Station during the month of December 2005 was \$3.653/MMBtu or \$90.72/ton, based on 12,418 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Spurlock #2 Station during the same month, which was \$3.893/MMBtu or \$89.54/ton, based on 11,500 Btu/lb.

0000007

Summary of Capital Funds and Construction Budget

Data as of 12/31/05

	Actual Expenditures		2005 Budgeted
	Oct-Dec	2005 YTD	Expenditures
Additions to Plant by Work Order:			
Finance/Planning	-283,730	-315,403	0
Legal	42,657	88,122	6,500
Human Resources/Support Services	3,002,002	3,575,699	12,380,100
Member Services	8,605,631	26,057,102	17,839,280
Power Delivery	59,536,430	130,085,702	43,824,162
Production			258,412,757
Total	70,902,990	159,491,222	332,462,799
Capital Equipment/Vehicle Purchases:			
Executive	0	0	0
Legal	0	0	25,000
Finance & Planning	31,810	41,221	0
Governmental Affairs	0	20,480	24,000
Human Resources/Support Services	172,455	324,429	457,500
Member Services	0	129,217	152,000
Power Delivery	433,724	929,870	1,450,450
Production	109,585	1,670,608	2,564,665
Total	747,574	3,115,825	4,673,615

000008

**STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF FUNDED MEDICAL PLAN
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	Contributions, Administration and Excess Risk Insurance Cost		Benefits Received (c)		Benefits vs. Cost					
							Monthly (a)	Y.T.D. (a)	Monthly (b)	Y.T.D. (b)	Monthly	Y.T.D.	Monthly	Y.T.D.	Contributions	Minus
No. of Employees	Contributions	Contributions	Admin. Fees	Admin. Fees	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
2005																
Jan.	1,760	1,166,939	1,166,939	121,091	121,091	1,288,030	1,288,030	1,288,030	1,288,030	640,095	640,095	526,843				
Feb.	1,767	1,170,827	2,337,766	121,683	242,774	1,292,510	2,580,540	1,358,885	1,358,885	1,998,980	1,998,980	338,786				
Mar.	1,772	1,172,738	3,510,504	121,792	364,566	1,294,530	3,875,070	1,481,496	1,481,496	3,480,476	3,480,476	30,028				
Apr.	1,771	1,168,786	4,679,290	122,514	487,080	1,291,300	5,166,370	1,219,626	1,219,626	4,700,102	4,700,102	(20,812)				
May	1,775	1,167,757	5,847,047	122,042	609,122	1,289,799	6,456,169	1,256,333	1,256,333	5,956,435	5,956,435	(109,388)				
June	1,780	1,167,083	7,014,130	122,693	731,815	1,289,776	7,745,945	1,012,251	1,012,251	6,968,686	6,968,686	45,444				
July	1,782	1,168,131	8,182,262	122,498	854,313	1,290,629	9,036,575	811,128	811,128	7,779,814	7,779,814	402,448				
Aug.	1,793	1,169,920	9,352,182	123,181	977,494	1,293,101	10,329,676	1,265,034	1,265,034	9,044,847	9,044,847	307,334				
Sept.	1,800	1,177,069	10,529,251	123,573	1,101,066	1,300,642	11,630,317	1,043,735	1,043,735	10,088,583	10,088,583	440,668				
Oct.	1,799	1,177,814	11,707,065	123,703	1,224,770	1,301,517	12,931,834	1,372,205	1,372,205	11,460,787	11,460,787	246,277				
Nov.	1,807	1,181,944	12,889,008	124,131	1,348,900	1,306,074	14,237,908	1,188,238	1,188,238	12,649,026	12,649,026	239,983				
Dec.	1,804	1,390,451	14,279,459	123,497	1,472,398	1,513,948	15,751,857	1,355,701	1,355,701	14,004,727	14,004,727	274,732				

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.
(b) Includes \$52.34 specific excess risk, \$10.52 administration, January - June \$0.75 case management July -December \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.
(c) Includes excess risk reimbursements: \$87,452.14 for EKPC, \$4294.04 for Jackson, \$105,976.84 for Owen, \$30,534.66 for Inter Co., and \$214,843.04 for Salt River.

000010

STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF-FUNDED DENTAL PLAN
EAST KENTUCKY POWER COOPERATIVE

2005	(1)	Monthly Employer Contributions			(3)	(4)	(5)	(6)	(7)	Monthly Employee Contributions			(9)	(10)	(11)	(12)	(13)	(14)
		Amount of Contr. (a)	Claims Paid	Admin. Fee						Surplus (Deficit)	No. Emp.	Amount of Contr. (b)						
Jan.	658	15,792	5,540	1,316	8,936	427	12,831	7,212	5,619	28,623	12,752	1,316	14,554	14,554				
Feb.	657	15,768	13,256	1,314	1,489	429	13,024	22,074	(9,050)	28,792	35,330	1,314	(7,852)	6,703				
Mar.	655	15,720	8,868	1,310	5,542	431	12,937	16,643	(3,706)	28,657	24,565	1,310	2,782	9,485				
Apr.	651	15,624	21,132	1,302	(6,810)	427	12,869	24,780	(11,910)	28,493	45,911	1,302	(18,720)	(9,235)				
May	655	15,722	12,433	1,312	1,977	430	12,956	8,245	4,711	28,678	20,678	1,312	6,688	(2,546)				
June	654	15,698	2,740	1,310	11,648	428	12,850	4,122	8,728	28,548	6,862	1,310	20,377	17,830				
July	651	15,626	15,030	1,304	(708)	429	12,928	18,712	(5,784)	28,554	33,742	1,304	(6,492)	11,338				
Aug.	655	15,720	26,487	1,310	(12,077)	429	12,947	37,400	(24,453)	28,667	60,731	1,310	(33,374)	(22,036)				
Sept.	654	15,696	12,585	1,308	1,803	429	12,831	16,108	(3,276)	28,527	28,693	1,308	(1,474)	(23,509)				
Oct.	654	15,700	14,986	1,312	(598)	428	12,809	19,188	(6,379)	28,509	34,174	1,312	(6,977)	(30,486)				
Nov.	654	15,696	13,429	1,308	959	428	12,938	16,266	(3,329)	28,634	29,037	1,308	(1,711)	(32,197)				
Dec.	664	15,936	17,899	1,328	(3,291)	435	13,054	19,873	(6,819)	28,990	37,402	1,328	(9,740)	(41,937)				
Total	7,862	188,698	164,385	15,734	8,579	5,150	154,974	210,622	(55,648)	343,672	369,877	15,734						

Employer		Employee	
Contr.	Claims Paid	Contr.	Claims Paid
Rate		Rate	
\$22.00	\$20.91	\$30.09	\$40.90
Admin. fee	Admin. fee		
2.00	2.00		
\$24.00	\$22.91		

(a) Includes Administration Fee of \$2.00 per employee.
(b) Employee with (1) dependent \$19.40; employee with more than (1) dependent \$38.60
Note: Self-funded employer margin through December 31, 2004 is \$54,516,000; employee deficit is -\$31,492,000

000011

EAST KENTUCKY POWER COOPERATIVE
Schedule of Bond Fund Investments

<i>Pollution Bond Fund</i>	<i>Face Amount</i>	<i>Date Invested</i>	<i>Maturity Date</i>	<i>Rate-%</i>	<i>Type</i>	<i>Year-to-Date Earnings December, 2005</i>
COOPER	\$1,050,000.00	11-25-03	08-01-22	4.500	Nevada Water Poll Bond	\$47,250.00
	23,625.00	08-01-05	02-15-06	3.950	CFC Note	391.18
					Current Investments	\$47,641.18
					YTD Matured Investments	433.73
					Totals	\$48,074.91
SPURLOCK	\$13,131,000.00	08-15-05	02-09-06	3.808	U.S. Treasury Bill	\$180,976.64
					CFC Prom. Note	
					Cash on Hand	0.00
					Current Investments	\$180,976.64
					YTD Matured Investments	203,294.57
				Totals	\$384,271.21	
SMITH	\$5,542,000.00	08-15-05	02-09-06	3.808	U.S. Treasury Bill	\$76,382.05
					Cash on Hand	0.00
					Current Investments	\$76,382.05
					YTD Matured Investments	85,048.43
					Totals	\$161,430.48

000012

**SCHEDULE OF DEBT BY TERM
12/31/2005**

	<u>Long-Term</u>		
	<u>Amount</u>	<u>Rate Range</u> <u>%</u>	<u>Composite</u> <u>Rate-%</u>
RUS - EKPC	\$50,186,028	2.00 - 5.125	4.94
P-12 CFC	5,292,459	3.68	3.68 [a]
R-12 CFC	5,866,748	3.68	3.68 [a]
T-62 CFC	4,644,657	3.68	3.68 [a]
CFC Sr Credit Facility	80,000,000	4.835 - 5.474	5.16
Cr. Fac CFC	0	0.00	0.00
ETCs CFC	0	0.00	0.00
CT 6-7 Br CFC	0	0.00	0.00
CTCs Br CFC	0	0.00	0.00
<u>FFB</u>			
L-8	103,859,140	5.452 - 10.657	7.18
M-9	31,980,455	5.177 - 7.991	6.41
N-8	77,590,821	5.913 - 7.991	7.02
P-12	1,434,695	7.413 - 10.590	8.78
R-12	15,182,208	6.297 - 6.301	6.30
S-8	90,620,873	5.451 - 6.306	6.20
T-62	14,253,362	4.557 - 5.644	5.24
U-8	5,936,304	6.067	6.07
V-8	51,414,687	4.709 - 5.729	5.29
W-8	82,603,746	4.485 - 5.678	5.07
X-8	87,704,800	4.366 - 5.020	4.61
Y-8	199,093,882	4.460 - 5.149	4.96
Z-8	359,000,000	4.324 - 4.946	4.66
AA-8	13,192,000	4.353	4.35
<u>Private Placement Bonds</u>			
Inland	9,600,000	7.70	7.70
<u>Pollution Bonds</u>			
Cooper	9,100,000	2.85	2.85 [a]
Smith	21,145,000	2.95	2.95 [a]
Spurlock	88,600,000	3.050 - 3.700	3.33 [a]
<u>Charleston Bottoms</u>			
RUS	4,456,691	2.00	2.00
CFC	5,964,906	3.68	3.68 [a]
TOTAL	\$1,418,723,461 (b)		5.14

IMBEDDED COST OF DEBT

MONTHLY - 2005

<u>Month</u>	<u>Debt</u>		<u>Composite Interest</u>	
	<u>Outstanding</u>	<u>Rate - %</u>	<u>YEAR-END</u>	<u>Rate - %</u>
Jan	\$1,262,199,513	5.05	2004	5.04
Feb	\$1,310,835,553	5.06	2003	4.95
Mar	\$1,303,248,542	5.07	2002	5.16
Apr	\$1,303,134,275	5.12	2001	5.31
May	\$1,326,779,018	5.18	2000	5.94
June	\$1,376,748,299	5.11	1999	5.86
July	\$1,376,636,812	5.13	1998	5.68
Aug	\$1,438,648,006	5.12	1997	5.85
Sept	\$1,427,145,072	5.12	1996	5.83
Oct	\$1,418,578,175	5.09	1995	6.15
Nov	\$1,419,836,338	5.12	1994	6.51
Dec	\$1,418,723,461	5.14	1993	6.59

[a] Long-Term Debt; Short-Term Rates
[b] Does not include Sick Leave Reserve

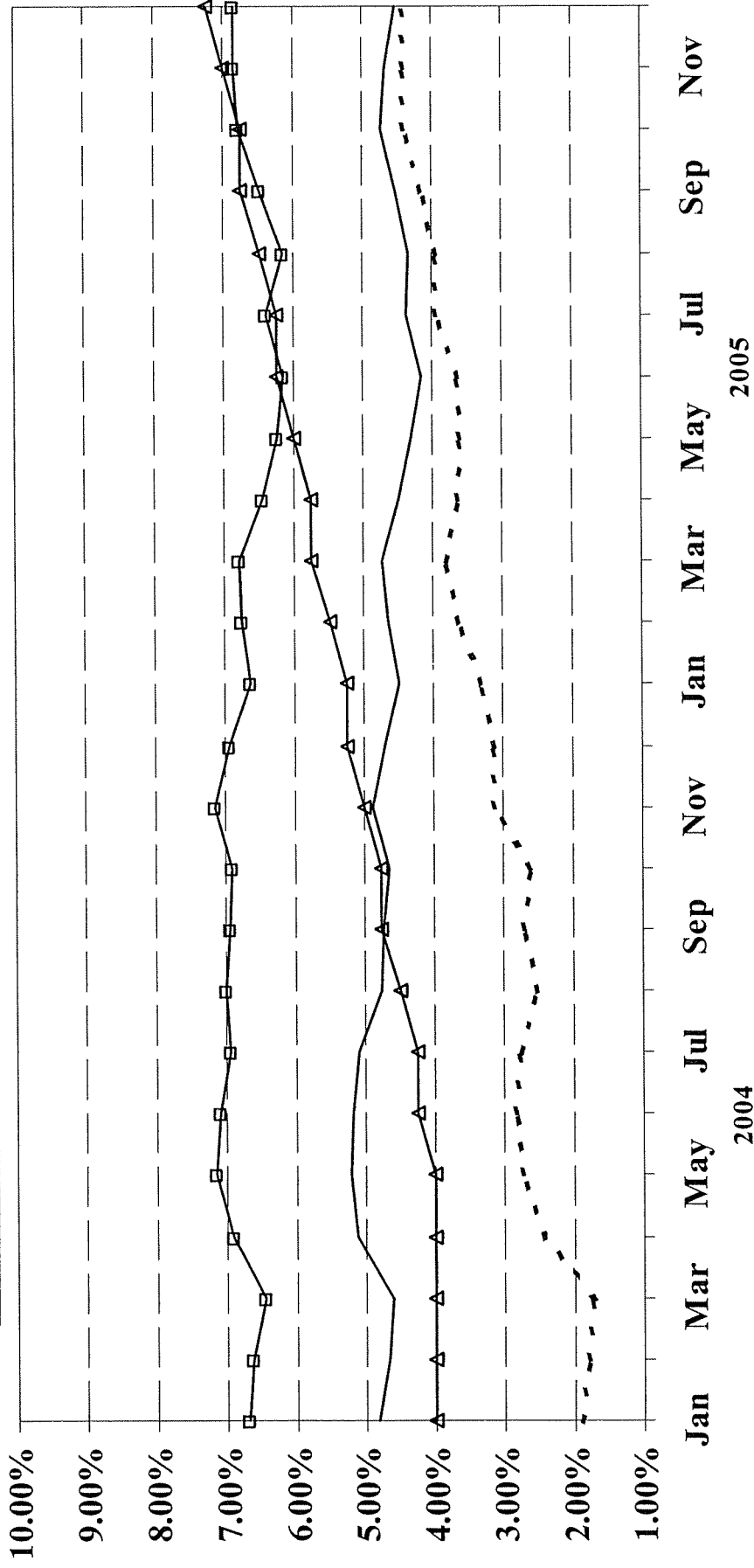
000013

EAST KENTUCKY POWER COOPERATIVE
SUMMARY OF STATUS OF ACTIVE LONG-TERM LOANS

December 31, 2005

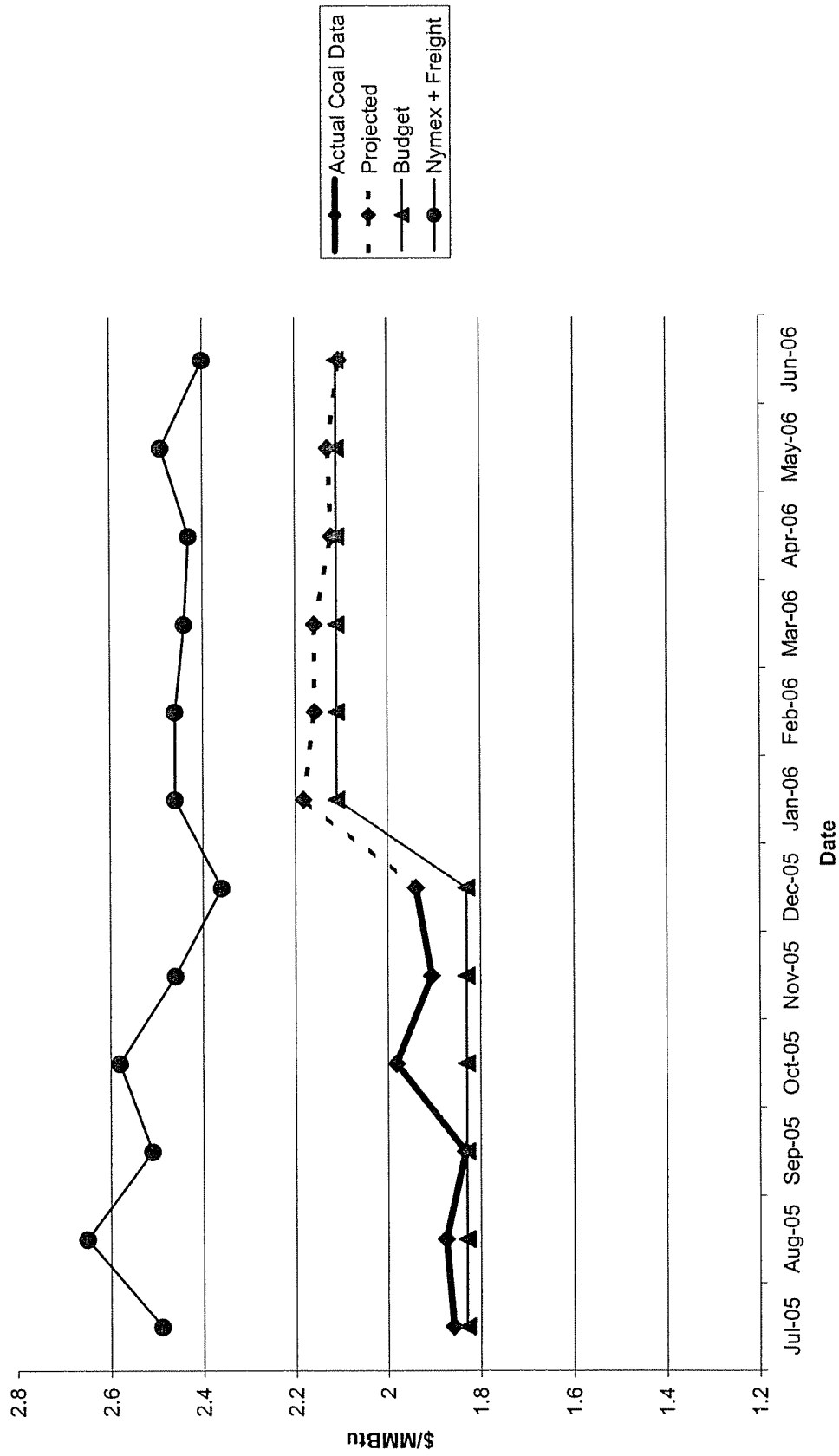
	<u>TOTAL LOAN</u>	<u>Contracts Awarded and Commitments As Approved by RUS</u>	<u>Construction Fund Expenditures</u>
<u>FFB</u>			
W8 Transmission	85,600,000	85,600,000	85,600,000
X8 Combustion Turbine 4 & 5	92,300,000	92,300,000	92,300,000
Y8 Spur SCRs	223,500,000	208,309,328	201,800,000
Z8 Gilbert - Gen & Trans	433,863,000	360,409,585	359,000,000
AA8 Landfill Gas to Energy	27,645,000	13,193,219	13,192,000
 Total Active Long-Term Loans Approved	 <u>\$862,908,000</u>	 <u>\$759,812,132</u>	 <u>\$751,892,000</u>

KEY INTEREST RATES AFFECTING EKPC



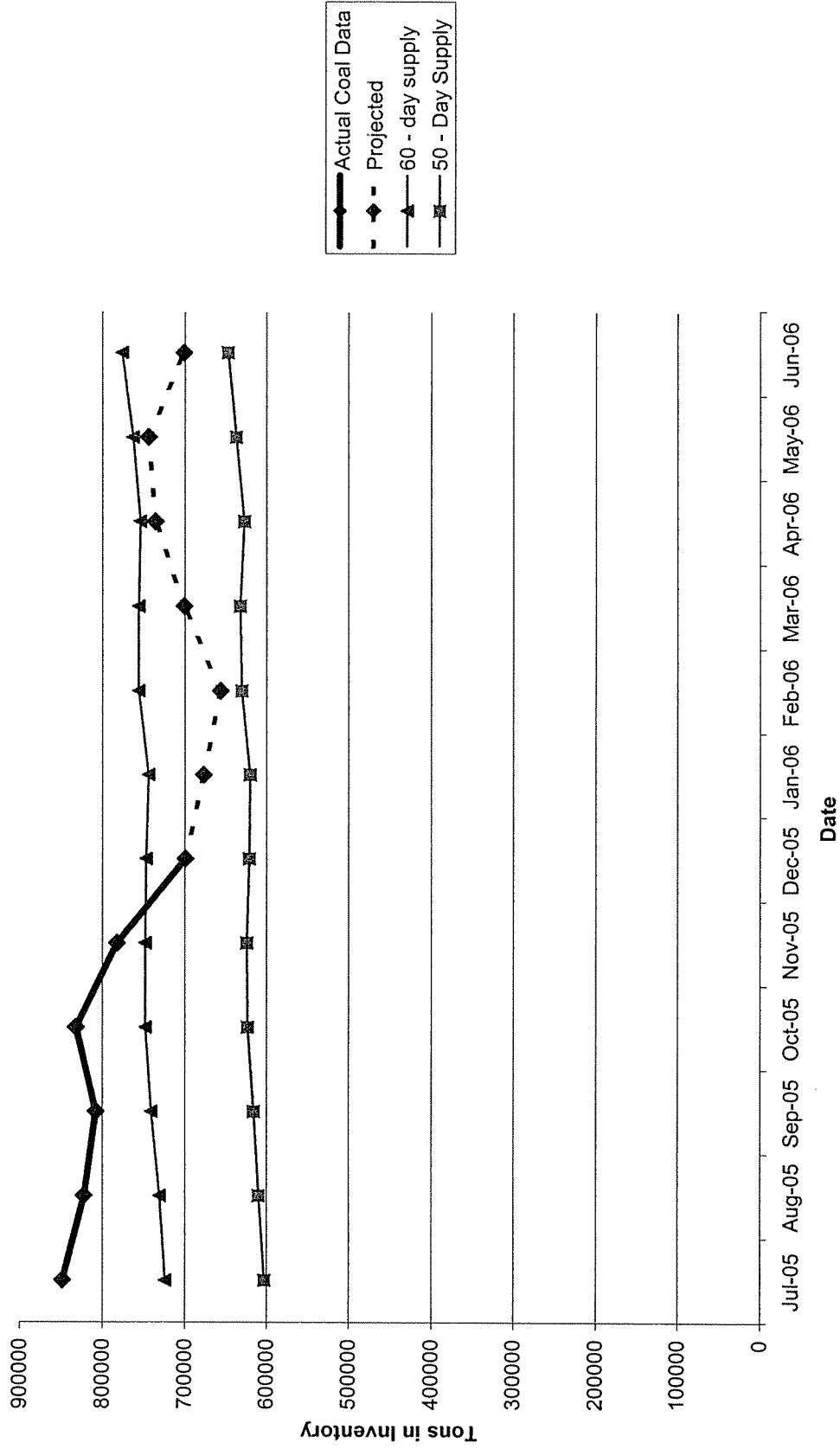
0000015

Actual and projected Coal Cost - System



000016

Actual and projected Coal Inventory - System



000017

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: January 9, 2006
SUBJECT: Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of December 2005 as shown below:

Date	Quantity (MMBtu)	Price \$/MMBtu
12/01/05	26,723	\$13.8350
12/02/05	9,443	\$13.8350
12/03/05	8,759	\$13.8350
12/05/05	11,422	\$13.8350
12/06/05	13,922	\$13.8350
12/07/05	2,349	\$13.8350
12/08/05	9,022	\$13.8155
12/09/05	17,563	\$13.9126
12/10/05	5,373	\$16.3883
12/15/05	15,529	\$15.0000
12/16/05	8,021	\$14.7573
12/17/05	5,703	\$15.1553
12/18/05	9,542	\$14.6117
12/19/05	19,674	\$14.6311
12/20/05	12,926	\$14.3689
12/21/05	13,991	\$13.9709
12/22/05	<u>4,667</u>	<u>\$13.9709</u>
	194,629	\$14.2483

gv

Approved by: Original Approved

Date: Original Dated January 11, 2006

000018

**RUN-OF-MINE COAL PURCHASE REPORT
FOR PERIOD DECEMBER 22, 2005 TO JANUARY 25, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
Cooper Station Ikerd Terminal Somerset, KY	51188	Cooper Station Burnside, KY	4,000	Cooper Station	\$43.00	11,800
ICG, LLC Ashland, KY	51191	Cooper Station Burnside, KY	10,000	Cooper Station	\$2.144/MMBtu	11,000
Lewis Coal Sales Hazard, KY	51192	Cooper Station Burnside, KY	10,000	Cooper Station	\$2.522/MMBtu	11,500
Jamieson Constr. London, KY	51207	Cooper Station	10,000	Cooper Station	\$2.40/MMBtu	11,500

gv

000019

TO: Dave Eames

FROM: Randy Dials (Original Initialed)

DATE: January 17, 2006

SUBJECT: Spot Coal Purchases—Spurlock Power Station Unit No. 1

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

To maintain a desirable stockpile inventory level at Spurlock Power Station Unit No. 1, spot coal purchases are needed during the months of January through April 2006. Verbal solicitations have been made for needs, and the responsive proposals have been evaluated and are attached.

The recommended purchases are described in detail below:

1. Coaltrade, LLC—14,000 tons of coal at a delivered price of \$2.719/MMBtu or \$62.53/ton, based on 11,500 Btu/lb. This coal is 1.2 lbs. SO₂/MMBtu. This purchase will begin February 1, 2006, and continue through April 30, 2006.
2. Coaltrade, LLC—14,000 tons of coal at a delivered price of \$2.253/MMBtu or \$51.83/ton, based on 11,500 Btu/lb. This coal is 1.91 lbs. SO₂/MMBtu. This purchase will begin February 1, 2006, and continue through April 30, 2006.
3. Koch Carbon—40,000 tons of coal at a delivered price of \$2.775/MMBtu or \$63.83/ton, based on 11,500 Btu/lb. This coal is 1.2 lbs. SO₂/MMBtu. This purchase will begin February 1, 2006, and continue through April 30, 2006.
4. Koch Carbon—40,000 tons of coal at a delivered price of \$2.30/MMBtu or \$50.58/ton, based on 11,000 Btu/lb. This coal is 1.6 lbs. SO₂/MMBtu. This purchase will begin January 19, 2006, and continue through April 19, 2006.

Coaltrade, LLC, is a coal trading company located in Kenova, West Virginia, and is a subsidiary of Peabody Coal. Koch Carbon is a coal trading company located in Boyd County, Kentucky. All of this coal will be barge deliveries.

000020

Mr. Dave Eames
Page 2
January 17, 2006

Justification and Strategic Analysis

The purchases recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. These recommendations support EKPC's key measures for reliable and competitive energy costs.

Recommendation

As Vice President-in-charge in the absence of Roy Palk, your approval is requested to issue purchase orders to Coaltrade, LLC, and Koch Carbon for the tons and term herein described.

Approved by: Original Approved

Date: Original Dated January 18, 2006

eh/gv
Attachment

000021

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO.1

VERBAL SOLICITATION

Date: 01/18/2006
 Event Nbr: 59
 Bid End Date: 01/17/2006

Coal Supplier	Number	Quality Btu		Tons	Term	Ash Disposal		SO ₂ Cost	Weekly Cost	Freight Cost	Delivery Cost	Evaluated Cost	
		% Sulfur	% Ash			\$/Ton	\$/Ton					\$/MMBtu	\$/Ton
Coaltrade LLC Boyd Monthly Non-Union /Broker	3	11,500 0.65 15.00	4,600	3	2,478	20,800	50,000	1,830	51,830	2,253	75,108	3,266	<i>Recommended</i>
Koch Carbon Various Monthly Non-Union /Broker	1	11,000 0.90 16.00	10,000	3	2,763	28,800	48,750	1,830	50,580	2,299	82,143	3,734	<i>Recommended</i>
Coaltrade LLC Boone Monthly Non-Union /Broker	4	11,500 0.71 16.00	4,600	3	2,643	22,720	58,500	4,030	62,530	2,719	87,893	3,821	<i>Recommended</i>
Koch Carbon Various Monthly Non-Union /Broker	2	11,500 0.71 16.00	10,000	3	2,643	22,720	62,000	1,830	63,830	2,775	89,193	3,878	<i>Recommended</i>
Black Gold Kanawha Monthly Non-Union /Broker	6	12,000 0.98 14.00	10,000	3	2,217	31,360	55,500	4,030	59,530	2,480	93,106	3,879	<i>Recommended</i>
Lakeway Fuels Corp. Various Weekly / Non-Union /Producer	5	12,000 0.98 13.50	15,000	3	2,137	31,360	58,500	1,830	60,330	2,514	94,120	3,922	<i>Recommended</i>
Black Gold Kanawha Monthly Non-Union /Broker	7	12,000 0.74 14.00	15,000	3	2,217	23,680	64,500	4,030	68,530	2,855	94,426	3,934	<i>Recommended</i>
Massey Utility Martin Weekly / Non-Union /Producer	10	11,300 1.00 15.00	10,000	3	2,522	32,000	52,750	1,830	54,580	2,415	89,366	3,954	<i>Recommended</i>

Cost Factors used in Model
 Weekly Pay Factor: 0.005
 SO₂ Cost/Ton: \$1,600.00
 Unit Boiler
 Maintenance Factor: 0.1652



000022

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 1

VERBAL SOLICITATION

Date: 01/18/2006
 Event Nbr: 59
 Bid End Date: 01/17/2006

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	MMBtu
Lightning, Inc. Fayette Monthly Non-Union /Producer	8	12,500 0.77 14.00	10,000	3	2.128	24.640	68.750	4.030	72.780	2.911	99.548	3.982
ICG LLC Perry Monthly Non-Union /Producer	9	12,000 2.70 14.00	20,000	3	2.217	86.400	30.000	9.000	39.000	1.625	127.616	5.317
Central Appalachian Pike Monthly Non-Union /Producer	12										0.000	<i>No Coal Available</i>
Progress Fuels Various Monthly Non-Union /Broker	11										0.000	<i>No Coal Available</i>
Alliance Coal Pike Monthly Non-Union /Producer	13										0.000	<i>No Coal Available</i>

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$1,600.00 Maintenance Factor: 0.1652

000023

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: January 4, 2006

SUBJECT: Spot Coal Purchase—Spurlock Power Station Unit No. 1

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

EKPC currently has a spot coal agreement with Koch Carbon, LLC, for 1.2 lbs. SO₂ coal to be delivered to Spurlock Unit No. 2 at a price of \$2.739/MMBtu or \$63.00/ton f.o.b. barge. On January 3, 2006, Koch loaded a barge on this order that exceeded the sulfur specifications (1.2 lbs. SO₂) by .09 lbs. SO₂. Koch has offered this barge to EKPC at a reduced price of \$53.00 or \$2.272/MMBtu f.o.b. barge. This price is equal to the highest current price being paid for coal at Spurlock Power Station Unit No. 1, but is approximately \$5.75/ton less than current market for 1.6 lbs. SO₂ coal. Considering this barge is only 1.29 lbs. SO₂, EKPC will realize an additional \$7.00/ton savings on SO₂ allowances.

The recommended purchase is described in detail below:

1. Koch Carbon, LLC—1,689 tons of coal at a delivered price of \$2.350/MMBtu or \$54.83/ton, based on 11,666 Btu/lb. Koch is a coal trader based in Houston, Texas.

The coal will be delivered by barge.

Justification and Strategic Analysis

This purchase recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

000024

Mr. Roy Palk
Page 2
January 4, 2006

Recommendation

As Vice President-in-charge in the absence of Roy Palk, your approval is requested to issue a purchase order to Koch Carbon, LLC, for 1,689 tons of coal at a delivered price of \$2.350/MMBtu based on 11,666 Btu/lb. This coal will be 13 percent ash and 1.29 lbs. SO₂/MMBtu.

Approved by: Original Approved

Date: Original Dated January 4, 2006

eh/sg

000025

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: January 16, 2006

SUBJECT: Test Purchase of Tire-Derived Fuel (“TDF”)

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

East Kentucky Power Cooperative, Inc., (“EKPC”) has been operating Gilbert Unit No. 3 at Spurlock Power Station (“Spurlock”) for approximately ten months. The unit has a scheduled maintenance outage the first part of April 2006. In order to proceed with the investigation of burning and handling TDF in this unit as an alternative fuel and to take advantage of the outage to examine the effects of burning and handling TDF, Spurlock has requested the purchase of approximately 6,000 tons of TDF for delivery by the middle of March. This test will last approximately one month versus the initial test of TDF that lasted only a few days.

The product to be tested will be a one-inch nominal size (2 x 0) with the bead wire removed. The tread wire will remain in the final product. The fuel process contacted Martin Tire Operations—Eddyville, Kentucky; Cooksey Brothers—Ashland, Kentucky; Rumpke—Louisville, Kentucky; Meridian Tire—Plainfield, Connecticut; and Tire Recycling, Inc.—Owensboro, Kentucky. All suppliers are interested in supplying EKPC TDF in the future; however, Tire Recycling, Inc., Martin Tire Company, and Meridian Tire were the only three that currently produce TDF with the bead wire removed. EKPC is going to also test the unloading of the TDF by utilizing its barge unloader. Tire Recycling, Inc., is not recommended since the quality and quantity is suspect, and the TDF from Meridian Tire is uneconomical due to the transportation distance.

The recommended purchase of approximately 6,000 tons from Martin Tire Operations will be delivered by barge to Spurlock. The price from Martin Tire Operations is \$42.00/ton in the barge or on a delivered basis approximately \$1.551/MMBtu or \$48.08/ton, based on 13,500 Btu/lb.

000026

Mr. Roy Palk
Page 2
January 16, 2006

Justification and Strategic Analysis

This purchase will enable EKPC to proceed on its course of investigating the potential utilization of TDF as an additional low-cost, alternative fuel source. The price of this 6,000 tons is approximately \$1.551/MMBtu delivered, which is approximately \$.80/MMBtu less than the first test shipments purchased in September 2005. This test will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems.

Recommendation

Your approval is requested to purchase four barges or approximately 6,000 tons of TDF from Martin Tire Operations for delivery to Gilbert Unit No. 3 at Spurlock by March 15, 2006, at a price of \$42.00/ton f.o.b. barge. If EKPC determines that it cannot unload the TDF using the barge unloader, your additional approval will be obtained before truck or rail transportation is secured that is projected to be at a substantially higher cost.

Approved by: Original Approved

Date: Original Dated January 18, 2006

dl/gv

000027

CONSTRUCTION IN PROGRESS

January 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru December, 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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Distribution Substations & Taps

Blue Grass Energy Cooperative

Headquarters Distribution Station
11.2/14 mVA 69-12.5 kV Rebuild 734(P) 185 Site grading is approximately 97% complete. Construction of this station begins the week of February 6, 2006. 5/1/2006

Powell - Taylor Distribution Station
11.2/14 mVA 69-12.5 kV 558(P) 289 A site option has been obtained. Survey activities are complete. Design activities have started. The ER was approved by RUS on January 19, 2006. 6/1/2006

Powell - Taylor Tap 69kV 4.75 miles 978(P) 83 Design activities are complete. Survey activities are 90% complete. A R/W Clearing Contract has been sent out for bid. 6/1/2006

Southpoint Distribution Station
69-12.47 kV 11.2 MVA 543(P) 88 RW Agents are still working with the Developer to select the appropriate substation site. 6/1/2006

Clark Energy Cooperative

Hardwick's Creek Distribution Station
69-12.5 kV, 5.6/6.44mVA 447(P) 598 The construction of this station is complete. Awaiting the completion of the construction of the line tap to energize. 12/1/2005

Hardwick's Tap 69kV 3.1 miles 619(P) 812 The construction of this line is approximately 85% complete. 12/1/2005

000028

CONSTRUCTION IN PROGRESS

January 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru December, 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
JACKSON ENERGY COOP. Big Creek Substation 69-12.5 kV 11.2 MVA	452(P)	177	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,042	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. RW acquisition activities are continuing.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	17	An option has been obtained for the substation site.	5/1/2006
OWEN ELECTRIC COOPERATIVE Bristow #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	206	Construction of this project is approximately 98% complete. Plan to change out transformer before #2 Station is energized.	5/1/2006
Downing #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	47	Construction activities are approximately 70% complete.	5/1/2006

000029

CONSTRUCTION IN PROGRESS

January 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru December, 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Salt River RECC				
Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	7	RW Agents are investigating another site suggested by Coop.	5/1/2006
Little Mount Distribution Station 161-12.5 kV, 12/16/20 MVA	902(P)	910	The construction of this station is complete. Awaiting the completion of the line construction to energize.	12/1/2005
Little Mount Tap 69kV 6 miles	1272(P)	1,450	The clearing activities for this project are complete. Construction of this tap started the week of January 23, 2006.	12/1/2005
South Kentucky RECC				
Gap of the Ridge Distribution Station 11.2/14 MVA 69-25kV	558(P)	157	An option has been obtained for this site. Survey is complete and design activities are approximately 95% complete.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	47	The survey of this line is approximately 89% complete. RW acquisition activities and design activities are approximately 50% complete.	12/1/2006
Upchurch Distribution Station 11.2/14MVA 69-12.5 kV	543 (P)	572	The construction activities are approximately 90% complete.	5/2/2006
Upchurch Tap 69 kV 1.75 miles	375 (P)	108	RW procurement is complete except for three condemnations. A RW Clearing Contract has been bid with the start date scheduled for March 7, 2006.	5/2/2006

000030

CONSTRUCTION IN PROGRESS

January 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru December, 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities				
Bullitt Co. 69 kV Breaker Add. (2Brkrs.)	166(P)	170	Design of this project is approximately 89% complete.	5/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	71	Stiling and design activities have started. Survey activities are approximately 89% complete. Design activities are 45% complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	620	Survey and design activities are complete. The Forestry Permit has been approved. The PSC has declined approval. EKPC filed a new application on 12/16/05 with follow-up information sent on January 27, 2006.	1/2/2007
J.K. Smith CT 345kV Trans. Substation	4300(P)	16	Bids have been sent out for the Design, Build Contract and are due back by February 17, 2006.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	173	The Open House for this project was held on November 10, 2005. R/W procurement and survey activities are 15% complete.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	69	R/W easement procurement is complete Survey and design activities have started.	6/1/2006
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	18	Bids have been sent out for the Design, Build Contract and are due back by February 17, 2006.	6/1/2007
West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	239	R/W personnel continue to work on finding a suitable site.	5/1/2006
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2006

000031

CONSTRUCTION IN PROGRESS

January 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru December, 2005 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
WARREN RECC Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	370	Survey and design activities are 49% complete. Siting activities have started.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	56	Design activities are approximately 50% complete.	4/1/2006
GM 161 kV Brkr Station	1060(P)	1,519	This station was completed on January 15, 2006. Awaiting completion of lines to energize.	10/15/2005
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	368	Siting and Survey activities are approximately 89% complete. Design activities are complete.	12/31/2007
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	753	Siting activities are approximately 49% complete. Survey and design activities are approximately 89% complete.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	441	Survey and R/W acquisition activities are approximately 49% complete.	12/31/2007

(P) - Planning Estimates
(h:share/reports:project.xls)

000032

INTEREST RATES

Date	Prime	CFC Line Of Credit	CFC Fixed	CFC Variable	FFB-End of Each Month			Long-Term RUS Loans Municipal Bond Rate
					2-Year	5-Year	30-Year	
07-02-92	6.00%							
03-24-94	6.25%							
04-19-94	6.75%	4.650%		4.450%				
05-17-94	7.25%	4.900%		4.650%				
08-16-94	7.75%	5.400%		5.150%				
11-15-94	8.50%	5.900%		5.600%				
02-01-95	9.00%	6.950%		6.600%				
07-07-95	8.75%							
12-01-95	8.50%	6.350%		6.200%				
02-01-96	8.25%	6.250%		6.100%				5.500%
03-25-97	8.50%							
10-05-98	8.25%							
10-16-98	8.00%							
11-18-98	7.75%							
07-01-99	8.00%							
08-26-99	8.25%							
11-18-99	8.50%							
02-03-00	8.75%							
03-22-00	9.00%							
05-18-00	9.50%							
01-05-01	9.00%							
02-01-01	8.50%	8.050%	9.000%	7.800%				5.500%
03-22-01	8.00%							
04-19-01	7.50%							
05-16-01	7.00%							
06-28-01	6.75%							
08-22-01	6.50%							
09-18-01	6.00%							
10-03-01	5.50%							
11-07-01	5.00%							
12-12-01	4.75%							
11-7-02	4.25%							
06-27-03	4.00%							
06/30/04	4.25%				2.810%	3.820%	5.180%	
08/10/04	4.50%							
09/21/04	4.75%							
11/10/04	5.00%							
12/14/04	5.25%							
01/03/05		4.200%	6.950%	4.350%				4.500%
01/31/05					3.290%	3.700%	4.500%	
02/01/05		4.350%	6.650%	4.500%				4.500%
02/02/05	5.500%							
02/28/05					3.630%	4.000%	4.650%	
03/01/05		4.500%	6.750%	4.650%				4.500%
03/22/05	5.750%							
03/31/05					3.820%	4.170%	4.730%	
04/01/05		4.600%	6.800%	4.750%				4.250%
04/29/05					3.650%	3.890%	4.480%	
05/02/05		4.850%	6.450%	5.000%				4.250%
05/03/05	6.000%							
05/31/05					3.600%	3.750%	4.290%	
06/01/05		4.950%	6.250%	5.100%				4.250%
06/30/05	6.250%				3.640%	3.710%	4.160%	
07/01/05		5.200%	6.150%	5.350%				4.125%
07/28/05					3.950%	4.020%	4.370%	
08/01/05		5.450%	6.400%	5.600%				4.125%
08/10/05	6.500%							
08/31/05					3.950%	4.010%	4.320%	
09/01/05		5.700%	6.150%	5.850%				4.125%
09/20/05	6.750%							
09/30/05					4.160%	4.160%	4.510%	
10/03/05		5.800%	6.500%	5.950%				4.250%
10/31/05					4.380%	4.430%	4.720%	
11/01/05	7.000%	5.950%	6.800%	6.100%				4.250%
11/30/05					4.390%	4.400%	4.670%	
12/01/05		6.100%	6.850%	6.250%				4.250%
12/13/05	7.250%							
12/30/05					4.380%	4.320%	4.510%	
01/03/06		6.200%	6.850%	6.350%				4.500%
01/31/06	7.500%				4.510%	4.450%	4.660%	

000033



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 APPLICABLE TO JANUARY 2006 POWER BILL
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$43,042,573	0.03334
-----	=	
KWH Sales to Members and Internal Use	1,290,937,965	
Less Cost of Fuel in Base Rate		0.02025

FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	JANUARY 2006	0.01309
		=====

DEVELOPMENT OF FUEL ADJUSTMENT RATE
 DECEMBER 2005

	COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
Received				
Generation				
Coal & Oil Burned	\$19,951,012	1,036,487,827	0.01925	0.01545
Gas & Oil Burned in CTs	2,688,708	19,737,608	0.13622	0.00208
Fuel (Assigned Cost during F.O.)	165,877	9,705,000	0.01709	0.00013
Fuel (Assigned Cost during F.O.)	(1,038,186)	(9,705,000)	(0.10697)	(0.00080)
	-----	-----	-----	-----
Total Fuel Cost (a)	21,767,411	1,056,225,435	0.02061	0.01686
	-----	-----	-----	-----
Purchases				
Net Energy Cost - Economy Purchases	23,443,327	294,281,167	0.07966	0.01816
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
	-----	-----	-----	-----
Total Purchase Cost (b)	23,443,327	294,281,167	0.07966	0.01816
	-----	-----	-----	-----
Subtotal Purchase and Fuel Cost (a+b)	45,210,738	1,350,506,602	0.03348	0.03502
	=====	=====	=====	=====
Delivered				
Off-System Sales Fuel Costs (Over) or Under Recovery	(1,165)	(10,632)	(0.10957)	(0.00000)
Inadvertent - (Net) - System Losses	(2,167,000)	(3,649,751)		(0.00168)
	-----	-----	-----	-----
Sales Fuel Cost (c)	(2,168,165)	(59,568,637)	(0.03640)	(0.00168)
	-----	-----	-----	-----
Totals (a+b+c)	\$43,042,573	1,290,937,965	0.03334	0.03334
	=====	=====	=====	=====

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

000034



EAST KENTUCKY POWER COOPERATIVE
FUEL ADJUSTMENT
YEAR-TO-DATE 2005
AS OF DECEMBER 31, 2005
FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		320,398,464		0.02702
-----		=	-----	
KWH Sales to Members and Internal Use		11,858,539,565		
Less Cost of Fuel in Base Rate				
		Cost	KWH	Mills/kwh
				Mills/ total kwh
Received				
Generation				
Coal & Oil Burned		203,534,911	10,592,747,932	0.01921
Gas & Oil Burned in CTs & Landfills		53,897,078	489,682,885	0.11007
Fuel (Assigned Cost during F.O.)		3,599,600	223,691,000	0.01609
Fuel (Assigned Cost during F.O.)		(13,858,811)	(223,691,000)	(0.06196)
Fuel (EKPC Gallatin Steel Load-Purchases for Gallatin included)		<u>(7,925,717)</u>	<u>(184,464,866)</u>	<u>(0.04297)</u>
Total Fuel Cost	(a)	<u>239,247,061</u>	<u>10,897,965,951</u>	<u>0.02195</u>
Purchases				
Net Energy Cost - Economy Purchases		86,142,629	1,637,503,091	0.05261
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		<u>(2,820,191)</u>	<u>(127,067,919)</u>	<u>(0.02219)</u>
Total Purchase Fuel Cost	(b)	<u>83,322,438</u>	<u>1,510,435,172</u>	<u>0.05516</u>
Subtotal Purchase & Fuel Cost		<u>322,569,499</u>	<u>12,408,401,123</u>	<u>0.02600</u>
Delivered				
Off-System Sales Fuel Costs (Over) or Under Recovery		(4,320,901)	(98,773,211)	(0.04375)
Inadvertent - (Net) - System Losses		2,149,866	(35,336,506)	(0.00036)
			(415,751,841)	(0.00018)
Sales Fuel Cost	(c)	<u>(2,171,035)</u>	<u>(549,861,558)</u>	<u>(0.00395)</u>
Totals	(a+b+c)	<u><u>320,398,464</u></u>	<u><u>11,858,539,565</u></u>	<u><u>0.02702</u></u>

000035

**East Kentucky Power Cooperative
Fuel Adjustment Rate - Fuel Cost in Base Rate**

Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)

2005	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01125	1,117,883,184	12,576,186	12,576,186	(124,127)	12,452,059
February	0.01268	949,051,344	12,033,971	24,610,157	(2,140,788)	9,893,183
March	0.00779	1,009,989,625	7,867,819	32,477,976	474,709	7,393,110
April	0.00763	763,046,315	5,822,043	5,822,043	(1,884,178)	7,706,221
May	0.00746	769,393,489	5,739,675	11,561,719	47,349	5,692,326
June	0.00165	98,045,457	161,775	11,723,494	348,251	(186,476)
July	0.00491	1,072,829,676	5,267,594	5,267,594	453,562	4,814,032
August	0.00544	1,109,807,298	6,037,352	11,304,945	201,159	5,836,193
September	0.01109	941,144,059	10,437,288	21,742,233	(1,870,475)	12,307,763
October	0.00887	885,534,310	7,854,689	7,854,689	(493,259)	8,347,948
November	0.00809	968,467,727	7,834,904	15,689,593	670,931	7,163,973
December	0.00672	1,290,937,965	8,675,103	24,364,696	2,167,000	6,508,103

[a] Based on previous month's costs

[b] Does not include EKP usage

[c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

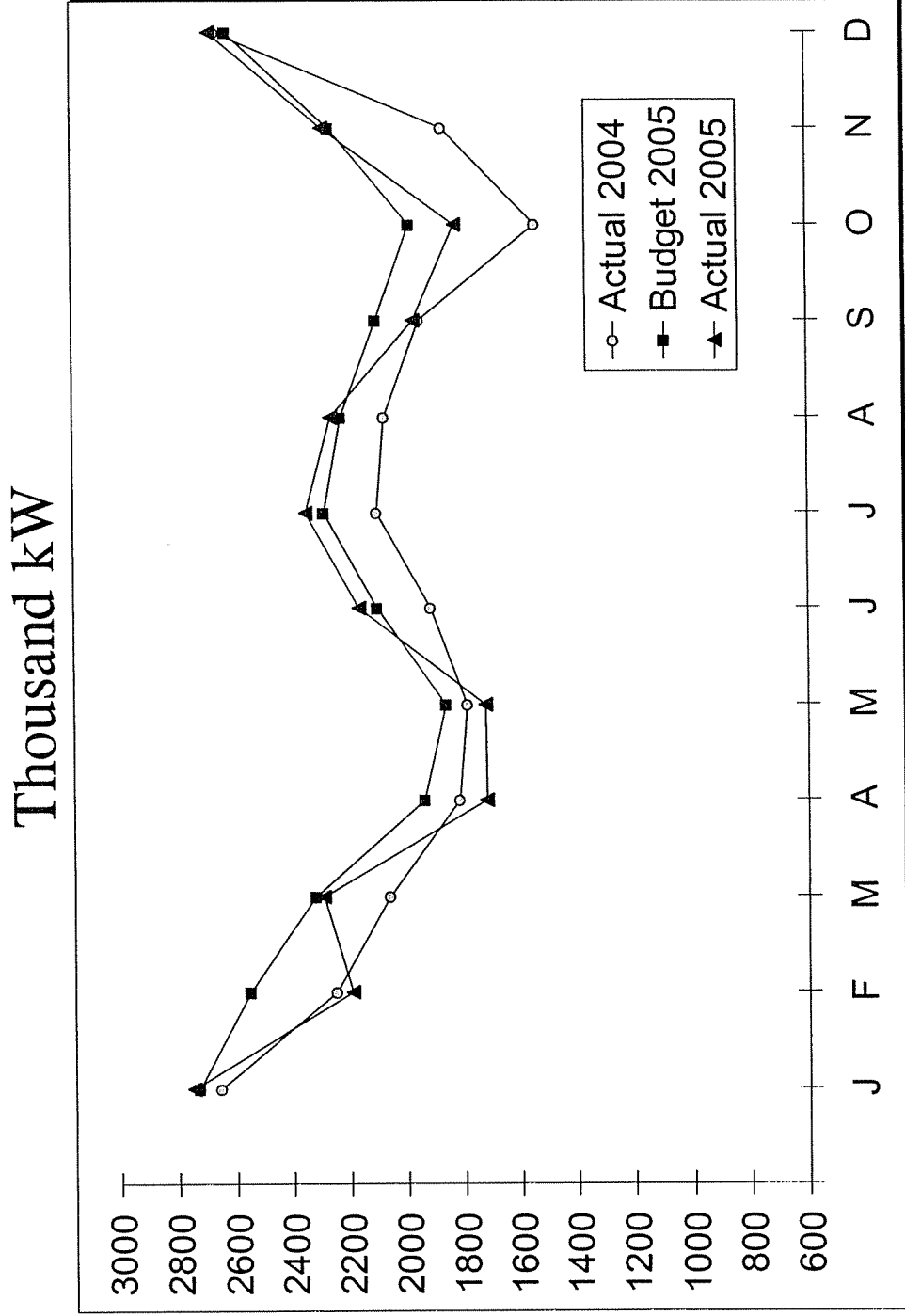
Totals exclude steam.

000036



East Kentucky Power Cooperative

Load Growth - Plus 2005 Budget - Based On Bills



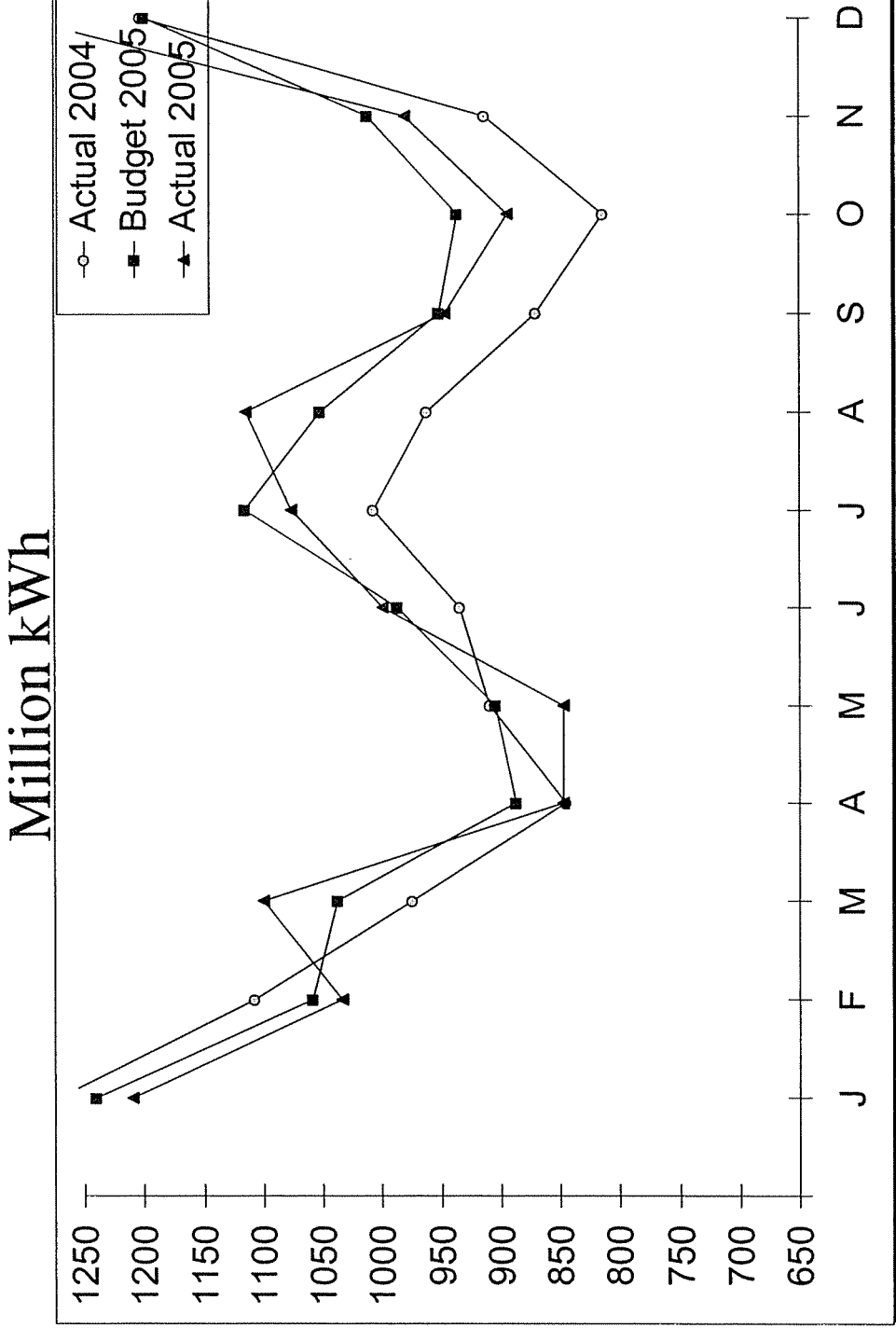
Month

000037



East Kentucky Power Cooperative

Load Growth - Plus 2005 Budget - Based On Bills



Month
000038

East Kentucky Power Cooperative

Member Cooperative Load Growth 2004 - 2005 Includes Inland Container Steam KWH Equivalency

Month	Actual 2004	Budget 2005	Actual 2005	2005 % Increase By Months		2005 % Increase Cumulative Over (Under)		2005		2004		2005 Budget	
				Over (Under)	2004	2005 Budget	Over (Under)	2004	2005 Budget	2004	2005 Budget		
15 Minute Billing Peak													
		MW											
Jan	2,653	2,728	2,749	3.6	0.8	3.6	0.8	0.8					
Feb	2,246	2,550	2,194	(2.3)	(14.0)	0.9	(6.3)	(6.3)					
Mar	2,059	2,320	2,291	11.3	(1.3)	4.0	(4.8)	(4.8)					
Apr	1,815	1,939	1,720	(5.2)	(11.3)	2.1	(6.1)	(6.1)					
May	1,788	1,861	1,724	(3.6)	(7.4)	1.1	(6.3)	(6.3)					
Jun	1,915	2,099	2,163	13.0	3.0	2.9	(4.9)	(4.9)					
Jul	2,099	2,285	2,346	11.8	2.7	4.2	(3.8)	(3.8)					
Aug	2,072	2,223	2,258	9.0	1.6	4.8	(3.1)	(3.1)					
Sep	1,949	2,099	1,971	1.1	(6.1)	4.4	(3.4)	(3.4)					
Oct	1,541	1,983	1,820	18.1	(8.2)	5.5	(3.9)	(3.9)					
Nov	1,865	2,259	2,283	22.4	1.1	6.9	(3.4)	(3.4)					
Dec	2,656	2,616	2,676	0.8	2.3	6.2	(2.8)	(2.8)					
YTD	24,658	26,962	26,195										
	24,658	26,962	26,195										
Hourly Coincident System Peak													
		MW											
Jan	1,272,046	1,240,362	1,210,092	(4.9)	(2.4)	4.9	2.4	2.4					
Feb	1,106,965	1,058,698	1,033,719	(6.6)	(2.4)	(5.7)	(2.4)	(2.4)					
Mar	974,052	1,037,931	1,099,981	12.9	6.0	(0.3)	0.2	0.2					
Apr	844,517	886,606	846,765	0.3	(4.5)	(0.2)	(0.8)	(0.8)					
May	908,682	905,258	847,185	(6.8)	(6.4)	(1.3)	(1.8)	(1.8)					
Jun	933,951	987,297	998,590	6.9	1.1	(0.1)	(1.3)	(1.3)					
Jul	1,006,847	1,115,144	1,076,222	6.9	(3.5)	0.1	(1.6)	(1.6)					
Aug	961,780	1,051,941	1,113,529	15.8	5.9	2.7	(0.7)	(0.7)					
Sep	869,716	951,349	946,699	8.9	(0.5)	3.3	(0.7)	(0.7)					
Oct	813,529	935,753	893,863	9.9	(4.5)	3.9	(1.0)	(1.0)					
Nov	913,124	1,011,556	980,332	7.4	(3.1)	4.2	(1.2)	(1.2)					
Dec	1,202,175	1,198,878	1,303,790	8.5	8.8	4.6	(0.2)	(0.2)					
YTD	11,807,384	12,380,773	12,380,773										
	11,807,384	12,380,773	12,380,773										
Hourly Coincident System Peak													
		MW											
Jan	31	Sat.	0900	2,589	37								
Feb	4	Wed.	0900	2,143	36								
Mar	23	Tues.	0700	1,999	35								
Apr	05	Mon.	0700	1,780	30								
May	21	Fri.	1700	1,761	28								
Jun	18	Fri.	1700	1,868	28								
Jul	13	Mon.	1700	2,041	28								
Aug	3	Tues.	1700	2,010	29								
Sep	6	Mon.	1700	1,843	31								
Oct	17	Sun.	0800	1,451	33								
Nov	15	Mon.	0800	1,820	34								
Dec	20	Mon.	0800	2,620	40								

000039

EAST KENTUCKY POWER COOPERATIVE
OFF-SYSTEM SALES - 2005
(1,000)

MONTH	2005 BUDGET												
	MWH	REVENUE	MARGIN	INCLUDES DEMAND			EXCLUDES DEMAND			MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/KWH	MARGIN	MILLS/KWH	MARGIN	MILLS/KWH					
JAN	1,288	68	(4)	52.92	(4)	52.92	(4)	52.92	14	0	0	0	34.57
FEB	2,631	92	(75)	34.83	(75)	34.83	(79)	34.83	34	1	0	0	34.56
MAR	7,621	305	50	40.08	50	40.08	50	40.08	4	0	0	0	32.50
APR	11,754	485	120	41.24	120	41.24	120	41.24	366	12	1	1	32.62
MAY	9,314	406	(41)	43.59	(41)	43.59	(41)	43.59	4,161	127	8	8	30.59
JUN	17,797	500	(306)	28.09	(306)	28.09	(306)	28.09	3,856	123	8	8	31.99
JUL	17,073	622	(195)	36.43	(195)	36.43	(195)	36.43	265	10	1	1	38.32
AUG	12,700	580	(412)	45.68	(412)	45.68	(412)	45.68	2,773	106	6	6	38.32
SEP	18,268	899	(145)	49.19	(145)	49.19	(145)	49.19	526	15	1	1	29.12
OCT	4,714	233	(164)	49.47	(164)	49.47	(164)	49.47	204	6	0	0	27.30
NOV	13,027	693	(256)	53.21	(256)	53.21	(256)	53.21	205	6	0	0	27.30
DEC	28,010	2,586	(348)	92.33	(348)	92.33	(348)	92.33	208	6	0	0	27.30
TOTAL	144,197	7,469	(1,776)	51.80	(1,780)	51.80	(1,780)	51.80	12,616	\$413	\$25		32.73

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

000040

EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson
11/15/06

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Jan	115,017	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288
Feb	145,238	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631
Mar	303,149	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621
Apr	214,017	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754
May	281,120	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314
Jun	208,861	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797
Jul	198,638	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073
Aug	107,355	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700
Sep	301,899	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268
Oct	386,285	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714
Nov	223,830	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027
Dec	370,839	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010
Total	2,856,248	4,420,544	5,008,266	1,099,913	840,778	770,747	899,286	513,879	71,224	53,466	144,197

000041

**EAST KENTUCKY POWER COOPERATIVE
SUMMARY OF FUEL COST FACTORS
IN COMPUTING FUEL ADJUSTMENT RATE
(TO BE APPLIED TO SUCCEEDING MONTH)**

	OCTOBER 2005			NOVEMBER 2005			DECEMBER 2005		
	mWh	Mills per kWh	Fuel Costs	mWh	Mills per kWh	Fuel Costs	mWh	Mills per kWh	Fuel Costs
Production									
Smith Generating	7,761	281.84	2,187,341	11,387	141.92	1,615,990	14,668	182.14	2,671,612
Dale	103,256	29.15	3,009,996	100,703	28.82	2,902,301	115,692	27.39	3,169,296
Cooper	160,716	22.13	3,556,675	154,298	22.71	3,503,687	161,865	21.70	3,511,799
Spurlock I	189,785	19.81	3,759,818	160,412	20.19	3,238,672	211,537	18.77	3,971,325
Spurlock II	371,098	17.03	6,318,878	353,639	17.80	6,294,175	366,635	19.44	7,127,159
Landfills	4,909	3.54	17,400	4,663	3.30	15,395	5,070	3.37	17,096
Gilbert	(1,919)	0.00	0	71,552	13.85	990,873	180,759	11.98	2,165,612
Generating Unit									
Sub-total	835,606	22.56	18,850,108 (506,842)	856,654	21.67	18,561,093 (475,628)	1,056,226	21.43	22,633,899 (866,488)
Physical Inventory, Outage & Adjustments									
Gallatin	0		0	0		0	0		0
Sub Total	<u>835,606</u>	<u>21.95</u>	<u>18,343,266</u>	<u>856,654</u>	<u>21.11</u>	<u>18,085,465</u>	<u>1,056,226</u>	<u>20.61</u>	<u>21,767,411</u>
Purchases	95,414	69.32	6,614,258	154,528	57.31	8,855,898	294,281	79.66	23,443,327
Sales to Others (Includes Losses)	(4,986)	71.27	(355,330)	(2,622)	56.24	(147,458)	(11)	105.91	(1,165)
(Over) or Under Recovery			493,259			(670,931)			(2,167,000)
Inadvertent Net System Losses	(8,948)		(7,772)			(55,908)			
	(31,552)		(32,320)						
Total	<u>885,534</u>		<u>25,095,453</u>	<u>968,468</u>		<u>26,122,974</u>	<u>1,290,938</u>		<u>43,042,573</u>
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		28.34			26.97			33.34	
Fuel Adjustment charge (credit) per kWh		8.09			6.72			13.09	

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

000042

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary**

December 2005

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	69,153	32,644,853	42.27	219,372	48.99	172,077	54.26	1,771,307
	YTD	617,810	276,667,440	41.65	2,177,812	49.53	633,977	51.82	14,336,134
BLUE GRASS ENERGY	Month	279,633	133,215,398	41.89	895,207	48.61	696,759	53.84	7,172,222
	YTD	2,700,441	1,242,478,615	40.81	9,642,994	48.57	2,816,774	50.84	63,162,731
CLARK ENERGY COOP	Month	106,290	51,683,996	42.28	347,317	49.00	272,496	54.27	2,804,992
	YTD	1,015,067	454,570,298	42.17	3,534,650	49.94	1,063,833	52.28	23,766,029
CUMBERLAND VALLEY ELECTRIC	Month	124,313	58,701,252	42.33	394,472	49.05	309,813	54.33	3,189,117
	YTD	1,140,810	524,823,784	41.42	4,111,348	49.26	1,214,827	51.57	27,066,202
FARMERS RECC	Month	104,176	53,026,953	41.26	356,343	47.98	273,746	53.14	2,817,857
	YTD	1,109,399	529,598,384	40.49	4,102,407	48.24	1,184,721	50.48	26,731,841
FLEMING MASON RECC	Month	183,579	92,078,789	43.09	563,723	49.21	457,471	54.18	4,988,764
	YTD	1,926,443	961,034,846	39.68	6,702,223	46.65	1,925,010	48.66	46,761,472
GRAYSON RECC	Month	64,278	31,878,328	42.02	214,221	48.74	167,184	53.98	1,720,944
	YTD	606,217	277,814,556	41.81	2,175,065	49.64	649,013	51.98	14,439,712
INTER-COUNTY ECC	Month	118,032	54,870,009	42.29	368,073	49.00	289,306	54.27	2,978,018
	YTD	1,081,675	464,527,612	41.89	3,635,722	49.72	1,080,405	52.04	24,174,706
JACKSON ENERGY COOP	Month	247,981	115,270,026	42.29	773,792	49.01	607,821	54.28	6,256,739
	YTD	2,246,938	992,737,728	41.60	7,788,511	49.44	2,292,703	51.75	51,376,946
LICKING VALLEY RECC	Month	66,145	32,786,976	41.90	220,330	48.62	171,540	53.86	1,765,783
	YTD	622,112	282,007,755	41.77	2,212,708	49.62	655,941	51.94	14,647,989
NOLIN RECC	Month	162,235	79,909,172	41.35	537,037	48.07	413,279	53.24	4,254,305
	YTD	1,585,789	764,803,161	39.77	5,935,451	47.53	1,724,706	49.79	38,078,471
OWEN EC	Month	377,277	197,493,500	36.38	1,326,833	43.10	909,768	47.71	9,421,458
	YTD	4,102,854	2,102,263,523	39.84	12,312,489	45.69	4,229,360	47.70	100,286,453
SALT RIVER RECC	Month	203,416	103,718,546	41.30	696,988	48.02	535,856	53.18	5,515,933
	YTD	2,106,600	983,849,683	41.04	7,546,121	48.71	2,271,586	51.02	50,198,984
SHELBY ENERGY COOP	Month	92,870	46,098,081	41.08	309,730	47.80	237,113	52.95	2,440,769
	YTD	927,929	462,434,094	39.41	3,576,738	47.14	1,021,722	49.35	22,821,092
SOUTH KENTUCKY RECC	Month	310,144	136,488,024	42.90	917,196	49.62	728,730	54.96	7,501,298
	YTD	2,735,582	1,207,091,524	41.52	9,428,871	49.33	2,789,756	51.64	62,337,627
TAYLOR COUNTY RECC	Month	122,031	55,787,150	45.52	339,705	51.61	293,326	56.87	3,172,667
	YTD	1,189,866	545,309,601	44.14	3,609,158	50.75	1,175,705	52.91	28,852,539
Totals	Month	2,631,553	1,275,651,053	41.36	8,480,339	48.00	6,536,285	53.13	67,772,173
	YTD	25,715,532	12,072,012,604	40.91	88,492,268	48.24	26,730,039	50.45	609,038,928

000043

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary
'E' Rates Only**

December 2005

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	69,153	32,644,853	42.27	219,372	48.99	172,077	54.26	1,771,307
	YTD	617,810	276,667,440	41.65	2,177,812	49.53	633,977	51.82	14,336,134
BLUE GRASS ENERGY	Month	250,169	116,405,868	42.61	782,248	49.33	617,816	54.63	6,359,604
	YTD	2,344,782	1,012,695,812	42.37	7,869,854	50.14	2,373,393	52.49	53,153,339
CLARK ENERGY COOP	Month	106,290	51,683,996	42.28	347,317	49.00	272,496	54.27	2,804,992
	YTD	1,015,067	454,570,298	42.17	3,534,650	49.94	1,063,833	52.28	23,766,029
CUMBERLAND VALLEY ELECTRIC	Month	124,313	58,701,252	42.33	394,472	49.05	309,813	54.33	3,189,117
	YTD	1,140,810	524,823,784	41.42	4,111,348	49.26	1,214,827	51.57	27,066,202
FARMERS RECC	Month	95,405	49,102,184	41.41	329,969	48.13	254,283	53.31	2,617,500
	YTD	1,002,471	468,251,548	41.24	3,629,204	48.99	1,064,711	51.26	24,003,067
FLEMING MASON RECC	Month	104,611	50,861,229	41.91	341,787	48.63	266,129	53.86	2,739,448
	YTD	979,339	455,830,578	41.16	3,564,907	48.98	1,042,432	51.26	23,367,385
GRAYSON RECC	Month	61,585	30,295,996	42.31	203,588	49.03	159,826	54.30	1,645,201
	YTD	574,310	260,278,988	42.25	2,036,912	50.07	611,358	52.42	13,644,159
INTER-COUNTY ECC	Month	110,945	51,625,756	42.50	346,924	49.22	273,424	54.52	2,814,541
	YTD	1,010,008	425,297,154	42.59	3,334,151	50.43	997,179	52.77	22,444,500
JACKSON ENERGY COOP	Month	234,478	108,984,834	42.50	732,381	49.22	577,146	54.51	5,940,966
	YTD	2,098,669	916,330,048	42.07	7,206,353	49.94	2,128,665	52.26	47,886,456
LICKING VALLEY RECC	Month	66,145	32,786,976	41.90	220,330	48.62	171,540	53.86	1,765,783
	YTD	622,112	282,007,755	41.77	2,212,708	49.62	655,941	51.94	14,647,989
NOLIN RECC	Month	139,235	65,609,598	42.51	440,899	49.23	347,566	54.53	3,577,748
	YTD	1,322,731	589,314,005	42.07	4,565,567	49.82	1,375,231	52.15	30,733,695
OWEN EC	Month	192,802	99,344,023	41.56	667,593	48.28	516,034	53.47	5,311,899
	YTD	2,039,765	959,884,794	41.23	7,375,116	48.92	2,204,897	51.22	49,160,706
SALT RIVER RECC	Month	191,808	97,294,325	41.57	653,818	48.29	505,536	53.49	5,203,828
	YTD	1,963,075	903,138,724	41.58	6,920,577	49.24	2,107,620	51.57	46,578,601
SHELBY ENERGY COOP	Month	71,788	33,582,291	42.71	225,675	49.43	178,604	54.75	1,838,487
	YTD	668,875	296,673,193	42.33	2,302,892	50.10	694,536	52.44	15,556,593
SOUTH KENTUCKY RECC	Month	289,134	126,478,309	43.19	849,931	49.91	679,194	55.28	6,991,401
	YTD	2,493,283	1,077,263,575	42.24	8,430,698	50.07	2,524,572	52.41	56,458,482
TAYLOR COUNTY RECC	Month	104,220	48,346,689	42.62	324,891	49.34	256,681	54.65	2,642,200
	YTD	986,824	439,942,884	41.96	3,404,095	49.70	1,023,526	52.02	22,887,920
Totals	Month	2,212,081	1,053,748,179	42.30	7,081,195	49.02	5,558,165	54.30	57,214,022
	YTD	20,879,931	9,342,970,580	41.88	72,676,844	49.66	21,716,698	51.98	485,691,257

000044

EKPC Generation & Transmission Coordinated Schedule

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – Bryantsville 345kV Line. Please note that the Sideview substation site has been renamed as North Clark.

The attached schedule has been reviewed and approved by our production, substation, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is January 30, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.

**PRODUCTION PERFORMANCE REPORT
NOVEMBER 2005**

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
Net Generation -- MWH	100,703	1,117,108	154,298	1,843,066	585,604	6,512,303	11,386	417,623	851,991	9,890,100
Weighted Equip. Availability Factor	98.62	93.49	89.96	89.90	83.67	86.70	96.85	90.14	88.96	88.59
Load Factor --% Coal-Fired Only Including CT's	76.32	74.50	65.92	68.92	83.52	75.34	3.57	4.74	78.76 61.73	69.49 52.38
Running Capacity Factor --% Coal-Fired Only Including CT's	73.77	77.51	79.59	84.05	84.67	83.72	82.57	81.69	82.27 82.27	83.05 83.00
Total Power Cost (Busbar) \$/MWH	38.661	42.090	31.414	32.021	32.402	32.745	309.077	177.308	36.660	39.770
Safety -OSHA Lost Time Incident Rate	1.71	1.58	0	0	0	0	0	0	.34	.29
Environmental Emissions										
SO ₂ --Tons	666.8	7,455.5	1,656.2	21,560.0	3,374.00	37,211.30	0.250	2.328	5,697.200	66,889.080
NO _x --lbs./MMBtu	0.40	0.43	0.48	0.47	0.31	0.25	0.057	0.052	0.347	0.376

Net Generation (MWH): Is the amount of energy produced and delivered to the transmission system.

Load Factor (%): Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

Running Capacity Factor (%): Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

Weighted Equip. Availability Factor (%): Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

OSHA Lost-Time Accident Rate: Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

Total Power Cost (Busbar) (\$/MWH): Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

Environmental Emissions: Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

EAST KENTUCKY POWER COOPERATIVE
ANALYSIS OF GENERAL FUNDS
AS OF END OF MONTH
(\$1,000)

<u>Month</u>	<u>Used in Construction</u>			<u>General Funds Used for Construction</u>			<u>Total General Funds Used for Construction</u>
	<u>Investments</u>	<u>Available for Immediate Advance</u>	<u>Requires Further Action(a)</u>	<u>No Funding Available</u>	<u>Invested or Used for Construction</u>	<u>Y-8 FFB Loans Pending</u>	
2004							
Jan	66,219	6,801	351,212	117,496	541,728	358,012	109,907
Feb	68,208	301	370,346	117,722	556,577	370,646	110,133
Mar	49,383	6,630	383,747	118,041	557,801	390,376	110,452
Apr	43,082	6,630	397,952	118,353	566,017	404,581	110,764
May	43,491	240	441,959	118,627	604,317	442,198	111,038
June	10,489	240	457,930	122,878	591,537	458,169	115,289
July	3,330	18,505	454,857	123,385	600,077	473,361	115,796
Aug	5,423	263	468,063	122,859	596,608	468,325	115,270
Sept	3,420	263	482,648	122,839	609,170	482,910	115,250
Oct	3,443	27,204	453,784	124,278	608,709	480,987	116,689
Nov	3,166	236	496,435	126,498	626,335	496,670	118,909
Dec	84,585	120,469	250,509	125,574	581,137	370,977	117,985
2005							
Jan	47,767	120,469	207,073	125,778	501,087	327,541	118,189
Feb	119,989	70,469	266,734	126,095	583,287	337,202	118,506
Mar	81,077	72,790	273,237	126,955	554,059	346,026	119,366
Apr	88,165	73,495	278,960	125,360	565,980	352,454	117,771
May	109,508	62,449	269,896	125,990	567,843	332,344	118,401
June	121,071	5,257	298,465	126,888	551,681	303,721	119,299
July	104,231	96,271	224,152	126,825	551,479	320,422	119,236
Aug	136,240	33,722	221,854	127,943	519,759	255,575	120,354
Sept	102,634	34,287	231,495	128,148	496,564	265,781	120,559
Oct	83,801	4,287	254,299	128,182	470,569	258,585	120,593
Nov	79,472	7,920	263,458	128,152	479,002	271,377	120,563
Dec					0		0

(a) Includes W-8 FFB Reclassified Projects

000048

EAST KENTUCKY POWER COOPERATIVE
TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb					
Mar					
Apr					
May					
Jun					
Jul					
Aug					
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 21,415,412 (book value) with average maturities of 0.7 years at interest rates averaging 4.20 %, and accrued interest earnings year-to-date of \$ 70,420.

MARCH 2006

2006
 EAST KENTUCKY POWER COOPERATIVE
 COAL RECEIPTS, USAGE, STOCKPILE
 TONNAGE (1000)

DALE STATION

Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	Tons	Tons	Tons
39	12247	2.305	56.46	50		62	

Jan.
Feb.
Mar.
Apr.
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
Total

39 12247 2.305 56.46 50

COOPER STATION

Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	Tons	Tons	Tons
80	11926	2.327	55.51	83		135	

Jan.
Feb.
Mar.
Apr.
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
Total

80 11926 2.327 55.51 83

GILBERT STATION

Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	Tons	Tons	Tons
55	11197	1.378	30.85	45		235	

Jan.
Feb.
Mar.
Apr.
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
Total

55 11197 1.378 30.85 45

SPURLOCK - Above .7% Sulphur

Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	Tons	Tons	Tons
44	11388	2.237	50.96	88		103	

44 11388 2.237 50.96 88 0

SPURLOCK - Below .7% Sulphur

Received		Cost		Used		Stockpile	
Tons	BTU	MMBTU	ION	Tons	Tons	Tons	Tons
175	12207	2.643	64.53	0	152	139	

175 12207 2.643 64.53 0 152

TOTAL SYSTEM

Ave. Cost / Ton	Ave. Cost / MMBTU	Received	Used	Stockpile	Days Burn
55.66	2.323	393	418	674	53

55.66 2.323 393 418 674 53

000001

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(January 2006 Commitments)**

Supplier	Contract/P.O.	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
		Delivery Begins	Delivery Ends						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007	265,760	264,559	1,201	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008	704,842	266,804	438,038	0.000	12300	2.3990
B & W RESOURCES INC	0000151081	03/10/2004	05/31/2006	240,000	137,263	102,737	0.000	12000	2.0630
C.H. DEVELOPMENT LLC	0000151189	12/01/2005	02/28/2006	2,000	895	1,105	0.000	11500	2.5220 A
JAMIESON CONSTRUCTION CO	0000151212	01/27/2006	02/28/2006	10,000	3,664	6,336	0.000	11500	2.7820 A
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008	142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008	112,623	112,623	0	0.000	12600	1.5500
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009	0	0	0	0.000	12000	2.4060

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000002

INDEX OF ALL COAL PURCHASE COMMITMENTS
(January 2006 Commitments)

Cooper

Through 01/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	256,882	538,659	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	155,805	324,195	0.000	12000	2.3340 A
B & W RESOURCES INC	0000251083	04/01/2004	03/31/2006	240,000	172,926	67,074	0.000	12000	1.8130
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000003

INDEX OF ALL COAL PURCHASE COMMITMENTS
(January 2006 Commitments)
Spurlock#1

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through
										01/31/2006
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	304,662	695,338	1.823	12000	2.0670	
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2007	686,845	105,379	581,466	1.823	11800	1.5590	
KOCH CARBON LLC	0000351206	01/03/2006	01/15/2006	1,689	1,689	0	1.823	11666	2.3500	Completed
KOCH CARBON LLC	0000351209	01/19/2006	04/18/2006	40,000	16,438	23,562	1.823	11000	2.2990	
KOCH CARBON LLC	000351203A	01/11/2006	05/31/2006	40,000	8,136	31,864	1.823	11500	2.7750	
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.029	11800	2.2350	
FOUNDATION ENERGY SALES	0000351140	01/01/2005	01/31/2006	159,848	159,848	0	6.766	13000	1.9910	

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000004

INDEX OF ALL COAL PURCHASE COMMITMENTS
(January 2006 Commitments)
Spurlock#2

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through 01/31/2006	
										Completed	Remaining
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2007	658,029	340,863	317,166	4.029	12000	1.8120		
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	646,031	893,969	1.823	12000	2.4430		
MC MINING , LLC	0000000428	01/01/2005	12/31/2007	544,800	97,512	447,288	8.410	12500	2.5360		
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	12,799	467,201	4.029	12000	2.5450		
PROGRESS FUELS CORPORATION	0000451142	01/01/2005	03/31/2006	120,000	77,588	42,412	4.029	12000	2.5220		
KOCH CARBON LLC	0000451194	12/01/2005	01/15/2006	15,500	15,879	-379	1.823	11500	2.8180		Completed
LIGHTNING INC	0000451197	12/19/2005	02/17/2006	25,000	17,273	7,727	4.029	12500	2.9110		
FOUNDATION ENERGY SALES	0000451198	01/01/2006	03/31/2006	9,300	1,600	7,700	4.029	12000	2.8140		
PROGRESS FUELS CORPORATION	0000451200	01/01/2006	03/31/2006	108,000	23,979	84,021	4.029	12000	2.8760		
MC MINING , LLC	0000451202	12/20/2005	01/15/2006	10,000	9,682	318	8.530	12500	2.9410		Completed
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	240,000	7,992	232,008	4.029	12000	2.7240		
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	130,200	4,677	125,523	4.029	12400	2.7530		
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2007	1,523,950	584,472	939,478	1.823	12000	1.5870		
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500		
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	338,561	0	4.029	12000	1.5990		
CONSTELLATION ENERGY	0000451199	01/01/2006	03/31/2006	30,000	0	30,000	8.210	12800	2.9380		
KOCH CARBON LLC	0000451203	01/11/2006	05/31/2006	38,750	0	38,750	1.823	11500	2.7750		

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000005

INDEX OF ALL COAL PURCHASE COMMITMENTS
(January 2006 Commitments)
Gilbert

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	130,688	2,269,312	3.647	11400	1.2675 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	73,502	526,498	2.986	11200	1.2360 A
CHAROLAIS COAL SALES LLC	0000000804	04/01/2005	12/31/2010	1,380,000	137,734	1,242,266	5.485	10500	1.2452
MARIETTA COAL COMPANY	0000851155	04/01/2005	03/31/2006	90,000	64,668	25,332	3.647	9500	1.2840 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	06/30/2006	135,000	100,223	34,777	2.354	10500	1.2905 A

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000006

Run-of-Mine Cost Analysis - Monthly
ACTIVITY FOR THE MONTH OF: JANUARY 2006
(thru 01/31/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	\$/Ton	\$/M/MTU	BTU	Ash	Sulfur
C.H. DEVELOPMENT LLC	0000751135	1,433.33	33.46	0.00	0.000	0.00	33.46	1.541	10,814	14.00	0.90
C.H. DEVELOPMENT LLC	0000751173	928.60	15.00	0.00	0.000	0.00	15.00	1.026	7,323	31.61	0.67
IKERD TERMINAL COMPANY LLC	0000751180	885.88	40.79	0.00	0.000	0.00	40.79	1.695	12,035	12.59	1.76
INTERNATIONAL COAL GROUP LLC	0000751191	9,772.56	47.85	0.00	0.000	0.00	47.85	2.167	11,041	16.95	0.95
LEWIS COAL SALES LLC	0000751192	7,086.14	60.17	0.00	0.000	0.00	60.17	2.547	11,811	12.70	0.96
JAMIESON CONSTRUCTION CO	0000751207	29,367.76	57.16	0.00	0.000	0.00	57.16	2.417	11,824	11.48	1.26
Weighted Average - Cooper		49,474.27	53.98				53.98	2.322	11,558	13.20	1.14

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of January 2006 was \$4.025/MMBtu or \$93.047/ton, based on 11,558 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$4.812/MMBtu or \$115.49/ton, based on 12,000 Btu/lb.

000007

**STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF FUNDED MEDICAL PLAN
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

(1) 2006	(2) No. of Employees	(3) Monthly (a) Contributions	(4) Y.T.D. (a) Contributions	(5) Monthly (b) Admin. Fees		(6) Y.T.D. (b) Admin. Fees	(7) Total Cost		(8) Benefits Received (c)		(9) Y.T.D.	(10) Benefits vs. Cost Y.T.D.	
				Cost	Cost		Monthly	Y.T.D.	Monthly	Y.T.D.		Contributions Minus Benefits (Margins)	
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	1,082,204	1,082,204	267,939	
Feb.	2,028	1,347,855	2,697,998	139,411	279,008	1,487,266	2,977,005	1,604,650	1,604,650	2,686,854	2,686,854	11,144	

	Data Per Month Per Employee	
	Contribution	Claims
Base Benefits	\$ 666.01	Paid
Admin Fee	\$ 68.87	\$ 663.26
	\$ 734.88	\$ 68.87
		\$ 732.13

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.
 (b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.
 (c) Includes excess risk reimbursements: \$15,461.38 for Owen, \$57,384.22 for Salt River

000008

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: March 3, 2006
SUBJECT: Appalachian Fuels, LLC, Contract Update

East Kentucky Power Cooperative, Inc., ("EKPC") entered into a coal contract with Appalachian Fuels, LLC, ("Appalachian") on December 4, 2001. The contract was amended in February 2002 and again in June 2005. This last amendment was to make up for past shortfall tons.

After signing amendment No. 2, Appalachian began shipping the committed contract tonnage and continued doing so through October 2005. Tonnages began to decline in November 2005, and in a meeting with EKPC, Appalachian attributed this to unavailability of "Amfo," which is the blasting agent used in strip mining.

On December 9, 2005, EKPC received a letter from Appalachian stating that if EKPC did not give Appalachian a price increase of \$24 per ton on the Spurlock Power Station Unit No. 2 contract, Appalachian would terminate shipments as of January 1, 2006. This letter stated significant cost increases in the mining industry as the reason for this demand. EKPC, after careful review, responded to Appalachian by letter on December 16, 2005, that there was no basis under the contract for the cost increase demanded. The letter also informed Appalachian that termination of deliveries would be a default under the terms of the contract.

On December 20, 2005, EKPC met with Appalachian to discuss the demands and to determine if the increase demands by Appalachian were negotiable. Appalachian called after the meeting and offered to drop the price requested by \$5 per ton or a \$19 per ton increase.

EKPC continued to discuss the situation and returned to Appalachian's management on January 18, 2006, with a proposal for Appalachian to extend the term and quantity of the contract in exchange for a price increase of \$8.45 per ton. This agreement would be a cost averaging for EKPC using Appalachian's current contract price along with projected market pricing for the additional term and tons. This would keep EKPC's pricing for the tons under current and future market prices. EKPC also stated that in order to do this deal, a substantially larger performance bond would be required. EKPC was informed by Appalachian that they would consider this and respond in the near future.

After getting no response from Appalachian as of January 25, 2006, EKPC called Appalachian on that day and also on January 26, 2006, but received no call back. On January 27, 2006, EKPC did reach Appalachian by phone and informed them that EKPC needed a response. EKPC was assured that a response would soon be forthcoming. No response was received, and on February 6, 2006, EKPC sent Appalachian a letter declaring Appalachian to be in material default of the contract.

Appalachian called EKPC on February 23, 2006, requesting a meeting to negotiate a settlement, and a meeting was held on Wednesday, March 1, 2006. Negotiations are continuing, and if they are not successful, a suit for damages will be filed against Appalachian. The estimated replacement cost is approximately 31 million dollars.

jb/eh/gv

000009

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: February 16, 2006

SUBJECT: Economy Coal Purchase—Spurlock Power Station Unit No. 1

KEY MEASURE(S): This Supports Reliable and Competitive Energy Costs

Background

East Kentucky Power Cooperative, Inc., (“EKPC”) currently has a purchase order with Progress Fuels Corporation (“Progress”) for compliance coal at a delivered price of \$2.732/MMBtu for 12,000 Btu/lb. coal. Progress loaded 11 barges on this order on February 14, 2006. Two of these barges were slightly over the 1.2 lbs. SO₂/MMBtu, which is the guaranteed specification (barge No. C-725 at 1.24 lbs. SO₂/MMBtu and No. C-982 at 1.21 lbs. SO₂/MMBtu).

EKPC can utilize these barges on Spurlock Power Station Unit No. 1. Current market for 1.6 lbs. SO₂/MMBtu coal on an evaluated basis delivered to Spurlock Power Station is \$3.40/MMBtu. These barges can be purchased by EKPC at an evaluated price of \$3.283/MMBtu, a savings of \$2.92/ton. The delivered price of this coal will be \$2.607/MMBtu.

Justification and Strategic Analysis

The purchase of this coal will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems and provide an adequate fuel supply source during times of coal supply and transportation disruptions. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Recommendation

Your approval is requested to purchase 3,167 tons of coal from Progress for the term described herein.

Approved by: Original Approved

Date: Original Dated February 16, 2006

eh/gv

000010

TO: Roy Palk
FROM: Randy Dials
DATE: January 31, 2006 (Original Initialed)
SUBJECT: Emergency Spot Coal Purchase—Dale Power Station
KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

Based on recent SO₂ emission monitor exceedances, there is a need to purchase 10,000 tons of compliance sulfur coal for blending and emergency use at Dale Power Station. Jamieson Construction Company (“Jamieson”), London, Kentucky, has offered East Kentucky Power Cooperative, Inc., (“EKPC”) 10,000 tons of 11,500 Btu/lb., 12 percent ash, compliance coal for \$2.782/MMBtu or \$64 per ton. The transportation rates for other available compliance coal make these coals much higher than the Jamieson proposal.

Justification and Strategic Analysis

This purchase will enable EKPC to continue to generate power for the lowest cost possible for its member systems and provide an adequate fuel supply source during times of coal supply or transportation disruption. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Recommendation

Your ratification is requested of this emergency spot coal purchase of 10,000 tons from Jamieson at a delivered price of \$2.782/MMBtu or \$64 per ton based on 11,500 Btu/lb. for delivery to Dale Power Station that began last Friday, January 27, 2006.

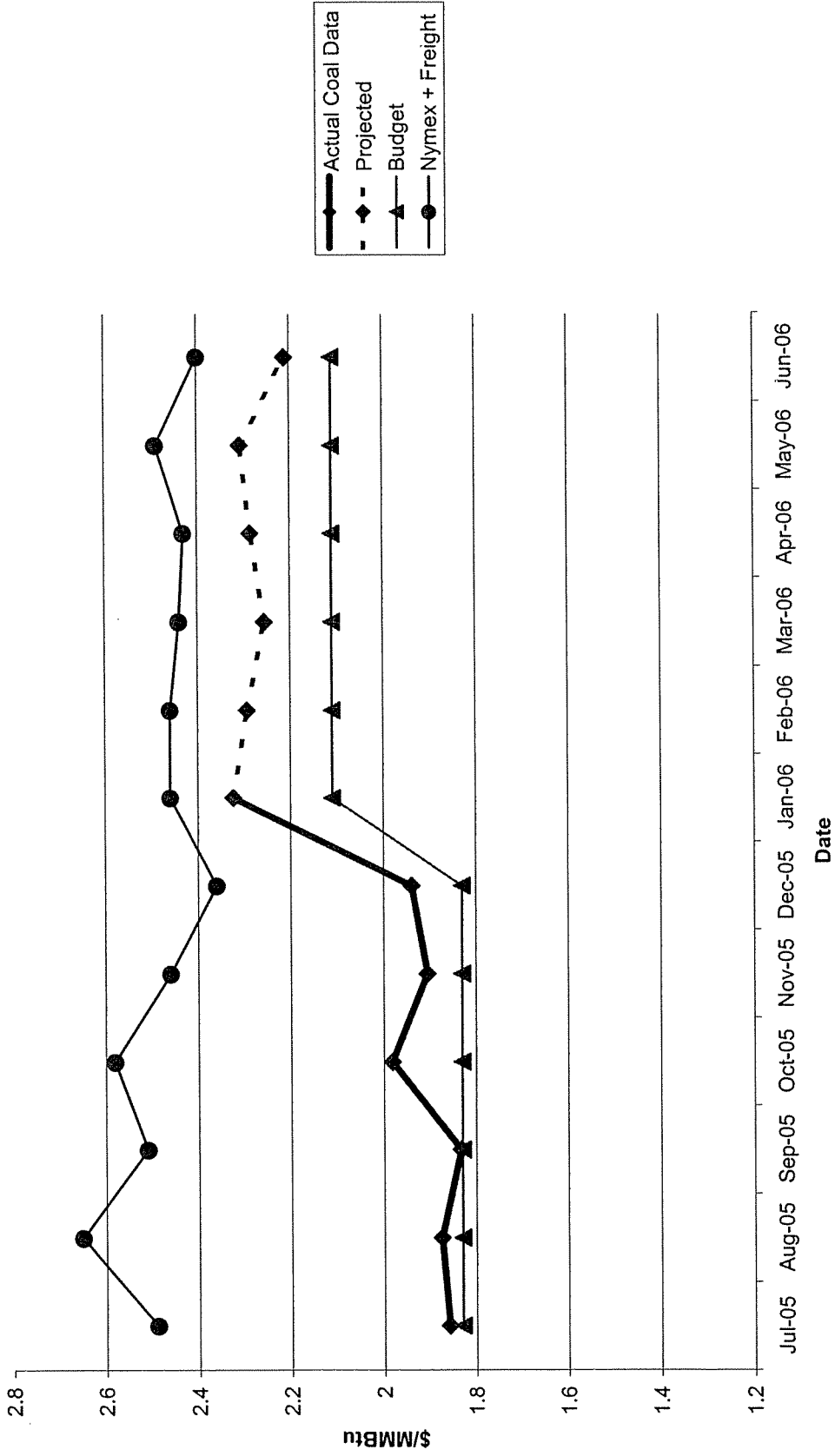
Approved by: Original Approved

Date: Original Dated February 1, 2006

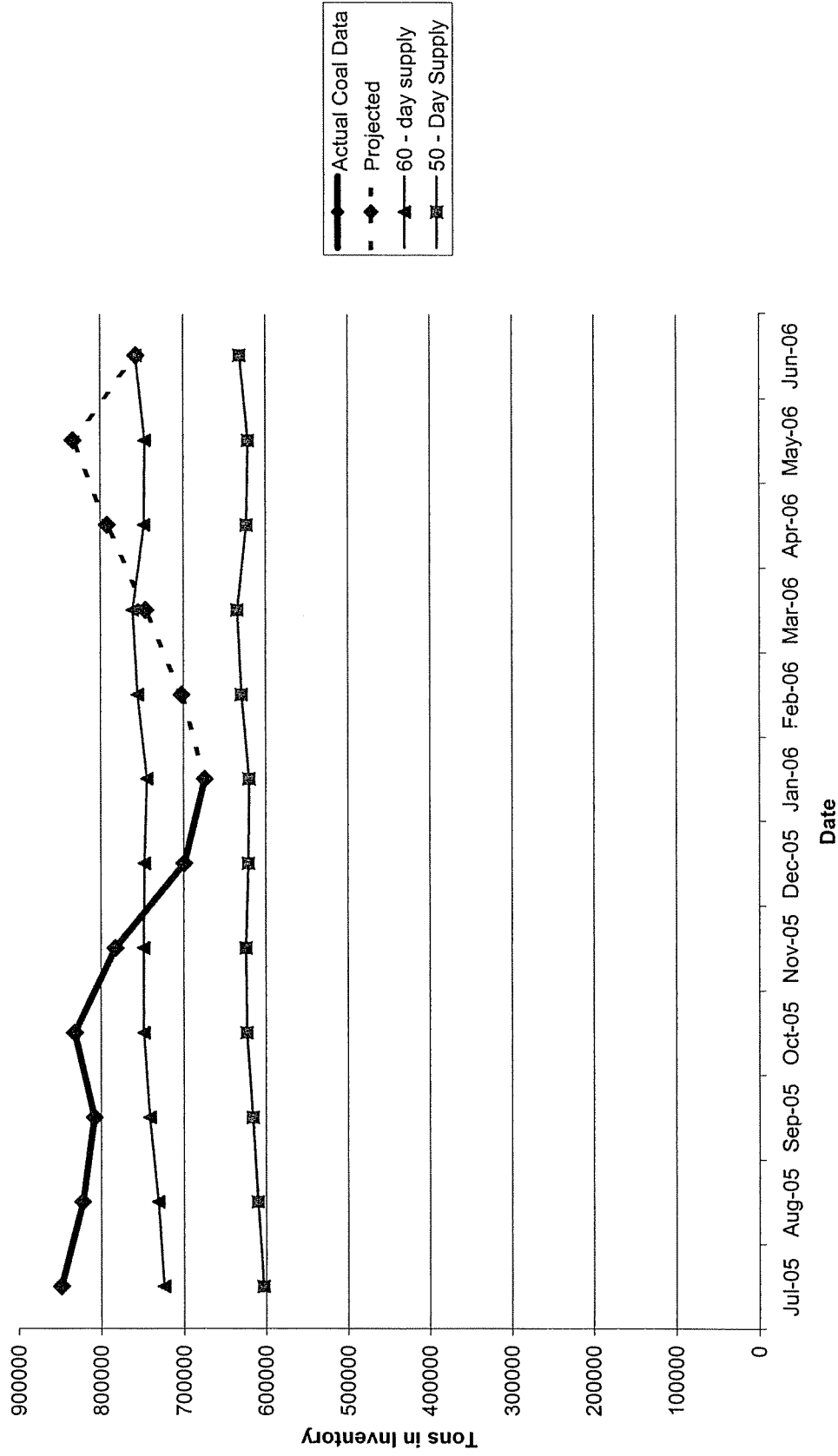
hr/gv

000011

Actual and projected Coal Cost - System



Actual and projected Coal Inventory - System



000013

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: February 9, 2006

SUBJECT: Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of January 2006 as shown below:

Date	Quantity (MMBtu)	Price \$/MMBtu
01/10/06	5,969	\$10.0583
01/10/06	2,532	\$9.9320
01/13/06	2,602	\$9.4660
01/14/06	20,272	\$9.4660
01/15/06	377	\$9.4660
01/16/06	3,846	\$9.4660
01/17/06	8,569	\$9.6117
01/18/06	6,406	\$9.0874
01/18/06	4,030	\$10.2427
01/19/06	4,030	\$10.2427
01/25/06	19,035	\$8.7087
01/26/06	<u>1,083</u>	<u>\$9.0485</u>
	78,751	\$9.4016

gv

Approved by: Original Approved

Date: Original Dated February 12, 2006

000014

TO: Jerry Bordes

FROM: Luke Rakestraw (Original Initialed)

DATE: January 31, 2006

SUBJECT: Replacement Coal for Ikerd Coal Company, LLC, Purchase Order No. 51159—Cooper Power Station

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Per our meeting with Ikerd Coal Company, LLC, (“Ikerd”) on January 24, 2006, in London, Kentucky, Ikerd has informed East Kentucky Power Cooperative, Inc., (“EKPC”) that monthly deliveries of 15,000 tons will cease until March 2006. As of February 28, 2006, the Ikerd purchase order will be 51,529 tons short. The cost of SO₂ replacement allowances on January 1, 2006, was \$1,590 per ton. This number equates to \$31.80 for each 1 percent as received sulfur. The evaluated cost of the Ikerd short tons, using \$1,590 per ton for SO₂ allowances, is \$4.44/MMBtu.

Currently, EKPC is purchasing run-of-mine coal from Lewis Coal Sales, LLC (“Lewis”), Hazard, Kentucky, and Jamieson Construction Company (“Jamieson”), London, Kentucky, with an average evaluated cost of \$4.18/MMBtu. The difference equates to a savings for EKPC of \$6.24 per ton. Both Lewis and Jamieson have offered EPKC enough coal to replace the short tonnage. I recommend we increase the tonnage on existing purchase orders No. 51192, Lewis, and 51027, Jamieson, to take advantage of the savings and to cancel the unperformed tonnage through February 2006 on purchase order No. 51159 to Ikerd. The evaluation is attached.

Approved by: Original Approved

Date: Original Dated January 31, 2006

hr/gv
Attachment

000015

FUEL EVALUATION FOR COOPER POWER STATION

REPLACEMENT TONS FOR IKERD

Date: 01/27/2006
 Event Nbr: 60
 Bid End Date: 01/26/2006

Coal Supplier	Number	Quality Btu		Tons	Term	Ash Disposal + Boiler Maint.		SO ₂ Cost	Weekly Cost	Freight Cost	Delivery Cost	Delivery Cost	Evaluated Cost	
		% Sulfur	% Ash			\$/Ton	\$/Ton						\$/Ton	\$/MMBtu
Lewis Coal Sales Perry Weekly / Non-Union / Producer	2	11,500	1.06	20,000	2	2.326	33.920	58.000	0.290		58.000	2.522	94.536	4.110
Jamieson Construction Laurel Weekly / Non-Union / Producer	3	11,500	1.30	40,000	3	2.326	41.600	55.200	0.276		55.200	2.400	99.402	4.322
Ikerd Coal Co Knox Weekly / Non-Union / Producer	1	12,000	1.80	22,000	24	2.229	57.600	47.000	0.235		47.000	1.958	107.064	4.461
Ikerd Terminal Knox Weekly / Non-Union / Producer	4	11,800	2.00	30,000	1	2.833	64.000	39.000	0.195		39.000	1.653	106.028	4.493
Trinity Coal Perry Weekly / Non-Union / Producer	5	12,000	1.90	30,000	3	2.229	60.800	47.000	0.235		47.000	1.958	110.264	4.594
KY Cumberland Cumberland Weekly / Non-Union / Producer	8	12,000	1.80	2,000	6	2.229	57.600	70.000	0.350		70.000	2.917	130.179	5.424
James River Coal Perry Weekly / Non-Union / Producer	6													0.000
Logan & Kanawha Leslie Weekly / Non-Union / Producer	7													0.000

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$1,600.00 Maintenance Factor: 0.1938

000016

**RUN-OF-MINE COAL PURCHASE REPORT
FOR PERIOD JANUARY 26, 2006 TO FEBRUARY 24, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Cooper Station</u> Dixie Fuel Co. Knoxville, TN	51208	Cooper Station Burnside, KY	2,000	Cooper Station	\$2.25/MMBtu	12,000
Jamieson Constr. London, KY	51207	Cooper Station	30,000	Cooper Station	\$2.40/MMBtu	11,500

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: February 8, 2006
SUBJECT: Spot Coal Purchases—Spurlock Power Station Unit No. 1
KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

The Spurlock Power Station Unit No. 1 unit maintenance schedule has recently been changed. The scheduled spring outage for this unit has been postponed until October 2006. In order to accommodate this change, an additional 70,000 tons of coal will need to be purchased. Due to time constraints, verbal solicitations were made, and the responsive proposals have been evaluated and are attached.

The recommended purchases are described in detail below:

1. Arch Coal Sales—40,000 tons of coal at a delivered price of \$2.355/MMBtu or \$54.16/ton, based on 11,500 Btu/lb. This coal is 1 percent sulfur. Deliveries will begin February 13, 2006, and continue through April 30, 2006.
2. Koch Carbon—30,000 tons of coal at a delivered price of \$2.518/MMBtu or \$56.66/ton, based on 11,250 Btu/lb. This coal is .85 percent sulfur. Deliveries shall begin March 1, 2006, and continue through April 30, 2006.

Arch Coal Sales is a producing company, and Koch Carbon is a coal trading company. These coal purchases will be shipped by barge from Arch Coal Terminal in Boyd County, Kentucky.

Justification and Strategic Analysis

The purchases recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. These recommendations support EKPC's key measures for reliable and competitive energy costs.

000018

Mr. Roy Palk
Page 2
February 8, 2006

Recommendation

Your approval is requested to issue purchase orders to Arch Coal Sales and Koch Carbon for the tons and term herein described.

Approved by: Original Approved

Date: Original Dated February 8, 2006

eh/gv
Attachment

000019

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 1

VERBAL SOLICITATION

Date: 02/08/2006
 Event Nbr: 62
 Bid End Date: 02/07/2006

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	MMBtu
Arch Coal Sales Boyd Monthly / Non-Union / Producer	1	11,500 1.00 15.00	16,000	2	2.478	23.000	52.250	1.909	54.159	2.355	79.637	3.462
Koch Carbon Various Monthly / Non-Union / Broker	2	11,250 0.85 15.00	15,000	2	2.533	19.550	54.750	1.909	56.659	2.518	78.742	3.500
Progress Fuels Various Monthly / Non-Union / Broker	12	11,600 1.00 15.00	15,000	2	2.457	23.000	52.500	4.220	56.720	2.445	82.177	3.542
Koch Carbon Various Monthly / Non-Union / Broker	3	11,500 0.69 16.00	15,000	2	2.643	15.870	62.500	1.909	64.409	2.800	82.922	3.605
SSM Coal America Boyd Weekly / Non-Union / Broker	8	11,500 1.04 15.00	23,000	3	2.478	23.920	55.000	0.275	56.909	2.474	83.582	3.634
KIVA Coal Sales Various Weekly / Non-Union / Broker	10	11,500 1.30 15.00	20,000	3	2.478	29.900	49.500	0.248	51.409	2.235	84.035	3.654
Coaltrade LLC Boyd Monthly / Non-Union / Broker	4	11,000 1.20 15.50	25,000	3	2.677	27.600	48.250	1.909	50.159	2.280	80.436	3.656
ICG LLC Perry Monthly / Non-Union / Producer	9	12,000 1.62 13.00	10,000	2	2.059	37.260	41.000	8.500	49.500	2.063	88.818	3.701

Cost Factors used in Model
 Weekly Pay Factor: 0.005
 SO₂ Cost/Ton: \$1,150.00
 Unit Boiler
 Maintenance Factor: 0.1652



000020

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 1

VERBAL SOLICITATION

Date: 02/08/2006
 Event Nbr: 62
 Bid End Date: 02/07/2006

Coal Supplier	Number	Quality Btu		Tons	Term	Ash Disposal + Boiler Maint.	SO ₂	Weekly Cost	Freight Cost	Delivery Cost	Delivery Cost	Evaluated Cost	
		% Sulfur	% Ash									\$/Ton	\$/Ton
M. C. Mining Pike Monthly Non-Union /Producer	11	12,500	10,000	1	1.520	23.690	66.700	1.910	68.610	2.744	93.820	3.753	
TFS Energy Boyd Weekly / Non-Union /Broker	7	12,000	8,000	2	1.899	41.400	46.500	1.786	48.286	2.012	91.818	3.826	
Knott Floyd Land Floyd Weekly / Non-Union /Producer	5	11,500	10,000	3	2.478	34.500	43.500	9.000	52.500	2.283	89.696	3.900	
Foundation Energy Sales Kanawha Monthly Non-Union /Producer	6	11,500	4,500	3	2.643	46.000	37.500	4.220	41.720	1.814	90.363	3.929	
Central Appalachian Pike Monthly Non-Union /Producer	14										0.000	No Coal Available	
Massey Utility Martin Weekly / Non-Union /Producer	16										0.000	No Coal Available	
Lightning, Inc. Fayette Monthly Non-Union /Producer	15										0.000	No Coal Available	
Teco Coal Corp Perry Monthly Non-Union /Producer	13										0.000	No Coal Available	

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$1,150.00 Maintenance Factor: 0.1652

000021

CONSTRUCTION IN PROGRESS

February, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru January, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Distribution Substations & Taps				
Blue Grass Energy Cooperative				
Headquarters Distribution Station 11.2/14 mVA 69-12.5 kV Rebuild	734(P)	587	Construction activities are approximately 25% complete.	5/1/2006
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	352	Design activities are approximately 60% complete.	6/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	117	RAW clearing activities are scheduled to begin by mid April, 2006.	6/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	89	RAW Agents are still working with the Developer to select the appropriate substation site.	6/1/2006
Clark Energy Cooperative Hardwick's Creek Distribution Station 69-12.5 kV, 5.6/6.44mVA	447(P)	598	The construction of this station is complete. Plan to energize by mid March, 2006.	12/1/2005
Hardwick's Tap 69kV 3.1 miles	619(P)	978	The construction of this line is complete.	12/1/2005

000022

CONSTRUCTION IN PROGRESS

February, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru January, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
JACKSON ENERGY COOP. Big Creek Substation 69-12.5 kV 11.2 MVA	452(P)	177	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,042	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. RW Agents expect to have two or three condemnations on this line.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	146	An option has been obtained for the substation site.	5/1/2006
OWEN ELECTRIC COOPERATIVE Bristow #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	324	Construction of this project is complete. Energization is dependent upon the Coop finishing their work.	5/1/2006
Downing #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	175	Construction activities are approximately 97% complete.	5/1/2006

000023

CONSTRUCTION IN PROGRESS

February, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru January, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Salt River RECC Blue Grass Parkway Distribution Station 69-12.5 KV 11.2/14 MVA	558 (P)	123	R/W Agents are investigating another site as suggested by the Coop.	5/1/2006
Little Mount Distribution Station 161-12.5 KV, 12/16/20 MVA	902(P)	912	The construction of this station is complete. Awaiting the completion of the line construction to energize.	12/1/2005
Little Mount Tap 69KV 6 miles	1272(P)	1,500	Construction activities are approximately 25 % complete.	12/1/2005
South Kentucky RECC Gap of the Ridge Distribution Station 11.2/14 MVA 69-25KV	558(P)	159	An option has been obtained for this site. Survey is complete and design activities are approximately 25% complete.	12/1/2006
Gap of the Ridge Tap 69 KV 4.5 miles	929(P)	55	The survey of this line is complete. R/W acquisition activities are approximately 50% complete.	12/1/2006
Upchurch Distribution Station 11.2/14MVA 69-12.5 KV	543 (P)	666	The construction activities are complete.	5/2/2006
Upchurch Tap 69 KV 1.75 miles	375 (P)	217	R/W procurement is complete except for three condemnations. R/W clearing activities began the first week of March, 2006.	5/2/2006

000024

CONSTRUCTION IN PROGRESS

February, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru January, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities				
Bullitt Co. 69 kV Breaker Add. (2Brks.)	166(P)	170	Design of this project is approximately 89% complete.	5/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	74	Survey activities are complete. Design activities are 90% complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	628	Survey and design activities are complete. The Forestry Permit has been approved. The PSC has declined approval. A re-hearing was held on February 21, 2006 and the PSC is scheduled to respond to EKP by the first week in April, 2006.	1/2/2007
J.K. Smith CT 345kV Trans. Substation	4300(P)	16	A contractor has been selected to perform the EPC Contract. The approval for this contract will be requested at the March Board Mtg.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	353	Survey activities are approximately 80% complete and design activities are approximately 60% complete.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	193	R/W easement procurement is complete Survey and design activities have started.	6/1/2006
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	320	A contractor has been selected to perform the EPC Contract. The approval for this contract will be requested at the March Board Mtg.	6/1/2007

000025

CONSTRUCTION IN PROGRESS

February, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru January, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities West Bardstown Jct. Switching Station 69kV (3 Brks)	911 (P)	283	R/W personnel continue to work on finding a suitable site.	5/1/2006
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338 (P)	13	Design activities have started.	5/1/2006

000026

CONSTRUCTION IN PROGRESS

February, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru January, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
WARREN RECC Barren County -Oakland - Magna 161kV 28.29 miles	9256(P)	415	Survey and design activities are 49% complete. Siting activities have started.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	58	Design activities are approximately 50% complete.	4/1/2006
GM 161 kV Brkr Station	1060(P)	1,528	This station was completed on January 15, 2006. Awaiting completion of lines to energize.	10/15/2005
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	423	Siting and Survey activities are approximately 89% complete. Design activities are complete.	12/31/2007
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	1,030	Siting activities are approximately 49% complete. Survey and design activities are approximately 89% complete.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	458	Survey and RW acquisition activities are approximately 49% complete.	12/31/2007

(P) - Planning Estimates

(h:\share\reports:project.xls)

000027



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 APPLICABLE TO FEBRUARY 2006 POWER BILL
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$30,832,487	
-----	=	-----
KWH Sales to Members and Internal Use	1,108,572,515	0.02781
Less Cost of Fuel in Base Rate		0.02025

FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	FEBRUARY 2006	0.00756
		=====

DEVELOPMENT OF FUEL ADJUSTMENT RATE

	JANUARY 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
Received				
Generation				
Coal & Oil Burned	\$21,388,685	965,072,564	0.02216	0.01929
Gas & Oil Burned in CTs	1,136,523	9,784,735	0.11615	0.00103
Fuel (Assigned Cost during F.O.)	1,017,617	66,600,000	0.01528	0.00092
Fuel (Assigned Cost during F.O.)	(3,252,689)	(66,600,000)	(0.04884)	(0.00293)
	-----	-----	-----	-----
Total Fuel Cost (a)	20,290,136	974,857,299	0.02081	0.01830
	-----	-----	-----	-----
Purchases				
Net Energy Cost - Economy Purchases	8,192,557	183,940,561	0.04454	0.00739
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
	-----	-----	-----	-----
Total Purchase Cost (b)	8,192,557	183,940,561	0.04454	0.00739
	-----	-----	-----	-----
Subtotal Purchase and Fuel Cost (a+b)	28,482,694	1,158,797,860	0.02458	0.02569
	=====	=====	=====	=====
Delivered				
Off-System Sales Fuel Costs (Over) or Under Recovery	(37,371)	(734,558)	(0.05088)	(0.00003)
Inadvertent - (Net) - In	2,387,164	41,756,779		0.00215
System Losses		(91,247,566)		
	-----	-----	-----	-----
Sales Fuel Cost (c)	2,349,793	(50,225,345)	0.04679	0.00212
	-----	-----	-----	-----
Totals (a+b+c)	\$30,832,486	1,108,572,515	0.02781	0.02781
	=====	=====	=====	=====

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

000028



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 YEAR-TO-DATE 2006
 AS OF JANUARY 31, 2006

FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	=	30,832,486		0.02781
<hr style="border-top: 1px dashed black;"/>				
KWH Sales to Members and Internal Use		1,108,572,515		
Less Cost of Fuel in Base Rate				

		Cost	KWH	Mills/kwh	Mills/ total kwh
Received					
Generation					
Coal & Oil Burned		21,388,685	965,072,564	0.02216	0.01929
Gas & Oil Burned in CTs & Landfills		1,136,523	9,784,735	0.11615	0.00103
Fuel (Assigned Cost during F.O.)		1,017,617	66,600,000	0.01528	0.00092
Fuel (Assigned Cost during F.O.)		(3,252,689)	(66,600,000)	(0.04884)	(0.00293)
Fuel (EKPC Gallatin Steel Load- Purchases for Gallatin included)		<u>-</u>	<u>-</u>	<u>#DIV/0!</u>	<u>0.00000</u>
Total Fuel Cost	(a)	<u>20,290,136</u>	<u>974,857,299</u>	<u>0.02081</u>	<u>0.01830</u>
Purchases					
Net Energy Cost - Economy Purchases		8,192,557	183,940,561	0.04454	0.00739
Identifiable Fuel Cost - Other Purchases					
Identifiable Fuel Cost - Sub. For F.O.					
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Purchase Fuel Cost	(b)	<u>8,192,557</u>	<u>183,940,561</u>	<u>0.04454</u>	<u>0.00739</u>
Subtotal Purchase & Fuel Cost		<u>28,482,693</u>	<u>1,158,797,860</u>	<u>0.02458</u>	<u>0.02569</u>
Delivered					
Off-System Sales Fuel Costs (Over) or Under Recovery		(37,371)	(734,558)	(0.05088)	(0.00003)
Inadvertent - (Net) - System Losses		2,387,164	41,756,779		0.00215
			(91,247,566)		
			-		
Sales Fuel Cost	(c)	<u>2,349,793</u>	<u>(50,225,345)</u>	<u>0.04679</u>	<u>0.00212</u>
Totals	(a+b+c)	<u>30,832,486</u>	<u>1,108,572,515</u>	<u>0.02781</u>	<u>0.02781</u>

**East Kentucky Power Cooperative
Fuel Adjustment Rate - Fuel Cost in Base Rate**

Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)

	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
2006	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

[a] Based on previous month's costs
 [b] Does not include EKP usage
 [c] Coincidental fuel cost and fuel revenue

Note: Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

000030

East Kentucky Power Cooperative

Member Cooperative Load Growth 2005 - 2006 Includes Inland Container Steam KWH Equivalency

Month	Actual		Budget		2006 % Increase By Months		2006 % Increase Cumulative		2006				
	2005	2006	2006	2006	Over (Under)	2005	2006 Budget	Over (Under)	Hourly Coincident System Peak		Steam		
	15 Minute Billing Peak								Date	Day	Hr. Ending	MW	Equivalent MW
	MW								Jan 26	Thur	0800	2,254	38
Jan	2,749	2,878	2,878	2,281									
Feb	2,194	2,691	2,691										
Mar	2,291	2,451	2,451		(17.0)	(20.7)	3.6	0.8					
Apr	1,720	2,061	2,061										
May	1,724	1,970	1,970										
Jun	2,163	2,182	2,182										
Jul	2,346	2,377	2,377										
Aug	2,258	2,312	2,312										
Sep	1,971	2,178	2,178										
Oct	1,820	2,054	2,054										
Nov	2,283	2,346	2,346										
Dec	2,676	2,718	2,718										
YTD	26,195	28,218	28,218	2,281									
	26,195	28,218	28,218	2,281									

Month	Actual		Budget		2005		2006		2005				
	2005	2006	2006	2006	Over (Under)	2005	2006 Budget	Over (Under)	Hourly Coincident System Peak		Steam		
	MWH								Date	Day	Hr. Ending	MW	Equivalent MW
Jan	1,210,092	1,284,953	1,284,953	1,129,229					Jan 18	Tues	0800	2,711	41
Feb	1,033,719	1,096,763	1,096,763		(6.7)	(12.1)	3.6	0.8	Feb 10	Thur	2000	2,175	34
Mar	1,099,981	1,066,866	1,066,866						Mar 03	Thur	0700	2,224	39
Apr	846,765	920,708	920,708						Apr 02	Sat	1200	1,659	34
May	847,185	944,222	944,222						May 03	Tues	0700	1,729	33
Jun	998,590	1,027,010	1,027,010						Jun 28	Tues	1700	2,048	28
Jul	1,076,222	1,152,774	1,152,774						Jul 25	Mon	1800	2,181	26
Aug	1,113,529	1,091,636	1,091,636						Aug 20	Sat	1500	2,227	25
Sep	946,699	982,798	982,798						Sep 12	Mon	1700	1,917	33
Oct	893,863	975,173	975,173						Oct 3	Mon	1700	1,778	26
Nov	980,332	1,055,114	1,055,114						Nov 18	Fri	0700	2,139	41
Dec	1,303,790	1,241,722	1,241,722						Dec 20	Tues.	0800	2,642	42
YTD	12,350,767	12,839,739	12,839,739	1,129,229									
	12,350,767	12,839,739	12,839,739	1,129,229									

EAST KENTUCKY POWER COOPERATIVE
OFF-SYSTEM SALES - 2006
(1,000)

MONTH	2006 BUDGET										
	MWH	REVENUE	MARGIN	INCLUDES DEMAND		EXCLUDES DEMAND		MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/KWH	MARGIN	MILLS/KWH	MARGIN				
JAN	696	35	(9)	50.78	(9)	50.78		3	0	0	44.31
FEB								6	0	0	53.11
MAR								7	0	0	43.05
APR								23	1	1	43.00
MAY								17	1	1	32.96
JUN								12	0	0	38.35
JUL								17	1	1	38.11
AUG								25	1	1	38.90
SEP								7	0	0	32.33
OCT								6	0	0	34.76
NOV								3	0	0	37.52
DEC								1	0	0	33.28
TOTAL	696	35	(9)	50.29	(9)	50.29	(9)	127	\$5	\$5	39.08

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

000032

EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson
11/15/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
Total	4,420,544	5,008,266	1,099,913	840,778	770,747	899,286	513,879	71,224	53,466	144,197	696

000033

**EAST KENTUCKY POWER COOPERATIVE
SUMMARY OF FUEL COST FACTORS
IN COMPUTING FUEL ADJUSTMENT RATE
(TO BE APPLIED TO SUCCEEDING MONTH)**

	NOVEMBER 2005		DECEMBER 2005		JANUARY 2006	
	mWh	Mills per kWh	mWh	Mills per kWh	mWh	Mills per kWh
Production						
Smith Generating	11,387	141.92	14,668	182.14	4,889	229.17
Dale	100,703	28.82	115,692	27.39	105,471	27.35
Cooper	154,298	22.71	161,865	21.70	191,158	22.97
Spurlock I	160,412	20.19	211,537	18.77	205,445	19.63
Spurlock II	353,639	17.80	366,635	19.44	365,737	24.00
Landfills	4,663	3.30	5,070	3.37	4,896	3.29
Gilbert	71,552	13.85	180,759	11.98	97,262	14.95
Generating Unit						
Sub-total	856,654	21.67	1,056,226	21.43	974,858	23.26
Physical Inventory, Outage & Adjustments						
Gallatin	0	0	0	0	0	0
Sub Total	856,654	21.11	1,056,226	20.61	974,858	20.81
Purchases	154,528	57.31	294,281	79.66	183,941	44.54
Sales to Others (Includes Losses)	(2,622)	56.24	(11)	105.91	(735)	50.84
(Over) or Under Recovery						
Inadvertent Net System Losses	(7,772)		(3,650)		41,757	
	(32,320)		(55,908)		(91,248)	
Total	968,468		1,290,938		1,108,573	
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		26.97		33.34		27.81
Fuel Adjustment charge (credit) per kWh		6.72		13.09		7.56

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

000034

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary**

January 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	49,485	26,403,385	41.17	345,619	54.26	80,807	57.32	1,513,556
	YTD	49,485	26,403,385	41.17	345,619	54.26	80,807	57.32	1,513,556
BLUE GRASS ENERGY	Month	231,567	112,782,528	41.67	1,476,324	54.76	348,334	57.85	6,524,501
	YTD	231,567	112,782,528	41.67	1,476,324	54.76	348,334	57.85	6,524,501
CLARK ENERGY COOP	Month	86,407	41,644,556	42.66	545,126	55.75	130,943	58.89	2,452,607
	YTD	86,407	41,644,556	42.66	545,126	55.75	130,943	58.89	2,452,607
CUMBERLAND VALLEY ELECTRIC	Month	105,314	50,022,578	42.41	654,796	55.50	156,592	58.63	2,933,073
	YTD	105,314	50,022,578	42.41	654,796	55.50	156,592	58.63	2,933,073
FARMERS RECC	Month	92,396	46,815,984	41.33	612,822	54.42	143,704	57.49	2,691,654
	YTD	92,396	46,815,984	41.33	612,822	54.42	143,704	57.49	2,691,654
FLEMING MASON RECC	Month	162,335	86,786,504	41.27	986,504	52.64	242,738	55.43	4,810,990
	YTD	162,335	86,786,504	41.27	986,504	52.64	242,738	55.43	4,810,990
GRAYSON RECC	Month	48,758	25,602,874	41.75	335,140	54.84	79,183	57.93	1,483,138
	YTD	48,758	25,602,874	41.75	335,140	54.84	79,183	57.93	1,483,138
INTER-COUNTY ECC	Month	97,783	44,826,415	42.56	585,555	55.62	140,620	58.76	2,633,899
	YTD	97,783	44,826,415	42.56	585,555	55.62	140,620	58.76	2,633,899
JACKSON ENERGY COOP	Month	211,005	94,593,939	42.87	1,237,344	55.95	298,516	59.11	5,591,381
	YTD	211,005	94,593,939	42.87	1,237,344	55.95	298,516	59.11	5,591,381
LICKING VALLEY RECC	Month	51,479	26,661,507	41.67	348,999	54.76	82,337	57.84	1,542,206
	YTD	51,479	26,661,507	41.67	348,999	54.76	82,337	57.84	1,542,206
NOLIN RECC	Month	140,784	68,353,662	41.52	894,750	54.61	210,511	57.68	3,942,967
	YTD	140,784	68,353,662	41.52	894,750	54.61	210,511	57.68	3,942,967
OWEN EC	Month	345,942	187,275,068	35.40	2,450,705	48.49	512,170	51.23	9,593,197
	YTD	345,942	187,275,068	35.40	2,450,705	48.49	512,170	51.23	9,593,197
SALT RIVER RECC	Month	172,706	86,293,152	41.63	1,129,576	54.72	266,329	57.81	4,988,478
	YTD	172,706	86,293,152	41.63	1,129,576	54.72	266,329	57.81	4,988,478
SHELBY ENERGY COOP	Month	76,642	40,422,517	40.49	529,130	53.58	122,157	56.60	2,288,103
	YTD	76,642	40,422,517	40.49	529,130	53.58	122,157	56.60	2,288,103
SOUTH KENTUCKY RECC	Month	259,215	112,480,780	43.21	1,472,373	56.30	357,162	59.47	6,689,773
	YTD	259,215	112,480,780	43.21	1,472,373	56.30	357,162	59.47	6,689,773
TAYLOR COUNTY RECC	Month	107,138	51,852,333	45.43	550,754	56.05	151,391	58.97	3,057,545
	YTD	107,138	51,852,333	45.43	550,754	56.05	151,391	58.97	3,057,545
Totals	Month	2,238,956	1,102,817,782	41.04	14,155,517	53.87	3,323,494	56.89	62,737,068
	YTD	2,238,956	1,102,817,782	41.04	14,155,517	53.87	3,323,494	56.89	62,737,068

000035

EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary
'E' Rates Only

January 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	49,485	26,403,385	41.17	345,619	54.26	80,807	57.32	1,513,556
	YTD	49,485	26,403,385	41.17	345,619	54.26	80,807	57.32	1,513,556
BLUE GRASS ENERGY	Month	202,541	93,220,634	42.99	1,220,258	56.08	294,834	59.24	5,522,435
	YTD	202,541	93,220,634	42.99	1,220,258	56.08	294,834	59.24	5,522,435
CLARK ENERGY COOP	Month	86,407	41,644,556	42.66	545,126	55.75	130,943	58.89	2,452,607
	YTD	86,407	41,644,556	42.66	545,126	55.75	130,943	58.89	2,452,607
CUMBERLAND VALLEY ELECTRIC	Month	105,314	50,022,578	42.41	654,796	55.50	156,592	58.63	2,933,073
	YTD	105,314	50,022,578	42.41	654,796	55.50	156,592	58.63	2,933,073
FARMERS RECC	Month	83,625	41,910,654	41.85	548,611	54.94	129,857	58.03	2,432,283
	YTD	83,625	41,910,654	41.85	548,611	54.94	129,857	58.03	2,432,283
FLEMING MASON RECC	Month	83,367	42,112,282	41.67	551,249	54.76	130,068	57.85	2,436,248
	YTD	83,367	42,112,282	41.67	551,249	54.76	130,068	57.85	2,436,248
GRAYSON RECC	Month	46,065	24,359,631	41.89	318,866	54.98	75,530	58.08	1,414,724
	YTD	46,065	24,359,631	41.89	318,866	54.98	75,530	58.08	1,414,724
INTER-COUNTY ECC	Month	90,804	40,823,511	43.14	534,380	56.23	129,476	59.41	2,425,177
	YTD	90,804	40,823,511	43.14	534,380	56.23	129,476	59.41	2,425,177
JACKSON ENERGY COOP	Month	199,361	88,771,315	43.19	1,162,016	56.28	281,788	59.46	5,278,061
	YTD	199,361	88,771,315	43.19	1,162,016	56.28	281,788	59.46	5,278,061
LICKING VALLEY RECC	Month	51,479	26,661,507	41.67	348,999	54.76	82,337	57.84	1,542,206
	YTD	51,479	26,661,507	41.67	348,999	54.76	82,337	57.84	1,542,206
NOLIN RECC	Month	117,532	52,928,014	43.30	692,828	56.39	168,326	59.57	3,152,820
	YTD	117,532	52,928,014	43.30	692,828	56.39	168,326	59.57	3,152,820
OWEN EC	Month	161,684	84,682,849	41.47	1,108,501	54.56	260,607	57.64	4,881,286
	YTD	161,684	84,682,849	41.47	1,108,501	54.56	260,607	57.64	4,881,286
SALT RIVER RECC	Month	161,019	79,326,373	42.09	1,038,382	55.18	246,886	58.29	4,624,277
	YTD	161,019	79,326,373	42.09	1,038,382	55.18	246,886	58.29	4,624,277
SHELBY ENERGY COOP	Month	56,326	27,067,576	42.72	354,314	55.81	85,191	58.95	1,595,703
	YTD	56,326	27,067,576	42.72	354,314	55.81	85,191	58.95	1,595,703
SOUTH KENTUCKY RECC	Month	238,296	101,911,580	43.69	1,334,021	56.78	326,366	59.98	6,112,954
	YTD	238,296	101,911,580	43.69	1,334,021	56.78	326,366	59.98	6,112,954
TAYLOR COUNTY RECC	Month	89,306	40,008,746	43.23	523,714	56.32	127,089	59.50	2,380,474
	YTD	89,306	40,008,746	43.23	523,714	56.32	127,089	59.50	2,380,474
Totals		1,822,611	861,855,191	42.59	11,281,680	55.68	2,706,697	58.82	50,697,884
		1,822,611	861,855,191	42.59	11,281,680	55.68	2,706,697	58.82	50,697,884

000036

EKPC Generation & Transmission Coordinated Schedule

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

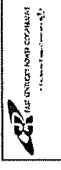
The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – Bryantsville 345kV Line. Please note that the Sideview substation site has been renamed as North Clark.

The attached schedule has been reviewed and approved by our production, substation, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is March 1, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.

EKPC Generation & Transmission Coordinated Schedule



ID	Task Name	Start	Finish	Category
1	SUBSTATION PROJECTS	Mon 12/06	Mon 6/20/06	Construction
2	Smith 134KV Substation (CT)	Mon 12/06	Fri 12/29/06	Construction
3	Smith 345KV CT Sub	Fri 6/1/07	Fri 6/1/07	Construction
4	North Clark 345KV Substation	Fri 12/06	Fri 6/1/07	Construction
5	Starbuck #4 Substation	Fri 12/06	Thu 2/1/07	Construction
6	Smith 345KV CT Substation	Fri 12/06	Mon 6/20/06	Construction
7	GENERATION PROJECTS	Wed 10/11/06	Mon 10/11/06	Construction
8	PSC APPROVAL (Smith CT #1 & CT#)	Wed 3/15/06	Wed 3/15/06	PSC
9	AIR PERMIT (Smith CT #1 & CT#)	Fri 12/29/06	Fri 12/29/06	Construction
10	Smith CT #8	Sat 3/24/07	Mon 12/18/06	Construction
11	Smith CT #9	Sat 5/26/07	Mon 3/26/06	Construction
12	Smith CT #10	Sat 6/1/07	Mon 4/16/06	Construction
13	Smith CT #11	Sat 12/8/07	Mon 5/28/06	Construction
14	Smith CT #12	Sat 8/8/07	Mon 11/16/06	Construction
15	Smith CTB Unit 1	Tue 12/27	Mon 12/11/06	Construction
16	Starbuck #4	Wed 10/11/06	Fri 3/4/06	Construction
17	North Clark Sub & Subview Cap Bank	Mon 11/27/06	Fri 6/16/06	Construction
18	TRANSMISSION PROJECTS	Tue 7/17/06	Tue 6/20/06	Construction
19	Smith - North Clark (18 mva 345 kv)	Tue 7/17/06	Fri 6/1/07	Construction
20	Board Approval	Tue 7/17/06	Tue 7/17/06	Open Hours
21	Open House	Thu 11/16/06	Thu 11/16/06	Open Hours
22	Survey	Sun 10/22/06	Fri 12/8/06	Construction
23	Environmental	Mon 10/23/06	Fri 6/23/06	Construction
24	Design	Fri 12/06	Fri 2/1/06	Construction
25	Site Investigation	Fri 2/24/06	Thu 6/8/06	Construction
26	ROW Acquisition	Mon 12/25/06	Fri 3/1/07	Construction
27	Fire Containment	Fri 3/1/06	Fri 3/1/06	Construction
28	Construction - temp beam	Mon 12/06	Fri 11/06	Construction
29	Construction	Mon 6/19/06	Fri 6/1/07	Construction
30	Avon - North Clark OPGW (FIBER)	Fri 11/9/07	Fri 11/27/07	Construction
31	Smith - Bryansville (27 mva 345 kv)	Tue 7/17/06	Tue 6/20/06	Construction
32	Board Approval	Tue 11/20/06	Tue 11/20/06	Open Hours
33	Open House May 4 & May 11	Thu 5/4/06	Thu 5/4/06	Open Hours
34	Survey	Mon 12/06	Sat 6/30/06	Construction
35	Design	Mon 4/20/06	Fri 10/13/06	Construction
36	PSC	Mon 10/16/06	Fri 2/16/07	Construction
37	ROW Acquisition	Thu 2/1/07	Tue 4/1/06	Construction
38	Site Investigation	Fri 6/1/07	Sat 12/15/07	Construction
39	Environmental	Mon 5/1/06	Tue 1/9/07	Construction
40	Construction	Wed 1/2/06	Tue 10/20/06	Construction
41	Final Release of Smith	Fri 6/2/06	Mon 10/16/06	Construction
42	Smith CT - Smith CTB 345KV Tie	Thu 2/1/07	Mon 11/20/06	Construction
43	Smith CT 124KV Tie	Fri 6/1/07	Fri 6/1/07	Construction

BF - Backflow from Substation
 F - First Fire
 C - Commercial Operation

EAST KENTUCKY POWER COOPERATIVE

NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
January	8,898,355	30,491	8,898,355	30,491	5,432,227
February		7,874,973		7,905,464	15,043,053
March		2,986,610		10,892,074	12,090,862
April		(719,104)		10,172,970	6,915,169
May		606,557		10,779,527	(2,675,825)
June		(2,477,813)		8,301,714	(11,277,514)
July		(5,540,048)		2,761,666	(8,727,047)
August		5,090,954		7,852,620	(13,917,192)
September		2,853,151		10,705,771	(2,187,577)
October		(9,556,104)		1,149,667	(2,730,863)
November		1,405,668		2,555,335	1,642,650
December		2,422,275		4,977,610	(46,007,522)

000039

PRELIMINARY

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Form 12-a) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20255; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0571-0017), Washington, DC 20503. OMB FORM NO. 0571-0017. Expires 12/31/94.

USDA-REA		BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette	
OPERATING REPORT - FINANCIAL		BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707	
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.		PERIOD ENDED December 31, 2005	REA USE ONLY

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
UNAUDITED	
SIGNATURE OF MANAGER	DATE

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	494,640,617	617,306,017	560,878,210	71,069,969
2. Income From Leased Property - Net	0	0	0	0
3. Other Operating Revenue and Income	11,039,846	13,990,854	10,147,008	1,050,325
4. Total Oper. Revenues & Patronage Capital (1 thru 3)	505,680,463	631,296,871	571,025,218	72,120,294
5. Operation Expense - Production - Excluding Fuel	37,501,941	63,420,822	53,307,444	18,743,716
6. Operation Expense - Production - Fuel	173,506,697	263,434,248	227,378,184	23,374,409
7. Operation Expense - Other Power Supply	140,484,513	116,313,210	69,764,043	28,214,258
8. Operation Expense - Transmission	19,774,760	15,362,740	15,016,063	185,449
9. Operation Expense - Distribution	797,532	864,406	1,682,702	58,506
10. Operation Expense - Consumer Accounts	(231)	(1,030)	0	0
11. Operation Expense - Consumer Service & Inform	3,955,733	3,922,001	3,967,802	658,634
12. Operation Expense - Sales	2,588,962	127,400	95,942	7,659
13. Operation Expense - Administrative & General	27,740,975	31,722,703	29,782,446	3,040,675
14. Total Operation Expense (5 thru 13)	406,350,882	495,166,500	400,994,626	74,283,306
15. Maintenance Expense - Production	45,133,508	33,469,444	38,518,755	2,558,261
16. Maintenance Expense - Transmission	3,764,098	3,803,633	4,589,219	347,978
17. Maintenance Expense - Distribution	1,261,740	998,692	971,135	58,964
18. Maintenance Expense - General Plant	668,582	744,421	841,109	46,963
19. Total Maintenance Expense (15 thru 18)	50,827,928	39,016,190	44,920,218	3,012,166
20. Depreciation & Amortization Expense	38,994,125	52,037,569	53,459,446	4,667,810
21. Taxes	2,938	234,938	10,000	(2)
22. Interest on Long-Term Debt	53,923,424	69,570,845	74,798,422	6,202,279
23. Interest Charged to Construction - Credit	0	0	0	0
24. Other Interest Expense	565,068	273,188	185,492	18,003
25. Asset Retirement Obligations	0	0	0	0
26. Other Deductions	1,337,754	33,884,038	1,345,351	32,412,536
27. Total Cost of Electric Service (14 + 19 thru 25)	552,002,119	690,183,268	575,713,555	120,596,098
28. Operating Margins (4 - 26)	(46,321,656)	(58,886,397)	(4,688,337)	(48,475,804)
29. Interest Income	2,510,109	5,898,139	2,082,381	528,289
30. Allowance for Funds Used During Construction	16,080,435	6,225,998	7,712,075	328,875
31. Income (Loss) from Equity Investments	0	0	0	0
32. Other Nonoperating Income - Net	208,191	179,284	(242,286)	(32,349)
33. Generation & Transmission Capital Credits	0	0	0	0
34. Other Capital Credits & Patronage Dividends	255,405	575,454	257,200	817
35. Extraordinary Items	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34)	(27,267,516)	(46,007,522)	5,121,033	(47,650,172)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold		50.20	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold		42.70	0.00	
39. Total Cost of Electric Service Per kWh Sold		55.17	0.00	
40. Purchased Power Cost Per kWh		58.48	0.00	

000040

PRELIMINARY

USDA - REA OPERATING REPORT - FINANCIAL	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette PERIOD ENDED December 31, 2005
	REA USE ONLY

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	2,039,674,498	32. Memberships	1,600
2. Construction Work in Progress	152,584,883	33. Patronage Capital	
3. Total Utility Plant (1 - 2)	2,192,259,381	a. Assigned and Assignable	165,660,311
4. Accum. Provision for Depreciation & Amort.	774,995,344	b. Retired This Year	0
5. Net Utility Plant (3 - 4)	1,417,264,037	c. Retired Prior Years	0
6. Non-Utility Property - Net	820	d. Net Patronage Capital	165,660,311
7. Investments in Subsidiary Companies	0	34. Operating Margins - Prior Years	(46,066,251)
8. Invest. in Assoc. Org. - Patronage Capital	945,914	35. Operating Margins - Current Year	(58,310,943)
9. Invest. in Assoc. Org. - Other - General Funds	14,537,749	36. Non-Operating Margins	31,102,156
10. Invest. in Assoc. Org. - Other - Non-General Funds	0	37. Other Margins and Equities	3,720,584
11. Investments in Economic Development Projects	0	38. Total Margins & Equities (32, 33d thru 37)	96,107,457
12. Other Investments	25,615,581	39. Long-Term Debt - REA (Net)	23,155,449
13. Special Funds	22,597,314	(Payments-Unapplied\$)	
14. Total Other Property & Investments (6 thru 13)	63,697,278	40. Long-Term Debt-Other-Econ. Devel. (net)	0
15. Cash - General Funds	784,487	41. Long-Term Debt-FFB-REA Guaranteed	1,098,108,523
16. Cash - Construction Funds - Trustee	500	42. Long-Term Debt-Other-REA Guaranteed	0
17. Special Deposits	425	43. Long-Term Debt-Other (Net)	220,235,881
18. Temporary Investments	49,095,118	44. Total Long-Term Debt (39 thru 43)	1,341,499,853
19. Notes Receivable (Net)	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	71,185,422	46. Accumulated Operating Provisions	98,344,828
21. Accounts Receivable - Other (Net)	6,519,495	47. Total Other Noncurrent Liabilities (45 + 46)	98,344,828
22. Fuel Stock	43,322,761	48. Notes Payable	53,084,674
23. Materials and Supplies - Other	31,919,808	49. Accounts Payable	78,266,856
24. Prepayments	1,486,910	50. Taxes Accrued	396,467
25. Other Current and Accrued Assets	280,850	51. Interest Accrued	16,275,837
26. Total Current and Accrued Assets (15 thru 25)	204,595,776	52. Other Current & Accrued Liabilities	3,428,312
27. Unamortized Debt Disc. & Extraord. Prop. Losses	4,750,076	53. Total Current & Accrued Liabilities (48 thru 52)	151,452,146
28. Regulatory Assets	0	54. Deferred Credits	2,902,883
29. Other Deferred Debits	0	55. Accumulated Deferred Income Taxes	0
30. Accumulated Deferred Income Taxes	0	56. Total Liabilities and Other Credits	1,690,397,167
31. Total Assets & Other Debits (5+14+26 thru 30)	1,690,397,167	(38+44+47+53 thru 55)	1,690,397,167

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.
 (IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$507,411.65 in December 2005, and \$6,072,132.20 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

December 2005 Demand/MMBTU 383,200
 Year-to-date

Energy/MMBTU 241,680,000
 Energy/MMBTU 1,411,536,190

*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

000041

**PRODUCTION PERFORMANCE REPORT
DECEMBER 2005**

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
Net Generation -- MWH	115,692	1,232,800	161,865	2,004,931	758,931	7,271,234	14,668	432,291	1,051,156	10,941,256
Weighted Equip. Availability Factor	99.53	94.00	80.67	89.11	99.32	87.88	100.00	90.98	96.53	89.32
Load Factor --% Coal-Fired Only Including CT's	81.90	74.46	67.38	68.62	94.80	76.97	5.16	4.56	87.69 71.88	70.54 53.04
Running Capacity Factor --% Coal-Fired Only Including CT's	80.83	77.81	90.46	84.54	90.13	84.34	72.51	81.33	89.08 88.80	83.61 83.52
Total Power Cost (Busbar) \$/MWH	40.856	41.974	33.181	32.115	27.884	32.238	323.419	182.265	34.251	39.240
Safety -OSHA Lost Time Incident Rate	0	1.60	1.45	1.31	0	0	0	0	.34	.59
Environmental Emissions SO2--Tons NOx--lbs./MMBtu	754.1 0.38	8,209.6 0.42	1,862.5 0.49	23,422.5 0.47	3,816.10 0.30	41,027.40 0.25	0.510 0.057	2.838 0.052	6,433.200 0.331	73,322.280 0.372

Net Generation (MWH): Is the amount of energy produced and delivered to the transmission system.

Load Factor (%): Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

Running Capacity Factor (%): Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

Weighted Equip. Availability Factor (%): Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

OSHA Lost-Time Accident Rate: Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

Total Power Cost (Busbar) (\$/MWH): Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

Environmental Emissions: Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

EAST KENTUCKY POWER COOPERATIVE
TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar					
Apr					
May					
Jun					
Jul					
Aug					
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 21,485,855 (book value) with average maturities of 0.6 years at interest rates averaging 4.20 %, and accrued interest earnings year-to-date of \$ 140,863.

WORK ORDERS FOR BOARD INFORMATION
March-2006

W.O. Inventory No.	Number of W.O.'s	Description	Cost of Construction	To Be Financed (Including Previous Advances)
1336	16	Gilbert Generation Expenditures (Z-8 Guaranteed)	\$373,366,215.90	\$373,366,215.90
1337	8	Gilbert Transmission Expenditures (Z-8 Guaranteed)	\$5,593,166.84	\$5,593,166.84
1338	1	Landfill Gas to Energy Transm. Constr. (AA-8 Guaranteed)	\$10,915.86	\$10,915.86
1339	14	CT6-7 Generation Construction (AB-8 Guaranteed)	\$52,363,667.00	\$52,363,667.00
1340	30	Misc. Transm. Construction (AC-8 Guaranteed)	\$7,785,448.15	\$7,637,118.64
1341	29	Misc. Transm. Construction (AC-8 Guaranteed)	\$874,784.82	\$150,207.47
	98		\$439,994,198.57	\$439,121,291.71

000044

APRIL 2006

2006
EAST KENTUCKY POWER COOPERATIVE
COAL RECEIPTS, USAGE, STOCKPILE
TONNAGE (1000)

		DALE STATION							
		Received		Cost/		Used		Stockpile	
Tons	BTU	MMBTU	TON	TON	TON	TON	TON	TON	TON
39	12247	2.305	56.46	50	62				
48	12211	2.518	61.49	47	63				
87	12227	2.423	59.24	97					

		SPURLOCK - Above .7% Sulphur							
		Received		Cost/		Used		Stockpile	
Tons	BTU	MMBTU	TON	TON	TON	TON	TON	TON	TON
44	11388	2.237	50.96	88	103				
87	11628	2.333	54.25	82	109				
131	11547	2.301	53.14	170	0				

		COOPER STATION							
		Received		Cost/		Used		Stockpile	
Tons	BTU	MMBTU	TON	TON	TON	TON	TON	TON	TON
80	11926	2.327	55.51	83	135				
54	11856	2.289	54.28	75	115				
134	11898	2.312	55.01	158					

		SPURLOCK - Below .7% Sulphur							
		Received		Cost/		Used		Stockpile	
Tons	BTU	MMBTU	TON	TON	TON	TON	TON	TON	TON
175	12207	2.643	64.53	0	139				
184	12283	2.702	66.38	0	128				
359	12246	2.673	65.48	0	280				

		GILBERT STATION							
		Received		Cost/		Used		Stockpile	
Tons	BTU	MMBTU	TON	TON	TON	TON	TON	TON	TON
55	11197	1.378	30.85	45	235				
59	10974	1.254	27.52	76	218				
114	11082	1.314	29.13	121					

		TOTAL SYSTEM							
		Received		Cost/		Used		Stockpile	
Ave. Cost / TON	Ave. Cost / MMBTU	MMBTU	TON	TON	TON	TON	TON	TON	TON
55.66	2.323	393	418	674	53				
56.57	2.358	432	408	701	56				
56.14	2.341	825	825	705					

000001

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(February 2006 Commitments)**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Through	02/28/2006						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007			265,760	265,971	-211	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008			704,842	290,400	414,442	0.000	12300	2.3990
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009			480,000	9,656	470,344	0.000	12000	2.4060
B & W RESOURCES INC	0000151081	03/10/2004	05/31/2006			240,000	138,798	101,202	0.000	12000	2.0630
C.H. DEVELOPMENT LLC	0000151189	12/01/2005	03/31/2006			2,000	895	1,105	0.000	11500	2.5220 A
JAMIESON CONSTRUCTION CO	0000151212	01/27/2006	02/28/2006			10,000	15,007	-5,007	0.000	11500	2.7820 A
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008			142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008			112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000002

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(February 2006 Commitments)**

Cooper

Through 02/28/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	264,741	530,800	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	164,632	315,368	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	9,707	230,293	0.000	11000	2.1090
B & W RESOURCES INC	0000251083	04/01/2004	08/31/2006	240,000	174,540	65,460	0.000	12000	1.8130
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000003

INDEX OF ALL COAL PURCHASE COMMITMENTS
(February 2006 Commitments)
 Spurlock#1

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through
										02/28/2006
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	335,678	664,322	1.909	12000	2.0770	
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2007	686,845	105,379	581,466	1.909	11800	1.5630	
KOCH CARBON LLC	0000351209	01/19/2006	04/18/2006	40,000	31,374	8,626	1.909	11000	2.3030	
COALTRADE, LLC	0000351210	02/01/2006	04/29/2006	14,000	1,457	12,543	4.218	11500	2.7260	
COALTRADE, LLC	0000351211	02/01/2006	04/29/2006	14,000	6,384	7,616	1.909	11500	2.2570	A
ARCH COAL SALES COMPANY	0000351214	02/13/2006	04/30/2006	40,000	14,072	25,928	1.909	11500	2.3550	
PROGRESS FUELS CORPORATION	0000351215	02/14/2006	02/28/2006	3,167	3,019	148	1.863	12000	2.6070	A
PROGRESS FUELS CORPORATION	0000351200A	01/01/2006	03/31/2006	3,200	1,635	1,565	4.218	12000	2.8840	
KOCH CARBON LLC	0000351203A	01/11/2006	05/31/2006	40,000	22,928	17,072	1.909	11500	2.7790	
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.218	11800	2.2430	

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000004

INDEX OF ALL COAL PURCHASE COMMITMENTS
(February 2006 Commitments)
Spurlock#2

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through
										02/28/2006
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2007	658,029	342,481	315,548	4.218	12000	1.8200	
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	662,339	877,661	1.909	12000	2.4410	
MC MINING , LLC	0000000428	01/01/2005	12/31/2007	544,800	117,485	427,315	8.610	12500	2.5440	
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	27,639	452,361	4.218	12000	2.5530	
PROGRESS FUELS CORPORATION	0000451142	01/01/2005	03/31/2006	120,000	93,628	26,372	4.218	12000	2.5300	
LIGHTNING INC	0000451197	12/19/2005	02/28/2006	25,000	25,244	-244	4.218	12500	2.9190	
FOUNDATION ENERGY SALES	0000451198	01/01/2006	03/31/2006	9,300	3,104	6,196	4.218	12000	2.8220	
CONSTELLATION ENERGY	0000451199	01/01/2006	03/31/2006	30,000	20,524	9,476	8.410	12800	2.9460	
PROGRESS FUELS CORPORATION	0000451200	01/01/2006	03/31/2006	104,800	57,661	47,139	4.218	12000	2.8840	
KOCH CARBON LLC	0000451203	01/11/2006	05/31/2006	38,750	6,498	32,252	1.909	11500	2.7790	
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2005	240,000	37,834	202,166	4.218	12000	2.7320	
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	130,200	20,013	110,187	4.218	12400	2.7610	
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2007	1,523,950	584,472	939,478	1.909	12000	1.5910	
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500	
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	338,561	0	4.218	12000	1.6070	

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000005

INDEX OF ALL COAL PURCHASE COMMITMENTS
(February 2006 Commitments)

Gilbert

Through 02/28/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	142,175	2,257,825	3.818	11400	1.2745 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	97,091	502,909	3.126	11200	1.2430 A
CHAROLAIS COAL SALES LLC	0000000804	04/01/2005	03/31/2006	1,380,000	150,435	1,229,565	5.743	10500	1.2572
MARIETTA COAL COMPANY	0000851155	04/01/2005	03/31/2006	90,000	74,612	15,388	3.818	9500	1.2930 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	06/30/2006	135,000	101,921	33,079	2.464	10500	1.2955 A

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000006

Run-of-Mine Cost Analysis - Monthly
ACTIVITY FOR THE MONTH OF: FEBRUARY 2006
(thru 02/28/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevfax	\$/Ton	\$/M/MTU	BTU	Ash	Sulfur
IKERD COAL COMPANY LLC	0000751159	2,524.19	40.70	0.00	0.000	0.00	40.70	1.749	11,638	13.72	2.50
C.H. DEVELOPMENT LLC	0000751173	1,396.47	15.00	0.00	0.000	0.00	15.00	1.007	7,453	33.11	0.62
IKERD TERMINAL COMPANY LLC	0000751180	938.25	37.29	0.00	0.000	0.00	37.29	1.543	12,085	11.57	2.12
LEWIS COAL SALES LLC	0000751192	4,633.31	56.29	0.00	0.000	0.00	56.29	2.462	11,427	14.53	0.95
JAMIESON CONSTRUCTION CO	0000751207	15,199.87	58.60	0.00	0.000	0.00	58.60	2.464	11,894	11.63	1.14
DIXIE FUEL COMPANY LLC	0000751208	2,966.48	57.22	0.00	0.000	0.00	57.22	2.328	12,290	11.19	1.09
Weighted Average - Cooper		<u>27,658.57</u>	<u>53.51</u>				<u>53.51</u>	<u>2.279</u>	<u>11,617</u>	<u>13.34</u>	<u>1.23</u>

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of February 2006 was \$3.856/MMBtu or \$89.60/ton, based on 11,617 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$4.455/MMBtu or \$106.92/ton, based on 12,000 Btu/lb.

000007

EKPC Generation & Transmission Coordinated Schedule

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

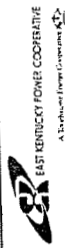
The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard. The West Garrard Substation was added to the substation schedule this month.

The attached schedule has been reviewed and approved by our production, substation, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is March 29, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

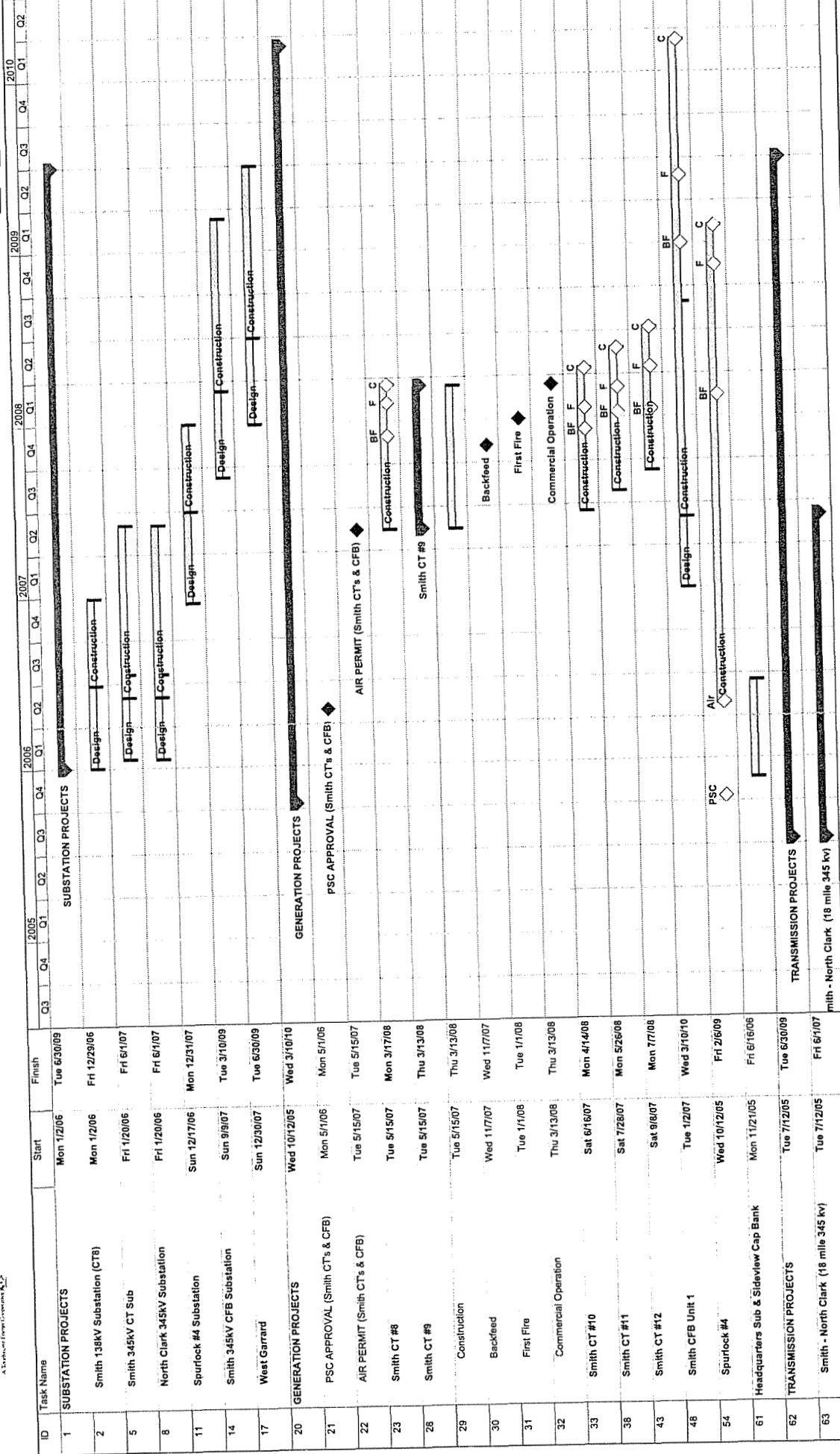
For easier reading this schedule has been printed on two sheets instead of one.

If you have any questions or need additional information contact Mark Brewer at extension 672.



EKPC Generation & Transmission Coordinated Schedule

ACCEPTANCE
 Production_CJ Sys Protection_RM
 Lines_DB Trans Planning_DA
 Subs_MZ Gen Planning_GD



000009

BF - Backfeed from Substation
 F - First Fire
 C - Commercial Operation

Compliance Worksheet
(Class B RUS Borrower)

Attachment A

East Kentucky Power Cooperative, Inc.--KY059

Mailing Address:

PO Box 707
Winchester, KY 40392-0707
Phone Number: (859) 744-4812

Location / FedEx Address:

4775 Lexington Road
Winchester, KY 40391
Fax Number: (859) 744-6008

Unless otherwise specified, all requested information relates to the 12-month period ending December 31, 2005. Capitalized terms used in this worksheet are defined in the Loan Agreement and/or Mortgage. Please use additional sheets if necessary.

1. Is the Corporation in good standing under the laws of the jurisdiction in which it is organized?
 Yes No If no, please explain:

2. Are the above address and telephone numbers correct?
 Yes No If no, please provided updated address/phone numbers:

3. Has the Corporation changed its name since January 1, 2005?
 Yes No If yes, please provide the new information and effective date of the change:

4. Has the Corporation merged, consolidated or sold substantially all of its business or assets?
 Yes No If yes, please state the effective date and a description of the transaction:

5. Has the Corporation lost its corporate existence or any franchises, rights of way, easements permits and licenses, the loss of which would have a material adverse affect on the Corporation's financial condition or business?
 Yes No If yes, please provide details:

6. Has the Corporation purchased insurance consistent with prudent utility industry standards?
 Yes No If no, please explain:

7. Please submit a summary of the type and level of Corporation's insurance policies and the declarations pages for each of the policies. In addition, please provide the endorsements naming CFC as Mortgagee on the Corporation's hazard insurance policies.
ATTACHED IS A SUMMARY OF THE TYPE AND LEVEL OF EKPC'S INSURANCE POLICIES AND THE DECLARATION PAGES FOR EACH OF THE POLICIES. CFC IDENTIFIED AS MORTGAGEE AND LOSS PAYEE, BUT NOT SPECIFICALLY NAMED.

Compliance Worksheet
(Class B RUS Borrower)

Attachment A

East Kentucky Power Cooperative, Inc.--KY059

Mailing Address:

PO Box 707
Winchester, KY 40392-0707
Phone Number: (859) 744-4812

Location / FedEx Address:

4775 Lexington Road
Winchester, KY 40391
Fax Number: (859) 744-6008

8. Has the Corporation received property/casualty insurance proceeds in excess of \$500,000?
 Yes **No** If yes, were the proceeds used to either repay debt or purchase property that is part of the Mortgaged Property? See attached response to Q. No. 8.
9. Has the Corporation made expenditures for maintenance, renewal and replacements in order to maintain its plant in good repair, working order and condition?
 Yes **No** If no, please explain:
10. Has the Corporation kept proper books, records and accounts, in which full and correct entries have been made of all dealings or transactions of or in relation to its business and financing transactions?
 Yes **No** If no, please explain:
11. Has the Corporation paid all taxes, assessments and other charges assessed or imposed upon its property?
 Yes **No** If no, please explain:
12. In any one transaction or series of transactions, has the Corporation sold, leased or transferred any capital assets with an aggregate value greater than 3% of Total Utility Plant?
 Yes **No** If yes, please provide details:
13. Has the Corporation declared any dividends, paid or retired any patronage capital, or made any cash distributions to its members, stockholders or consumers (including any general cancellation or abatement of charges for any energy or services)?
 Yes **No** If yes, what was the Corporation's total Equity (as a percentage of Total Assets) after each such distribution? See attached response to Q. No. 13.
14. Was any distribution made greater than 25% of the Corporation's Patronage Capital or Operating Margins for the prior 12 months?
 Yes **No** If yes, please state the percentage: See attached response to Q. No. 13.
15. Has the Corporation made any investments or loans, entered into any guarantees, or otherwise become liable for any obligations which, in the aggregate, exceed the greater of 3% of Total Utility Plant or 50% of the Corporation's Equities and Margins?
 Yes **No** If yes, please provide details:

Compliance Worksheet

Attachment A

(Class B RUS Borrower)

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16. Has any substantial portion of property subject to the RUS/CFC mortgage been sold, lost, damaged, condemned, taken by eminent domain or otherwise transferred?
 Yes No If yes, has the Corporation notified CFC of the transaction? If CFC was not notified, describe the transaction:
17. If yes to above, did the Corporation receive fair market value for all items of property or capital assets sold for which CFC and RUS granted a partial release of lien on said property?
 Yes No If no, please provide details: N/A
18. Has the Corporation applied all net proceeds realized from the sale, lease, or transfer of capital assets, in excess of \$100,000.00, to prepayment of the indebtedness secured by the mortgage, or the addition of property that is subject to the mortgage?
 Yes No If no, please provide details: N/A
19. Have any Events of Default (as defined in the Corporation's loan agreement and mortgage) occurred?
 Yes No If yes, please provide details:
20. Is the Corporation providing with this certificate to CFC, a full and complete report of its financial condition and statement of its operations as of the end of the Corporation's most recent fiscal year, audited by an independent CPA?
 Yes No If no, will the report be delivered to CFC within 120 days of the Corp.'s fiscal year-end? If no, please explain: AUDIT REPORT WILL BE MAILED, FOLLOWING BOARD APPROVAL, UNDER SEPARATE COVER ON OR ABOUT APRIL 11, 2006.
21. Has the Corporation executed a mortgage or granted any other security interest to any lenders other than CFC and RUS?
 Yes No If yes, please explain:
22. Is the Corporation a party to any litigation which, if decided against it, would have a material adverse effect on its financial condition or business?
 Yes No If yes, please explain: See response to Q. No. 24.
23. Is there any litigation threatened against the Corporation, if decided against it, would have a material adverse effect on its financial condition or business?
 Yes No If yes, please explain: See response to Q. No. 24.

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Attachment A

(Class B RUS Borrower)

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24. Has the Corporation become aware of any claims or potential claims against it involving any environmental laws or regulations?

Yes **No** If yes, please explain: See attached Response to Q. No. 24.

25. Have any material adverse events impacting the Corporation's operations or financial position occurred between January 1, 2006, and the date of the completion of this Certificate?

Yes **No** If yes, please explain: See attached response to Q. No. 25.

OFFICER'S CERTIFICATION

The undersigned, President & Chief Executive Officer of East Kentucky Power Cooperative, Inc.
(Title) (Name of Corporation)

(the "Corporation"), hereby certifies that, to the best of my knowledge, information and belief:

- 1. Except as may otherwise be stated on the above compliance worksheet (including any attachments), the Corporation has, throughout the 12 month period preceding December 31, 2005, fulfilled all of its obligations under its loan agreement(s) with CFC and under its mortgage and security agreement with CFC and RUS;
- 2. The governing board of the Corporation has been furnished with a full, complete and accurate report of the performance and activities of the Corporation for the year ending December 31, 2005 or the Corporation's fiscal year-end, if different; and,
- 3. All of the information set forth herein (including any attachments) is true and correct as of December 31, 2005 and for the 12 month period preceding such date.

Signature

Roy M. Palk
Printed Name

Date Signed

**ATTACHMENT TO COMPLIANCE WORKSHEET—
FOR PERIOD ENDING DECEMBER 31, 2005 (Page 1/2)**

RESPONSE TO NO. 8

East Kentucky Power Cooperative ("EKPC") has received payments totaling \$5,276,688 from its property insurance provider for a property claim for damages to Spurlock Unit 2 generator. The proceeds were used to purchase property that is part of the Mortgaged Property.

RESPONSE TO NO. 13

EKPC has a program called Touchstone Energy Partners Plus Marketing Program where EKPC will match dollar-for-dollar any marketing monies spent by a member cooperative up to \$5.65 per household. In 2005, EKPC reimbursed its members approximately \$2.5 million.

RESPONSE TO NO. 24

United States of America v. EKPC – U.S. District Court, Lexington – On January 28, 2004, the federal EPA sued EKPC alleging that physical or operating changes to three coal-fired generators resulted in simultaneous violations of the Prevention of Significant Deterioration ("PSD") provision of the Clean Air Act; the New Source Performance Standards ("NSPS") of the Clean Air Act; and the State Implementation Plan ("SIP") for Kentucky, as approved by EPA. The lawsuit seeks injunctive relief, and civil penalties of up to \$25,000 a day before January 31, 1997, and \$27,500 a day since then. On June 18, 2004, EKPC filed its Answer denying all claims.

On January 17, 2006, EKPC filed four motions with the court asking that most, if not all of the claims, be dismissed. These motions for summary judgment involved,

- (a) statute of limitation issues;
- (b) federal enforceability of the Spurlock No. 2 operating permit;
- (c) applicability of the routine maintenance exclusion; and
- (d) calculation of emissions under PSD based on post-change actual annual emission where the baseline emission calculations are based on actual historic annual emissions prior to project work, and not based on hypothetical emissions.

The court has previously set this matter for trial on May 23, 2006; but this schedule could change depending upon whether the court rules favorably upon all or some of these motions.

**ATTACHMENT TO COMPLIANCE WORKSHEET—
FOR PERIOD ENDING DECEMBER 31, 2005 (Page 2/2)**

RESPONSE TO NO. 25

USEPA Notice of Violation— On January 17, 2006, the United States Environmental Protection Agency (“USEPA”) issued a Notice of Violation (“NOV”) under Section 113 of the Clean Air Act (“CAA”) charging operation of Dale Station Units 1 and 2 with technical violation of the CAA’s acid rain program, and provisions of the NOx State Implementation Plan or NOx SIP Call. The issue for both units involves whether these units were subject to regulations as generators having a “nameplate” capacity greater than 25 megawatts and/or were generators used to generate 25 megawatts or more of electricity.

Kentucky followed suit by issuing its own NOV for Dale Station Units 1 and 2 also alleging technical non-compliance respecting those programs over which it has jurisdiction.

000018

Compliance Worksheet
(Class B RUS Borrower)

Attachment A

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Unless otherwise specified, all requested information relates to the 12-month period ending December 31, 2005. Capitalized terms used in this worksheet are defined in the Loan Agreement and/or Mortgage. Please use additional sheets if necessary.

1. Is the Corporation in good standing under the laws of the jurisdiction in which it is organized?

Yes No If no, please explain:

2. Are the above address and telephone numbers correct?

Yes No If no, please provided updated address/phone numbers:

3. Has the Corporation changed its name since January 1, 2005?

Yes No If yes, please provide the new information and effective date of the change:

4. Has the Corporation merged, consolidated or sold substantially all of its business or assets?

Yes No If yes, please state the effective date and a description of the transaction:

5. Has the Corporation lost its corporate existence or any franchises, rights of way, easements permits and licenses, the loss of which would have a material adverse affect on the Corporation's financial condition or business?

Yes No If yes, please provide details:

6. Has the Corporation purchased insurance consistent with prudent utility industry standards?

Yes No If no, please explain:

7. Please submit a summary of the type and level of Corporation's insurance policies and the declarations pages for each of the policies. In addition, please provide the endorsements naming CFC as Mortgagee on the Corporation's hazard insurance policies.

ATTACHED IS A SUMMARY OF THE TYPE AND LEVEL OF EKPC'S INSURANCE POLICIES AND THE DECLARATION PAGES FOR EACH OF THE POLICIES. CFC IDENTIFIED AS MORTGAGEE AND LOSS PAYEE, BUT NOT SPECIFICALLY NAMED.

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Compliance Worksheet
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Yes No If yes, please explain: See attached response to Q. No. 25.

OFFICER'S CERTIFICATION

The undersigned, President & Chief
Executive Officer of East Kentucky Power Cooperative, Inc.
(Title) (Name of Corporation)

(the "Corporation"), hereby certifies that, to the best of my knowledge, information and belief:

1. Except as may otherwise be stated on the above compliance worksheet (including any attachments), the Corporation has, throughout the 12 month period preceding December 31, 2005, fulfilled all of its obligations under its loan agreement(s) with CFC and under its mortgage and security agreement with CFC and RUS;
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3. All of the information set forth herein (including any attachments) is true and correct as of December 31, 2005 and for the 12 month period preceding such date.

Signature

Roy M. Palk
Printed Name

Date Signed

**ATTACHMENT TO COMPLIANCE WORKSHEET—
FOR PERIOD ENDING DECEMBER 31, 2005 (Page 1/2)**

RESPONSE TO NO. 8

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- (b) federal enforceability of the Spurlock No. 2 operating permit;
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- (d) calculation of emissions under PSD based on post-change actual annual emission where the baseline emission calculations are based on actual historic annual emissions prior to project work, and not based on hypothetical emissions.

The court has previously set this matter for trial on May 23, 2006; but this schedule could change depending upon whether the court rules favorably upon all or some of these motions.

**ATTACHMENT TO COMPLIANCE WORKSHEET—
FOR PERIOD ENDING DECEMBER 31, 2005 (Page 2/2)**

RESPONSE TO NO. 25

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Kentucky followed suit by issuing its own NOV for Dale Station Units 1 and 2 also alleging technical non-compliance respecting those programs over which it has jurisdiction.

000026

MAINTENANCE RENEWAL & REPLACEMENT CERTIFICATE
G&T

Borrower ID and Name: 03 - 20 - 059
For Year Ending December 31, 2005

EAST KENTUCKY POWER COOPERATIVE, INC.
(First Year of First Cycle - 1974)

Item	1st Year of Cycle 7 (a) 2004	2nd Year of Cycle 7 (b) 2005	3rd Year of Cycle 7 (c) 2006	4th Year of Cycle 7 (d) 2007	5th Year of Cycle 7 (e) 2008	Cycle Total (f)
1. Operating Revenue & Patronage Capital	\$505,680,463	631,296,871				
2. Total Operating Expense & Fixed Cost of Production Plant	432,648,195	546,350,610				
3. Revenue Less Operating Expense (Item 1 less Item 2)	73,032,268	84,946,261				
4. 10% of Item 3	7,303,227	8,494,626				
5. Depreciation & Amortization Exp.	38,994,125	52,037,569				
6. Total Maintenance Expense	50,827,928	39,016,190				
7. Sum of Item 5 & Item 6	89,822,053	91,053,759				
8. 15% of Item 7	13,473,308	13,658,064				
9. Total Maintenance Expense	50,827,928	39,016,190				
10. Renewals & Replacements	68,108,633	93,674,770				
11. Available MRR Credit Carryover (From prior cycle)	N/A	N/A	N/A	N/A	N/A	N/A
12. Total MRR Amount (Item 9+10)	118,936,561	132,690,960	61,600,889			
13. MRR Credit (Deficit) Carryover (Item 12 less (lesser of Item 4 or 8))	N/A	N/A	N/A	N/A	N/A	N/A

I, Roy M. Palk, President and Chief Executive Officer of East Kentucky Power Cooperative, Inc., furnish the above data in accordance with the provisions of Article II, Section 6 or Section 4.06 of the RUS/CFC Common Mortgage and do hereby certify that the above entries are in accordance with the accounts and records of the system and are true and correct to the best of my knowledge and belief.

Roy M. Palk
President and Chief Executive Officer
[Corporate Seal]

CFC Form 51a

(FIN/INFINANCE/GENERAL/CFC-MAINTENANCE RENEW & REPLACE CERT)

000027

**STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF FUNDED MEDICAL PLAN
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Contributions, Administration and Excess Risk Insurance Cost		Benefits Received (c)		(9)	(10)
								Monthly (a)	Y.T.D. (a)	Monthly (b)	Y.T.D. (b)		
2006	Employees	Contributions	Contributions	Admin. Fees Cost	Admin. Fees Cost	Admin. Fees Cost	Admin. Fees Cost	Monthly	Y.T.D.	Monthly	Y.T.D.	Monthly	Y.T.D.
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	1,082,204	267,939
Feb.	2,028	1,347,855	2,697,998	139,411	279,008	279,008	279,008	1,487,266	2,977,005	1,604,650	2,686,854	1,604,650	11,144

	Data Per Month Per Employee	
	Contribution	Claims
Base Benefits	Rate	Paid
Admin Fee	\$ 666.01	\$ 663.26
	\$ 68.87	\$ 68.87
	\$ 734.88	\$ 732.13

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.
 (b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.
 (c) Includes excess risk reimbursements: \$15,461.38 for Owen, \$57,384.22 for Salt River

STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF-FUNDED DENTAL PLAN
EAST KENTUCKY POWER COOPERATIVE

	(1)	(2)	Monthly Employer Contributions		(4)	(5)	(6)	Monthly Employee Contributions		(9)	(2)+(7) (10)	(3)+(8) (11)	(10)-(11)-(12) (13)	(14)	Y. T. D. Surplus (Deficit)
			Amount of Contr. (a)	Claims Paid				Admin. Fee	Surplus (Deficit)						
2006															
Jan.	664	15,936	11,319	1,328	1,328	3,289	448	15,301	16,041	(740)	31,237	26,828	1,328	3,081	
Feb.	664	15,936	21,740	1,328	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(7,720)	
Total	1,328	31,872	33,059	2,656	2,656	(3,843)	899	30,613	31,941	(1,328)	62,485	64,468	2,656		

Employer		Employee	
Contr.	Claims	Contr.	Claims
Rate	Paid	Rate	Paid
\$22.00	\$24.89	\$34.05	\$ 35.53
Admin. fee	Admin. fee		
2.00	2.00		
\$24.00	\$26.89		

(a) Includes Administration Fee of \$2.00 per employee.
(b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00
Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

000029

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: March 16, 2006
SUBJECT: Carmeuse Lime and Stone, Inc., Amendment No. 1
KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

East Kentucky Power Cooperative, Inc., (“EKPC”) entered into a limestone contract with Carmeuse Lime and Stone, Inc., (“Carmeuse”) on November 3, 2004, for limestone to supply the Gilbert Unit at Spurlock Power Station. This contract provides for a fuel surcharge to be applied to the tracking cost of the limestone. This surcharge goes into effect when the price of diesel fuel exceeds a set base price. The fuel process has deemed it necessary to more accurately identify the specific index on which this fuel charge is based. This amendment does not affect EKPC’s cost for the transportation of the limestone but only concisely identifies the method of computation.

Justification and Strategic Analysis

This amendment recommended by management will specifically identify the index used by EKPC to calculate when a fuel surcharge shall be applied to the trucking cost of limestone to the Gilbert Unit at Spurlock Power Station. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Recommendation

Your approval is requested for limestone amendment No. 1 with Carmeuse.

Approved by:Original Approved

Date: Original Dated March 17, 2006

eh/gv

000030

March 13, 2006

Mr. Don Bowles, CEO
Charolais Coal Sales, LLC
P. O. Box 1999
Madisonville, KY 42431-0040

Dear Mr. Bowles:

Subject: Coal Contract Between Charolais Coal Sales, LLC, and East Kentucky Power Cooperative, Inc., Dated January 10, 2005—Gilbert Unit at Spurlock Power Station Contract No. 804

East Kentucky Power Cooperative, Inc.'s ("EKPC") fuel process and Charolais Coal Sales, LLC's ("Charolais") representatives Larry Edmonson and Mike McElwain have concluded negotiations for the market reopener required for the referenced contract during the time frame of January 1, 2006, through March 31, 2006. It was concluded that Charolais could not economically continue to ship coal under the price structure of the contract and that EKPC, from a recent bid solicitation, could buy coal for less than the current price of the Charolais contract. An agreement was, therefore, reached between Charolais and EKPC that the contract would end as of March 31, 2006.

Charolais currently is 49,565 tons in arrears for tons committed for the contract during the period of April 1, 2005, and March 31, 2006. As previously stated, EKPC has coal offered beginning in 2006 that is cheaper than the current Charolais price. Under these circumstances, EKPC would be willing to forego these remaining tons and consider the contract complete as of March 31, 2006. However, there is legislation pending in Frankfort that would give EKPC a \$2 per ton tax credit for burning Kentucky coal in the Gilbert unit. Should this proposed legislation become law, this would make the tons owed to EKPC by Charolais more economical than the coal proposed by the other suppliers that is not Kentucky coal. In this case, EKPC would ask Charolais to ship the tons currently in arrears or compensate EPKC for the dismissal of these tons at a rate of \$1 per ton to cover replacement cost for EKPC. Charolais has indicated a willingness to pay EKPC this amount should the situation occur. Payments would be in three monthly increments of \$16,521.67 with the first being due April 20, 2006; the second due May 20, 2006; and the third due June 20, 2006. Should the legislation allowing the Kentucky coal tax credit not be made into law, these payments will be waived by EKPC.

If these terms and conditions are agreeable, please sign below on both originals, retain one original for your records, and return one original to Ernie Huff.

Sincerely,

(Original Signed)

Roy M. Palk
President and Chief Executive Officer

eh/gv
By certified mail

Accepted by: _____

Date: _____

000031

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: March 30, 2006

SUBJECT: Approval of Coal Supply Contract Amendment No. 4 to Keystone Industries, LLC—Spurlock Power Station Unit No. 2

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

East Kentucky Power Cooperative, Inc., (“EKPC”) currently has a coal supply contract for Spurlock Power Station Unit No. 2 with Keystone Industries, LLC, (“Keystone”) for 15,000 tons per month at a delivered price of \$1.844/MMBtu or \$44.26 per ton. This price is now approximately \$24.50 per ton below current market. Keystone is a small producer in West Virginia with a monthly production of 30,000 to 35,000 tons per month. They have been a reliable supplier for EKPC since 2001.

Keystone has been seriously hampered with permitting issues and constantly increasing mining costs. EKPC fuel personnel met with Tom Scholl, president and owner of Keystone, in December 2005 to discuss these issues. Mr. Scholl informed EPKC that his company was currently losing over \$15,000 per barge on coal that was shipped to EKPC, and with EKPC receiving 50 percent of his production, he could not continue to sustain these losses. EKPC had a mining consultant visit the Keystone operation and verify Mr. Scholl’s information.

Management has negotiated a solution to this situation by extending the term of the Keystone contract, reducing the monthly commitments, and maintaining the current price of \$1.844/MMBtu. This will allow Keystone to market a larger portion of their coal at a higher price to other utilities and continue to supply EKPC with the total committed tons at the original price. The amendment will extend the term of the Keystone contract from June 30, 2007, to June 30, 2009.

Mr. Roy Palk
Page 2
March 30, 2006

Justification and Strategic Analysis

The amendment recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

Recommendation

Your approval is requested for the coal supply contract amendment under the terms herein described.

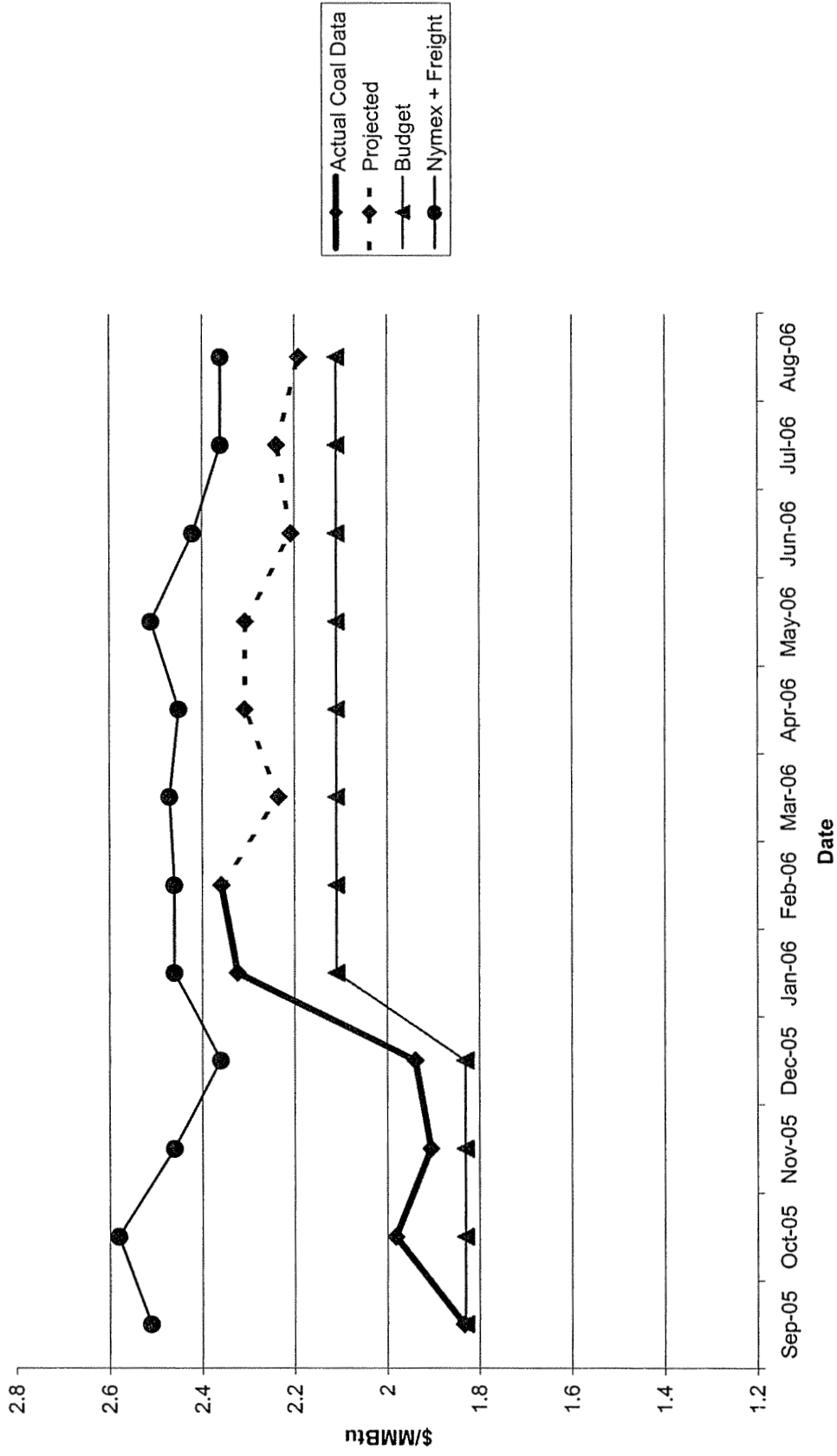
Approved by: Original Approved

Date: Original Dated March 30, 2006

eh/gv

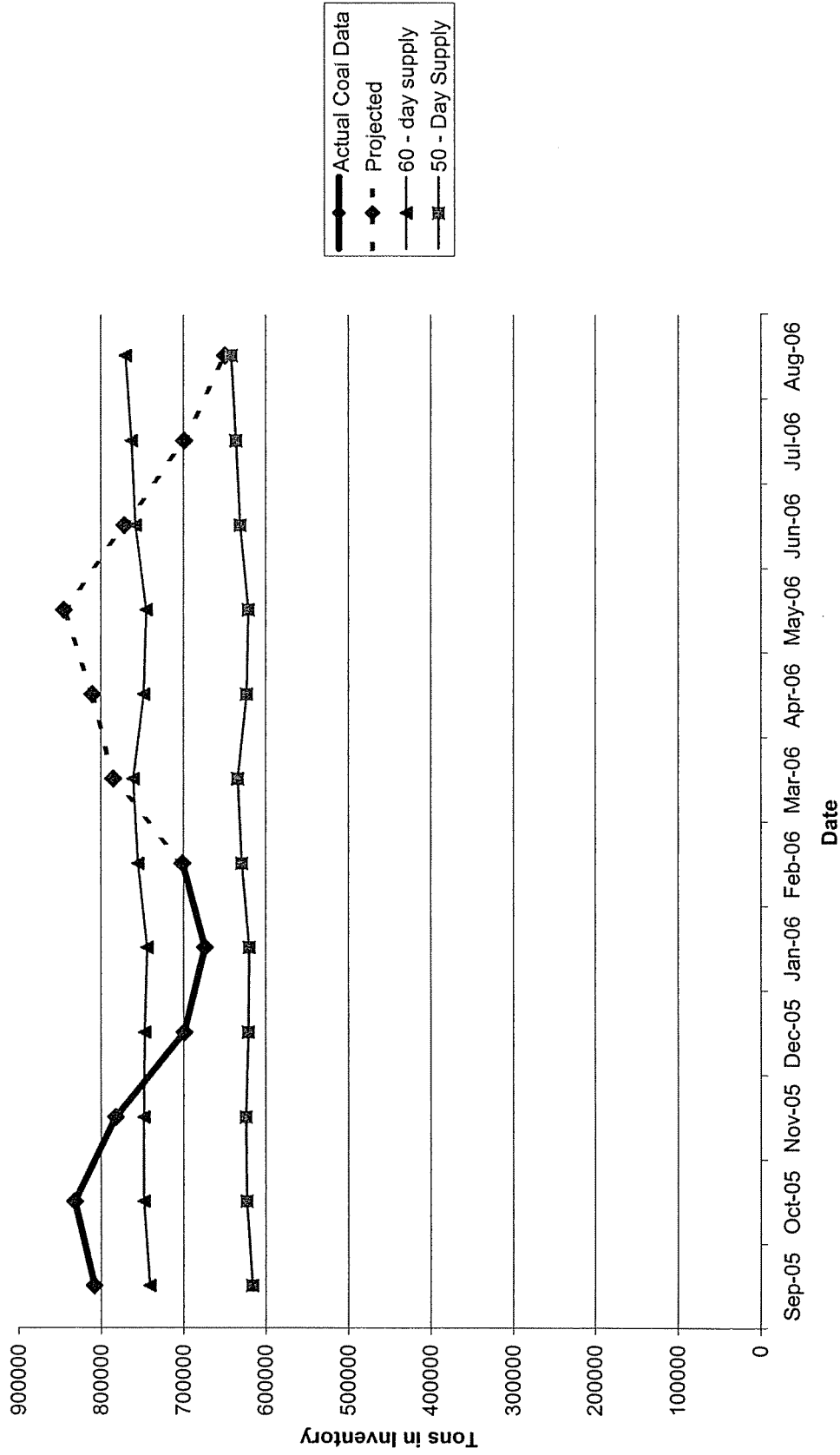
000033

Actual and projected Coal Cost - System



000034

Actual and projected Coal Inventory - System



TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: March 6, 2006
SUBJECT: Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of February 2006 as shown below:

Date	Quantity (MMBtu)	Price \$/MMBtu
02/05/06	55,500	\$9.2718
02/06/06	1,100	\$8.7282
02/08/06	729	\$8.7087
02/09/06	8,579	\$8.4660
02/13/06	5,841	\$7.7379
02/14/06	459	\$8.2330
02/17/06	24,479	\$8.3689
02/22/06	2,182	\$8.1068
02/26/06	<u>1,506</u>	<u>\$7.8932</u>
	100,375	\$8.8327

gv

Approved by: Original Approved

Date: Original Dated March 7, 2006

000036

**RUN-OF-MINE COAL PURCHASE REPORT
FOR PERIOD FEBRUARY 25, 2006 TO MARCH 29, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Cooper Station</u> Dixie Fuel Co. Knoxville, TN	51208	Cooper Station Burnside, KY	2,000	Cooper Station	\$2.25/MMBtu	12,000
Jamieson Constr. London, KY	51207	Cooper Station	20,000	Cooper Station	\$2.40/MMBtu	11,500
<u>Spurlock Station</u> SSM Coal America Columbia, MD	51216	Rivereagle Catlettsburg, KY	1,169	Spurlock Station	\$2.56/MMBtu	12,500

gv

000037

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: March 17, 2006

SUBJECT: Spot Coal Purchase—Spurlock Power Station Unit No. 1

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

Because of Appalachian Fuels, LLC, (“Appalachian”) terminating deliveries on their coal supply contract, East Kentucky Power Cooperative, Inc., (“EKPC”) requires supplemental tons for Spurlock Power Station Unit No. 1 until the Appalachian issue is resolved. Coal will be needed during the March, April, and May timeframe to compensate for tons not being shipped by Appalachian. Due to time constraints, verbal solicitations were made, and the responsive proposals have been evaluated and are attached.

The recommended purchase is described in detail below:

1. KIVA Coal Sales—40,000 tons of coal or synfuel at a delivered price of \$2.04/MMBtu or \$46.92/ton, based on 11,500 Btu/lb. This product is 1.2 percent sulfur and 15 percent ash. Deliveries will begin April 1, 2006, and continue through June 15, 2006.

KIVA Coal Sales is a brokerage company headquartered in Lexington, Kentucky, and loading coal on the Big Sandy River.

Justification and Strategic Analysis

The purchase recommended by management will provide an adequate fuel supply source for EKPC’s generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Mr. Roy Palk
Page 2
March 17, 2006

Recommendation

Your approval is requested to issue purchase orders to KIVA Coal Sales for the tons and term herein described.

Approved by: Original Approved

Date: Original Dated March 17, 2006

eh/gv
Attachment

000039

FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 1

VERBAL SOLICITATION

Date: 03/16/2006
 Event Nbr: 64
 Bid End Date: 03/16/2006

Coal Supplier	Number	Quality Btu		Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
		% Sulfur	% Ash									\$	MMBtu
KIVA Coal Sales Various Weekly / Non-Union / Broker	4	11,500	13,500	3	2,478	22,800	45,000	0.225	1,919	46,919	2,040	72,422	3,149
Argus Energy Martin Weekly / Non-Union / Producer	3	12,000	20,000	2	2,137	19,000	54,800	0.274	1,919	56,719	2,363	78,130	3,255
Arch Coal Sales Boyd Monthly Non-Union / Producer	2	11,500	15,000	2	2,478	19,000	52,250		1,919	54,169	2,355	75,647	3,289
Trinity Coal Perry Weekly / Non-Union / Producer	5	12,000	10,000	3	2,137	28,500	43,000	0.215	8,750	51,750	2,156	82,602	3,442
Lightning, Inc. Fayette Monthly Non-Union / Producer	6	12,000	10,000	2	2,533	14,060	62,000		4,218	66,218	2,759	82,811	3,450
Alliance Coal Gibson Monthly Non-Union / Producer	1	11,400	10,000	1	1,166	16,720	56,000		5,540	61,540	2,699	79,427	3,484
Central Appalachian Pike Monthly Non-Union / Producer	7												0.000
Peabody Coaltrade Boyd Monthly Non-Union / Broker	9												No Coal Available
													No Price Available

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$950.00 Maintenance Factor: 0.1652

000040

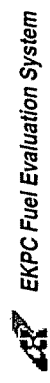
FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 1

VERBAL SOLICITATION

Date: 03/16/2006
 Event Nbr: 64
 Bid End Date: 03/16/2006

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	Ton MMBtu
Progress Fuels Various Monthly/ Non-Union /Broker	10										0.000	No Price Available
Teco Coal Corp Perry Monthly/ Non-Union /Producer	8										0.000	No Coal Available

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$950.00 Maintenance Factor: 0.1652



000041

CONSTRUCTION IN PROGRESS

March, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru February, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Distribution Substations & Taps				
Blue Grass Energy Cooperative				
Headquarters Distribution Station 11.2/14 mVA 69-12.5 kV Rebuild	734(P)	855	Construction activities are approximately 60% complete.	5/1/2006
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	354	Design activities are approximately 89% complete.	6/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	178	RAW clearing activities are scheduled to begin by mid April, 2006.	6/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	89	The site acquisition is in the final stages. The overall verbal agreement has been made but the exact site location has not been agreed on by both parties.	6/1/2006
Clark Energy Cooperative Hardwick's Creek Distribution Station 69-12.5 kV, 5.6/6.44mVA	447(P)	606	This station was placed in service on March 9, 2006.	12/1/2005
Hardwick's Tap 69kV 3.1 miles	619(P)	978	The construction of this line is complete and energized on February 23, 2006.	12/1/2005

000042

CONSTRUCTION IN PROGRESS

March, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru February, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
JACKSON ENERGY COOP. Big Creek Substation 69-12.5 kV 11.2 MVA	452(P)	177	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,043	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. RW Agents expect to have two or three condemnations on this line.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	148	An option has been obtained for the substation site. The original site location will have to be moved because of the flood plain area. The new site being considered is located on the same property as the original site.	5/1/2006
OWEN ELECTRIC COOPERATIVE Bristow #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	336	Construction of this project is complete. Energization is dependent upon the Coop finishing their work.	5/1/2006
Downing #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	199	Construction activities are complete. Line connections are dependent upon acquiring one easement.	5/1/2006

000043

CONSTRUCTION IN PROGRESS

March, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru February, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Salt River RECC Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	131	An option for this site has been obtained.	5/1/2006
Little Mount Distribution Station 161-12.5 kV, 12/16/20 MVA	902(P)	917	The construction of this station is complete. Awaiting the completion of the line construction to energize.	12/1/2005
Little Mount Tap 69kV 6 miles	1272(P)	1,733	Construction activities are approximately 80 % complete.	12/1/2005
South Kentucky RECC Gap of the Ridge Distribution Station 11.2/14 MVA 69-25kV	558(P)	160	An option has been obtained for this site. Survey is complete and design activities are approximately 80% complete.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	60	The survey of this line is complete. R/W acquisition and design activities are approximately 50% complete.	12/1/2006
Upchurch Distribution Station 11.2/14MVA 69-12.5 kV	543 (P)	669	The construction activities are complete. Awaiting the completion of the line construction to energize.	5/2/2006
Upchurch Tap 69 kV 1.75 miles	375 (P)	318	R/W clearing activities are 80% complete. Construction activities have started.	5/2/2006

000044

CONSTRUCTION IN PROGRESS

March, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru February, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities				
Bullitt Co. 69 KV Breaker Add. (2Brkrs.)	166(P)	175	Design of this project is approximately 89% complete.	5/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 KV Line 10 Miles	2,634(P)	91	Survey activities are complete. Design activities are 90% complete.	6/1/2006
Cranston - Rowan Line 138KV 7.50 miles	2204(P)	638	Survey and design activities are complete. The Forestry Permit has been approved. The PSC has declined approval for the first application. A decision from the PSC for the re-hearing is expected by April 7, 2006.	1/2/2007
J.K. Smith CT 345KV Trans. Substation	4300(P)	20	A contract for the Engineering, Procurement of Equipment, and Construction of the station has been awarded to Beta Engineering Co.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 KV	22075(P)	545	Survey activities are approximately 89% complete and design activities are approximately 89% complete.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	195	R/W easement procurement is complete Survey and design activities are 40% complete.	6/1/2006
North Clark (Sideview) 345 KV Trans. Sub.	3865(P)	333	A contract for the Engineering, Procurement of Equipment, and Construction of the station has been awarded to Beta Engineering Co.	6/1/2007

000045

CONSTRUCTION IN PROGRESS

March, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru February, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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Transmission Facilities
 West Bardstown Jct. Switching Station
 69KV (3 Brks)

5/1/2006

911(P) 297 An option has been obtained for this site.

W. Bardstown Jct. - W. Bardstown
 Reconductor 69 KV 4.5 miles

5/1/2006

338(P) 13 Design activities have started.

000046

CONSTRUCTION IN PROGRESS

March, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru February, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
WARREN RECC Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	572	Survey and design activities are 80% complete. Siting activities have started.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	108	Design activities are approximately 50% complete.	4/1/2006
GM 161 kV Brkr Station	1060(P)	1,461	This station was completed on January 15, 2006. Awaiting completion of lines to energize.	10/15/2005
GM- Memphis Jct. 161 KV 14.96 miles	5675(P)	501	Siting and Survey activities are approximately 89% complete. Design activities are complete.	12/31/2007
Memphis Jct.- Aberdeen 161 KV 23.48 miles	9486(P)	1,165	Siting activities are approximately 49% complete. Survey and design activities are approximately 89% complete.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	465	Survey and R/W acquisition activities are approximately 49% complete.	12/31/2007

(P) - Planning Estimates
(h:share/reports/project.xls)

000047



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 APPLICABLE TO MARCH 2006 POWER BILL
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$30,116,443	0.02713
-----	=	-----
KWH Sales to Members and Internal Use	1,110,013,176	
Less Cost of Fuel in Base Rate		0.02025
FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	MARCH 2006	 ----- 0.00688 =====

DEVELOPMENT OF FUEL ADJUSTMENT RATE

	FEBRUARY 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
Received				
Generation				
Coal & Oil Burned	\$20,876,337	948,992,335	0.02200	0.01881
Gas & Oil Burned in CTs	1,799,115	12,215,804	0.14728	0.00162
Fuel (Assigned Cost during F.O.)	272,234	11,285,000	0.02412	0.00025
Fuel (Assigned Cost during F.O.)	(505,090)	(11,285,000)	(0.04476)	(0.00046)
	-----	-----	-----	-----
Total Fuel Cost (a)	22,442,596	961,208,139	0.02335	0.02022
	-----	-----	-----	-----
Purchases				
Net Energy Cost - Economy Purchases	7,701,431	169,265,430	0.04550	0.00694
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
	-----	-----	-----	-----
Total Purchase Cost (b)	7,701,431	169,265,430	0.04550	0.00694
	-----	-----	-----	-----
Subtotal Purchase and Fuel Cost (a+b)	30,144,027	1,130,473,569	0.02666	0.02716
	=====	=====	=====	=====
Delivered				
Off-System Sales Fuel Costs (Over) or Under Recovery	(16,692)	(464,188)	(0.03596)	(0.00002)
Inadvertent - (Net) - System Losses	(10,892)	(2,692,431)		(0.00001)
	-----	(17,303,774)	-----	-----
Sales Fuel Cost (c)	(27,584)	(20,460,393)	(0.00135)	(0.00002)
	-----	-----	-----	-----
Totals (a+b+c)	\$30,116,443	1,110,013,176	0.02713	0.02713
	=====	=====	=====	=====

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

000048



EAST KENTUCKY POWER COOPERATIVE
FUEL ADJUSTMENT
YEAR-TO-DATE 2006
AS OF FEBRUARY 28, 2006
FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		60,948,929		0.02747
-----	=	-----		
KWH Sales to Members and Internal Use		2,218,585,691		
Less Cost of Fuel in Base Rate				
		Cost	KWH	Mills/kwh
				Mills/ total kwh
Received				
Generation				
Coal & Oil Burned		42,265,022	1,914,064,899	0.02208
Gas & Oil Burned in CTs & Landfills		2,935,638	22,000,539	0.13343
Fuel (Assigned Cost during F.O.)		1,289,851	77,885,000	0.01656
Fuel (Assigned Cost during F.O.)		(3,757,779)	(77,885,000)	(0.04825)
		-----	-----	-----
Total Fuel Cost	(a)	42,732,732	1,936,065,438	0.02207
Purchases				
Net Energy Cost - Economy Purchases		15,893,988	353,205,991	0.04500
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		-----	-----	-----
Total Purchase Fuel Cost	(b)	15,893,988	353,205,991	0.04500
Subtotal Purchase & Fuel Cost		58,626,720	2,289,271,429	0.02561
Delivered				
Off-System Sales Fuel Costs		(54,063)	(1,198,746)	(0.04510)
(Over) or Under Recovery		2,376,272		0.00107
Inadvertent - (Net) - System Losses			39,064,348	
			(108,551,340)	
Sales Fuel Cost	(c)	2,322,209	(70,685,738)	0.03285
Totals	(a+b+c)	60,948,929	2,218,585,691	0.02747

000049

**East Kentucky Power Cooperative
Fuel Adjustment Rate - Fuel Cost in Base Rate**

Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)

2006	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892	8,402,592
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

[a] Based on previous month's costs

[b] Does not include EKP usage

[c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

000050

East Kentucky Power Cooperative

Member Cooperative Load Growth 2005 - 2006 Includes Inland Container Steam KWH Equivalency

Month	2006 % Increase By Months		2006 % Increase Cumulative		2006			
	Actual 2005	Budget 2006	Actual 2006	Budget 2006	2005	2006 Budget	2005	2006 Budget
	15 Minute Billing Peak							
	MW							
Jan	2,749	2,878	2,281	2,281	(17.0)	(20.7)	(17.0)	(20.7)
Feb	2,194	2,691	2,584	2,584	17.8	(4.0)	(1.6)	(12.6)
Mar	2,291	2,451						
Apr	1,720	2,061						
May	1,724	1,970						
Jun	2,163	2,182						
Jul	2,346	2,377						
Aug	2,258	2,312						
Sep	1,971	2,178						
Oct	1,820	2,054						
Nov	2,283	2,346						
Dec	2,676	2,718						
YTD	26,195	28,218	4,865	4,865				
	26,195	28,218	4,865	4,865				
	Hourly Coincident System Peak							
	2005							
	Date	Day	Hr. Ending	MW	MW	Equivalent MW	Steam	Equivalent MW
Jan	18	Tues	0800	2,711	2,711	41	41	41
Feb	10	Thur	2000	2,175	2,175	34	34	34
Mar	03	Thur	0700	2,224	2,224	39	39	39
Apr	02	Sat	1200	1,659	1,659	34	34	34
May	03	Tues	0700	1,729	1,729	33	33	33
Jun	28	Tues	1700	2,048	2,048	28	28	28
Jul	25	Mon	1800	2,181	2,181	26	26	26
Aug	20	Sat	1500	2,227	2,227	25	25	25
Sep	12	Mon	1700	1,917	1,917	33	33	33
Oct	3	Mon	1700	1,778	1,778	26	26	26
Nov	18	Fri	0700	2,139	2,139	41	41	41
Dec	20	Tues.	0800	2,642	2,642	42	42	42
YTD								
	Hourly Coincident System Peak							
	2005							
	Date	Day	Hr. Ending	MW	MW	Equivalent MW	Steam	Equivalent MW
Jan	18	Tues	0800	2,711	2,711	41	41	41
Feb	10	Thur	2000	2,175	2,175	34	34	34
Mar	03	Thur	0700	2,224	2,224	39	39	39
Apr	02	Sat	1200	1,659	1,659	34	34	34
May	03	Tues	0700	1,729	1,729	33	33	33
Jun	28	Tues	1700	2,048	2,048	28	28	28
Jul	25	Mon	1800	2,181	2,181	26	26	26
Aug	20	Sat	1500	2,227	2,227	25	25	25
Sep	12	Mon	1700	1,917	1,917	33	33	33
Oct	3	Mon	1700	1,778	1,778	26	26	26
Nov	18	Fri	0700	2,139	2,139	41	41	41
Dec	20	Tues.	0800	2,642	2,642	42	42	42
YTD								

000051

EAST KENTUCKY POWER COOPERATIVE
OFF-SYSTEM SALES - 2006
(1,000)

MONTH	2006 BUDGET										
	MWH	REVENUE	MARGIN	INCLUDES DEMAND		EXCLUDES DEMAND		MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/KWH	MARGIN	MILLS/KWH	MARGIN				
JAN	696	35	(9)	50.78	(9)	50.78	(9)	2,620	133	5	50.76
FEB	4,442	175	(23)	39.44	(23)	39.44	(23)	6,281	319	13	50.79
MAR								7,024	301	14	42.85
APR								23,056	989	46	42.90
MAY								16,779	560	33	33.38
JUN								12,024	460	24	38.26
JUL								16,594	648	33	39.05
AUG								24,904	972	50	39.03
SEP								6,600	226	13	34.24
OCT								6,393	209	13	32.69
NOV								3,450	113	7	32.75
DEC								1,020	33	2	32.35
TOTAL	5,138	210	(32)	40.87	(32)	40.87	(32)	126,745	\$4,963	\$253	39.16

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

000052

EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson
11/15/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	4,442
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
Total	4,420,544	5,008,266	1,099,913	840,778	770,747	899,286	513,879	71,224	53,466	144,197	5,138

000053

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary**

February 2006

CO-OP Name/EKPC		KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	65,084	26,604,293	44.12	201,129	51.68	109,032	55.78	1,483,953
	YTD	114,569	53,007,678	42.65	546,748	52.97	189,839	56.55	2,997,509
BLUE GRASS ENERGY	Month	268,885	112,815,585	43.42	852,884	50.98	456,038	55.02	6,206,861
	YTD	500,452	225,598,113	42.54	2,329,208	52.87	804,372	56.43	12,731,362
CLARK ENERGY COOP	Month	103,694	42,217,245	44.60	319,163	52.16	174,609	56.29	2,376,490
	YTD	190,101	83,861,801	43.63	864,289	53.94	305,552	57.58	4,829,097
CUMBERLAND VALLEY ELECTRIC	Month	106,898	50,126,011	42.50	378,953	50.06	198,989	54.03	2,708,316
	YTD	212,212	100,148,589	42.46	1,033,749	52.78	355,581	56.33	5,641,389
FARMERS RECC	Month	98,088	46,541,455	42.00	351,852	49.56	182,926	53.49	2,489,679
	YTD	190,484	93,357,439	41.67	964,674	52.00	326,630	55.50	5,181,333
FLEMING MASON RECC	Month	173,811	78,971,167	41.51	559,935	48.60	294,801	52.33	4,132,471
	YTD	336,146	165,757,671	41.38	1,546,439	50.71	537,539	53.96	8,943,461
GRAYSON RECC	Month	64,802	25,645,008	44.97	193,875	52.53	106,833	56.70	1,454,043
	YTD	113,560	51,247,882	43.36	529,015	53.68	186,016	57.31	2,937,181
INTER-COUNTY ECC	Month	119,341	45,571,290	44.76	343,670	52.30	189,017	56.45	2,572,571
	YTD	217,124	90,397,705	43.67	929,225	53.95	329,637	57.60	5,206,470
JACKSON ENERGY COOP	Month	234,875	95,291,656	44.07	720,087	51.63	390,130	55.72	5,309,750
	YTD	445,880	189,885,595	43.47	1,957,431	53.78	688,646	57.41	10,901,131
LICKING VALLEY RECC	Month	65,159	26,689,338	44.31	201,771	51.87	109,780	55.98	1,494,138
	YTD	116,638	53,350,845	42.99	550,770	53.31	192,117	56.91	3,036,344
NOLIN RECC	Month	162,146	68,582,792	42.83	518,484	50.39	274,075	54.39	3,730,255
	YTD	302,930	136,936,454	42.18	1,413,234	52.50	484,586	56.03	7,673,222
OWEN EC	Month	385,307	190,048,677	34.11	1,335,194	41.13	619,113	44.39	8,436,204
	YTD	731,249	377,323,745	34.75	3,785,899	44.78	1,131,283	47.78	18,029,401
SALT RIVER RECC	Month	197,913	85,651,425	43.23	647,524	50.79	344,998	54.82	4,695,539
	YTD	370,619	171,944,577	42.43	1,777,100	52.77	611,327	56.32	9,684,017
SHELBY ENERGY COOP	Month	84,334	39,408,967	41.71	297,830	49.27	153,977	53.18	2,095,664
	YTD	160,976	79,831,484	41.09	826,960	51.45	276,134	54.91	4,383,767
SOUTH KENTUCKY RECC	Month	294,843	115,037,015	44.47	869,682	52.03	474,657	56.16	6,460,249
	YTD	554,058	227,517,795	43.85	2,342,055	54.14	831,819	57.80	13,150,022
TAYLOR COUNTY RECC	Month	117,354	50,649,626	46.63	318,383	52.91	196,567	56.79	2,876,495
	YTD	224,492	102,501,959	46.02	869,137	54.50	347,958	57.89	5,934,040
Totals		2,542,534	1,099,851,550	41.95	8,110,416	49.32	4,275,542	53.21	58,522,678
		4,781,490	2,202,669,332	41.49	22,265,933	51.60	7,599,036	55.05	121,259,746

000054

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary
'E' Rates Only**

February 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	65,084	26,604,293	44.12	201,129	51.68	109,032	55.78	1,483,953
	YTD	114,569	53,007,678	42.65	546,748	52.97	189,839	56.55	2,997,509
BLUE GRASS ENERGY	Month	239,790	94,940,636	44.78	717,749	52.34	394,020	56.49	5,362,764
	YTD	442,331	188,161,270	43.89	1,938,007	54.19	688,854	57.85	10,885,199
CLARK ENERGY COOP	Month	103,694	42,217,245	44.60	319,163	52.16	174,609	56.29	2,376,490
	YTD	190,101	83,861,801	43.63	864,289	53.94	305,552	57.58	4,829,097
CUMBERLAND VALLEY ELECTRIC	Month	106,898	50,126,011	42.50	378,953	50.06	198,989	54.03	2,708,316
	YTD	212,212	100,148,589	42.46	1,033,749	52.78	355,581	56.33	5,641,389
FARMERS RECC	Month	89,317	41,714,994	42.57	315,364	50.13	165,826	54.10	2,256,933
	YTD	172,942	83,625,648	42.21	863,975	52.54	295,683	56.07	4,689,216
FLEMING MASON RECC	Month	94,843	42,109,797	43.07	318,350	50.63	169,061	54.64	2,300,963
	YTD	178,210	84,222,079	42.37	869,599	52.69	299,129	56.25	4,737,211
GRAYSON RECC	Month	62,109	24,477,554	45.22	185,049	52.78	102,452	56.97	1,394,420
	YTD	108,174	48,837,185	43.56	503,915	53.88	177,982	57.52	2,809,144
INTER-COUNTY ECC	Month	112,396	41,780,248	45.50	315,858	53.06	175,808	57.27	2,392,795
	YTD	203,200	82,603,759	44.34	850,238	54.63	305,284	58.33	4,817,972
JACKSON ENERGY COOP	Month	223,513	90,115,451	44.36	681,273	51.92	371,038	56.04	5,049,922
	YTD	422,874	178,886,766	43.78	1,843,289	54.09	652,826	57.73	10,327,983
LICKING VALLEY RECC	Month	65,159	26,689,338	44.31	201,771	51.87	109,780	55.98	1,494,138
	YTD	116,638	53,350,845	42.99	550,770	53.31	192,117	56.91	3,036,344
NOLIN RECC	Month	135,446	53,787,631	44.78	406,633	52.34	223,258	56.49	3,038,609
	YTD	252,978	106,715,645	44.05	1,099,461	54.35	391,584	58.02	6,191,429
OWEN EC	Month	199,942	97,250,893	37.18	635,267	43.71	336,314	47.17	4,587,170
	YTD	361,626	181,933,742	39.18	1,743,768	48.76	596,921	52.04	9,468,456
SALT RIVER RECC	Month	186,413	79,423,811	43.70	600,443	51.26	322,855	55.33	4,394,161
	YTD	347,432	158,750,184	42.90	1,638,825	53.22	569,741	56.81	9,018,438
SHELBY ENERGY COOP	Month	65,133	26,836,487	44.48	202,885	52.04	110,759	56.17	1,507,457
	YTD	121,459	53,904,063	43.60	557,199	53.93	195,950	57.57	3,103,160
SOUTH KENTUCKY RECC	Month	276,306	105,377,042	45.09	796,653	52.65	439,986	56.83	5,988,350
	YTD	514,602	207,288,622	44.40	2,130,674	54.68	766,352	58.38	12,101,304
TAYLOR COUNTY RECC	Month	99,483	40,229,941	44.44	304,138	52.00	165,893	56.12	2,257,874
	YTD	188,789	80,238,687	43.84	827,852	54.16	292,982	57.81	4,638,348
Totals	Month	2,125,526	883,681,372	43.50	6,580,678	50.95	3,569,680	54.99	48,594,315
	YTD	3,948,137	1,745,536,563	43.05	17,862,358	53.29	6,276,377	56.88	99,292,199

000055

EAST KENTUCKY POWER COOPERATIVE

NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
January	8,898,355	30,491	8,898,355	30,491	5,432,227
February	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
March		2,986,610		10,892,074	12,090,862
April		(719,104)		10,172,970	6,915,169
May		606,557		10,779,527	(2,675,825)
June		(2,477,813)		8,301,714	(11,277,514)
July		(5,540,048)		2,761,666	(8,727,047)
August		5,090,954		7,852,620	(13,917,192)
September		2,853,151		10,705,771	(2,187,577)
October		(9,556,104)		1,149,667	(2,730,863)
November		1,405,668		2,555,335	1,642,650
December		2,422,275		4,977,610	(46,007,522)

PRELIMINARY

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Form 12-4) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Office, OIR/MLAG Box 7630, Washington, DC 20255; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0725-0017), Washington, DC 20503. OMB FORM NO. 0725-0017, Expires 12/31/98.

USDA-REA		Borrower Designation Kentucky 59 & 63 GT Fayette	
OPERATING REPORT - FINANCIAL		Borrower Designation East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707	
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.		PERIOD ENDED December 31, 2005	REA USE ONLY

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1765 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
UNAUDITED	
SIGNATURE OF MANAGER	DATE

SECTION A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Electric Energy Revenues	494,640,617	617,306,017	560,878,210	71,069,969
2. Income From Leased Property - Net	0	0	0	0
3. Other Operating Revenue and Income	11,039,846	13,990,854	10,147,008	1,050,325
4. Total Oper. Revenues & Patronage Capital (1 thru 3)	505,680,463	631,296,871	571,025,218	72,120,294
5. Operation Expense - Production - Excluding Fuel	37,501,941	63,420,822	53,307,444	18,743,716
6. Operation Expense - Production - Fuel	173,506,697	263,434,248	227,378,184	23,374,409
7. Operation Expense - Other Power Supply	140,484,513	116,313,210	69,764,043	28,214,258
8. Operation Expense - Transmission	19,774,760	15,362,740	15,016,063	185,449
9. Operation Expense - Distribution	797,532	864,406	1,682,702	58,506
10. Operation Expense - Consumer Accounts	(231)	(1,030)	0	0
11. Operation Expense - Consumer Service & Inform	3,955,733	3,922,001	3,967,802	658,634
12. Operation Expense - Sales	2,588,962	127,400	95,942	7,659
13. Operation Expense - Administrative & General	27,740,975	31,722,703	29,782,446	3,040,675
14. Total Operation Expense (5 thru 13)	406,350,882	495,166,500	400,994,626	74,283,306
15. Maintenance Expense - Production	45,133,508	33,469,444	38,518,755	2,558,261
16. Maintenance Expense - Transmission	3,764,098	3,803,633	4,589,219	347,978
17. Maintenance Expense - Distribution	1,261,740	998,692	971,135	58,964
18. Maintenance Expense - General Plant	668,582	744,421	841,109	46,963
19. Total Maintenance Expense (15 thru 18)	50,827,928	39,016,190	44,920,218	3,012,166
20. Depreciation & Amortization Expense	38,994,125	52,037,569	53,459,446	4,667,810
21. Taxes	2,938	234,938	10,000	(2)
22. Interest on Long-Term Debt	53,923,424	69,570,845	74,798,422	6,202,279
23. Interest Charged to Construction - Credit	0	0	0	0
24. Other Interest Expense	565,068	273,188	185,492	18,003
25. Asset Retirement Obligations	0	0	0	0
26. Other Deductions	1,337,754	33,884,038	1,345,351	32,412,536
27. Total Cost of Electric Service (14 + 19 thru 25)	552,002,119	690,183,268	575,713,555	120,596,098
28. Operating Margins (4 - 26)	(46,321,656)	(58,886,397)	(4,688,337)	(48,475,804)
29. Interest Income	2,510,109	5,898,139	2,082,381	528,289
30. Allowance for Funds Used During Construction	16,080,435	6,225,998	7,712,075	328,875
31. Income (Loss) from Equity Investments	0	0	0	0
32. Other Nonoperating Income - Net	208,191	179,284	(242,286)	(32,349)
33. Generation & Transmission Capital Credits	0	0	0	0
34. Other Capital Credits & Patronage Dividends	255,405	575,454	257,200	817
35. Extraordinary Items	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34)	(27,267,516)	(46,007,522)	5,121,033	(47,650,172)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold		50.20	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold		42.70	0.00	
39. Total Cost of Electric Service Per kWh Sold		55.17	0.00	
40. Purchased Power Cost Per kWh		58.48	0.00	

000057

PRELIMINARY

USDA - REA	BORROWER DESIGNATION
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette
	PERIOD ENDED
	December 31, 2005
REA USE ONLY	
SECTION B. BALANCE SHEET	
ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant In Service	32. Memberships
2,039,674,498	1,600
2. Construction Work in Progress	33. Patronage Capital
152,584,883	a. Assigned and Assignable
3. Total Utility Plant (1 + 2)	165,660,311
2,192,259,381	b. Retired This Year
4. Accum. Provision for Depreciation & Amort.	0
774,995,344	c. Retired Prior Years
5. Net Utility Plant (3 - 4)	0
1,417,264,037	d. Net Patronage Capital
6. Non-Utility Property - Net	165,660,311
820	34. Operating Margins - Prior Years
7. Investments in Subsidiary Companies	(46,066,251)
0	35. Operating Margins - Current Year
8. Invest. in Assoc. Org. - Patronage Capital	(58,310,943)
945,914	36. Non-Operating Margins
9. Invest. in Assoc. Org. - Other - General Funds	31,102,156
14,537,749	37. Other Margins and Equities
10. Invest. in Assoc. Org. - Other - Non-General Funds	3,720,584
0	38. Total Margins & Equities (32, 33d thru 37)
11. Investments in Economic Development Projects	96,107,457
0	39. Long-Term Debt - REA (Net)
12. Other Investments	23,155,449
25,615,581	(Payments-Unapplied)
13. Special Funds	0
22,597,214	40. Long-Term Debt-Other-Econ. Devel. (net).
14. Total Other Property & Investments (6 thru 13)	0
63,697,278	41. Long-Term Debt-FFB-REA Guaranteed
15. Cash - General Funds	1,098,108,523
764,487	42. Long-Term Debt-Other-REA Guaranteed
16. Cash - Construction Funds - Trustee	0
500	43. Long-Term Debt-Other (Net)
17. Special Deposits	220,235,881
425	44. Total Long-Term Debt (39 thru 43)
18. Temporary Investments	1,341,499,853
49,095,118	45. Obligations Under Capital Leases - Noncurrent
19. Notes Receivable (Net)	0
0	46. Accumulated Operating Provisions
20. Accounts Receivable - Sales of Energy (Net)	98,344,828
71,185,422	47. Total Other Noncurrent Liabilities (45 + 46)
21. Accounts Receivable - Other (Net)	98,344,828
6,519,495	48. Notes Payable
22. Fuel Stock	53,084,674
43,322,761	49. Accounts Payable
23. Materials and Supplies - Other	78,266,556
31,919,808	50. Taxes Accrued
24. Prepayments	396,467
1,486,910	51. Interest Accrued
25. Other Current and Accrued Assets	16,275,837
280,850	52. Other Current & Accrued Liabilities
26. Total Current and Accrued Assets (15 thru 25)	3,428,312
204,595,776	53. Total Current & Accrued Liabilities (48 thru 52)
27. Unamortized Debt Disc. & Extraord. Prop. Losses	151,452,146
4,750,076	54. Deferred Credits
28. Regulatory Assets	2,982,883
0	55. Accumulated Deferred Income Taxes
29. Other Deferred Debits	0
0	56. Total Liabilities and Other Credits
30. Accumulated Deferred Income Taxes	(38+44+47+53 thru 55)
0	1,690,307,167
31. Total Assets & Other Debits (5+14+26 thru 30)	
1,690,307,167	

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.
 (IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$507,411.65 in December 2005, and \$6,072,132.20 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

December 2005 Demand/MMBTU 383,200	Energy/MMBTU 241,680,000
Year-to-date	Energy/MMBTU 2,411,536,100

*This computer-generated data form is identical in form and substance to REA Form 12a-4, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

PRODUCTION PERFORMANCE REPORT
JANUARY 2006

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
Net Generation -- MWH	105,471	105,471	191,158	191,158	668,444	668,444	4,889	4,889	969,962	969,962
Weighted Equip. Availability Factor	98.69	98.69	100.00	100.00	90.48	90.48	100.00	100.00	94.85	94.85
Load Factor --% Coal-Fired Only Including CT's	76.19	76.19	47.88	47.88	83.78	83.78	1.21	1.21	72.31	72.31
Running Capacity Factor --% Coal-Fired Only Including CT's	74.34	74.34	85.22	85.22	86.86	86.86	68.77	68.77	85.02	85.02
Total Power Cost (Busbar) \$/MWH	37.888	37.888	32.073	32.073	35.330	35.330	612.547	612.547	37.876	37.876
Safety -OSHA Lost Time Incident Rate	1.86	1.86	0	0	0	0	0	0	.35	.35
Environmental Emissions SO2--Tons	694.3	694.3	2,156.1	2,156.1	3,808.40	3,808.40	0.030	0.030	6,658.800	6,658.800
NOx--lbs./MMBtu	0.35	0.35	0.48	0.48	0.32	0.32	0.048	0.048	0.355	0.355

Net Generation (MWH): Is the amount of energy produced and delivered to the transmission system.

Load Factor (%): Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

Running Capacity Factor (%): Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

Weighted Equip. Availability Factor (%): Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

OSHA Lost-Time Accident Rate: Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

Total Power Cost (Busbar) (\$/MWH): Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

Environmental Emissions: Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

000059

**EAST KENTUCKY POWER COOPERATIVE
SUMMARY OF FUEL COST FACTORS
IN COMPUTING FUEL ADJUSTMENT RATE
(TO BE APPLIED TO SUCCEEDING MONTH)**

	DECEMBER 2005		JANUARY 2006		FEBRUARY 2006	
	mWh	Mills per kWh	mWh	Mills per kWh	mWh	Mills per kWh
Production						
Smith Generating	14,668	182.14	4,889	229.17	5,995	295.23
Dale	115,692	27.39	105,471	27.35	99,290	28.06
Cooper	161,865	21.70	191,158	22.97	173,914	23.03
Spurlock I	211,537	18.77	3,971,325	19.63	189,973	21.37
Spurlock II	366,635	19.44	7,127,159	24.00	312,167	25.74
Landfills	5,070	3.37	4,896	3.29	6,221	4.70
Gilbert	180,759	11.98	97,262	14.95	173,649	12.34
Generating Unit						
Sub-total	1,056,226	21.43	974,858	23.26	961,209	23.75
Physical Inventory, Outage & Adjustments Gallatin	0		0		0	
Sub Total	1,056,226	20.61	974,858	20.81	961,209	23.35
Purchases	294,281	79.66	183,941	44.54	169,265	45.50
Sales to Others (Includes Losses)	(11)	105.91	(735)	50.84	(464)	35.97
(Over) or Under Recovery						
Inadvertent Net System Losses	(3,650)		41,757		(2,692)	
	(55,908)		(91,248)		(17,304)	
Total	1,290,938		1,108,573		1,110,014	
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)						
Total Net Fuel Cost		33.34		27.81		27.13
Fuel Adjustment charge (credit) per kWh		13.09		7.56		6.88

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

000060

EAST KENTUCKY POWER COOPERATIVE
TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar	\$8,305	\$73,748	4.355 - 4.759	1 - 19	\$353,936
Apr					
May					
Jun					
Jul					
Aug					
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 2,802,560 (book value) with average maturities of 3.3 years at interest rates averaging 8.08 %, and accrued interest earnings year-to-date of \$ 183,569.

MAY 2006

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(March 2006 Commitments)**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Through	03/31/2006						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007			265,760	265,971	-211	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008			704,842	314,033	390,809	0.000	12300	2.3990
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009			480,000	24,260	455,740	0.000	12000	2.4060
B & W RESOURCES INC	0000151081	03/10/2004	05/31/2006			240,000	138,798	101,202	0.000	12000	2.0630
C.H. DEVELOPMENT LLC	0000151189	12/01/2005	03/31/2006			2,000	895	1,105	0.000	11500	2.5220 A
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008			142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008			112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000001

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(March 2006 Commitments)**

Cooper

Through 03/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	291,915	503,626	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	190,186	289,814	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	19,992	220,008	0.000	11000	2.1440
B & W RESOURCES INC	0000251083	04/01/2004	08/31/2006	240,000	174,540	65,460	0.000	12000	1.8130
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000002

INDEX OF ALL COAL PURCHASE COMMITMENTS
(March 2006 Commitments)
Spurlock#1

Through 03/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	381,346	618,654	1.909	12000	2.0770
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2007	686,845	105,379	581,466	1.909	11800	1.5630
KOCH CARBON LLC	0000351209	01/19/2006	04/18/2006	40,000	38,102	1,898	1.909	11000	2.3030
COALTRADE, LLC	0000351210	02/01/2006	04/29/2006	14,000	4,573	9,427	4.218	11500	2.7260
COALTRADE, LLC	0000351211	02/01/2006	04/29/2006	14,000	9,622	4,378	1.909	11500	2.2570 A
KOCH CARBON LLC	0000351213	03/01/2006	04/30/2006	30,000	8,144	21,856	1.909	11250	2.5180
ARCH COAL SALES COMPANY	0000351214	02/13/2006	04/30/2006	40,000	31,609	8,391	1.909	11500	2.3550
PROGRESS FUELS CORPORATION	000351200A	01/01/2006	05/31/2006	3,200	6,460	-3,260	4.218	12000	2.8840
KOCH CARBON LLC	000351203A	01/11/2006	05/31/2006	40,000	34,036	5,964	1.909	11500	2.7790
PROGRESS FUELS CORPORATION	000351204A	01/11/2006	12/31/2006	1,595	1,595	0	4.218	12000	2.7320
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.218	11800	2.2430
KEYSTONE INDUSTRIES LLC	0000003422	01/01/2002	06/30/2007	1,625	0	1,625	4.218	12000	1.8430

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000003

INDEX OF ALL COAL PURCHASE COMMITMENTS
(March 2006 Commitments)
 Spurlock#2

Through 03/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2007	656,404	344,092	312,312	4.218	12000	1.8430
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	681,435	858,565	1.909	12000	2.4410
MC MINING, LLC	0000000428	01/01/2005	12/31/2007	544,800	137,394	407,406	8.610	12500	2.5440
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	45,420	434,580	4.218	12000	2.5530
PROGRESS FUELS CORPORATION	0000451142	01/01/2005	03/31/2006	120,000	121,133	-1,133	4.218	12000	2.5300
LIGHTNING INC	0000451197	12/19/2005	02/28/2006	25,000	25,244	-244	4.218	12500	2.9190
FOUNDATION ENERGY SALES	0000451198	01/01/2006	03/31/2006	9,300	7,695	1,605	4.218	12000	2.8220
CONSTELLATION ENERGY	0000451199	01/01/2006	03/31/2006	30,000	31,128	-1,128	8.410	12800	2.9460
PROGRESS FUELS CORPORATION	0000451200	01/01/2006	05/31/2006	104,800	77,106	27,694	4.218	12000	2.8840
KOCH CARBON LLC	0000451203	01/11/2006	05/31/2006	38,750	12,906	25,844	1.909	11500	2.7790
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	238,405	52,391	186,014	4.218	12000	2.7320
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	130,200	27,591	102,609	4.218	12400	2.7610
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2007	1,523,950	584,472	939,478	1.909	12000	1.5910
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	338,561	0	4.218	12000	1.6070

Completed

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000004

INDEX OF ALL COAL PURCHASE COMMITMENTS
(March 2006 Commitments)

Gilbert

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through
										03/31/2006
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	158,427	2,241,573	3.818	11400	1.2745	A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	122,610	477,390	3.126	11200	1.2430	A
CHAROLAIS COAL SALES LLC	0000000804	04/01/2005	03/31/2006	1,380,000	150,435	1,229,565	5.743	10500	1.2572	Terminated
MARIETTA COAL COMPANY	0000851155	04/01/2005	03/31/2006	90,000	91,176	-1,176	3.818	9500	1.2930	A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	06/30/2006	135,000	111,744	23,256	2.464	10500	1.2955	A

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000005

2006
EAST KENTUCKY POWER COOPERATIVE
COAL RECEIPTS, USAGE, STOCKPILE
TONNAGE (1000)

DALE STATION											
SPURLOCK - Above .7% Sulphur											
Received			Cost/			Used			Stockpile		
Tons	BTU	MMBTU	TON	TON	TON	TON	#2	TON	TON	TON	TON
39	12247	2.305	56.46	50	62						
48	12211	2.518	61.49	47	63						
38	12474	2.410	60.14	43	58						
Jan.											
Feb.											
Mar.											
Apr.											
May											
June											
July											
Aug.											
Sept.											
Oct.											
Nov.											
Dec.											
Total											

COOPER STATION											
SPURLOCK - Below .7% Sulphur											
Received			Cost/			Used			Stockpile		
Tons	BTU	MMBTU	TON	TON	TON	TON	#1	TON	TON	TON	TON
125	12302	2.412	59.51	140							
Jan.											
Feb.											
Mar.											
Apr.											
May											
June											
July											
Aug.											
Sept.											
Oct.											
Nov.											
Dec.											
Total											

GILBERT STATION											
TOTAL SYSTEM											
Received			Cost/			Used			Stockpile		
Tons	BTU	MMBTU	TON	TON	TON	TON	#1	TON	TON	TON	TON
215	12057	2.321	55.98	224							
Jan.											
Feb.											
Mar.											
Apr.											
May											
June											
July											
Aug.											
Sept.											
Oct.											
Nov.											
Dec.											
Total											

TOTAL SYSTEM											
Received			Cost/			Used			Stockpile		
Tons	BTU	MMBTU	TON	TON	TON	TON	#1	TON	TON	TON	TON
510	12224	2.667	65.19	0	397						
Ave. Cost / Ton											
55.66	2.323	393	418	674	53						
56.57	2.358	432	408	701	56						
54.71	2.281	440	396	745	59						
55.64	2.320	1265	1020								

000006

Run-of-Mine Cost Analysis - Monthly
ACTIVITY FOR THE MONTH OF: MARCH 2006
(thru 03/31/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	S/Ton	\$M/MTU	BTU	Ash	Sulfur
C.H. DEVELOPMENT LLC	0000751135	281.01	8.78	0.00	0.000	0.00	8.78	0.496	8,727	21.84	0.84
C.H. DEVELOPMENT LLC	0000751173	1,385.57	15.00	0.00	0.000	0.00	15.00	0.978	7,673	31.43	0.68
IKERD TERMINAL COMPANY LLC	0000751180	733.60	39.10	0.00	0.000	0.00	39.10	1.680	11,640	12.91	1.93
JAMIESON CONSTRUCTION CO	0000751207	16,580.76	58.19	0.00	0.000	0.00	58.19	2.469	11,788	11.37	1.13
DIXIE FUEL COMPANY LLC	0000751208	1,054.38	58.56	0.00	0.000	0.00	58.56	2.323	12,602	10.19	1.12
Weighted Average - Cooper		<u>20,035.32</u>	<u>53.83</u>				<u>53.83</u>	<u>2.301</u>	<u>11,498</u>	<u>12.90</u>	<u>1.13</u>
SSM COAL AMERICAS, LLC	0000451216	1,169.00	65.50	0.00	1.909	0.06	67.46	2.637	12,792	8.00	0.73
Weighted Average - Spurlock #2		<u>1,169.00</u>	<u>65.50</u>				<u>67.46</u>	<u>2.637</u>	<u>12,792</u>	<u>8.00</u>	<u>0.73</u>

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of March 2006 was \$3.417/MMBtu or \$78.57/ton, based on 11,498 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$3.885/MMBtu or \$93.24/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Spurlock #2 Station during the month of March 2006 was \$3.251/MMBtu or \$83.18/ton, based on 12,792 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Spurlock #2 Station during the same month, which was \$3.548/MMBtu or \$85.16/ton, based on 12,000 Btu/lb.

000007

Summary of Capital Funds and Construction Budget

Data as of 3/31/06

	Actual Expenditures		2006 Budgeted Expenditures
	Jan-Mar	2006 YTD	
Additions to Plant by Work Order:			
Finance/Planning		0	0
Legal	9,036	9,036	6,500
Human Resources/Support Services	26,055	26,055	7,222,300
Member Services	306,997	306,997	12,198,000
Power Delivery	6,521,202	6,521,202	36,659,884
Production	25,912,807	25,912,807	525,672,342
Total	32,776,097	32,776,097	581,759,026
Capital Equipment/Vehicle Purchases:			
Executive	0	0	0
Legal	0	0	25,000
Finance & Planning	0	0	0
Governmental Affairs	0	0	0
Human Resources/Support Services	82,446	82,446	148,500
Member Services	0	0	66,000
Power Delivery	135,559	135,559	1,848,444
Production	354,645	354,645	7,703,049
Total	572,650	572,650	9,790,993

000008

**STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF FUNDED MEDICAL PLAN
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

2006	No. of Employees	Monthly (a) Contributions	Y.T.D. (a) Contributions	Monthly (b)		Y.T.D. (b) Admin. Fees	(2)+(4)		(3)+(5)	Benefits Received (c)		Benefits vs. Cost Y.T.D.
				Admin. Fees	Cost		Monthly	Y.T.D.		Monthly	Y.T.D.	
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	1,082,204	267,939	
Feb.	2,028	1,347,855	2,697,998	139,411	279,008	1,487,266	2,977,005	1,604,650	1,604,650	2,686,854	11,144	
Mar.	2,030	1,344,185	4,042,183	139,473	418,481	1,483,658	4,460,664	2,210,259	4,897,113	4,897,113	(854,930)	

	Data Per Month Per Employee	
	Contribution	Claims
Base Benefits	\$ 664.72	\$ 805.31
Admin Fee	\$ 68.82	\$ 68.82
	\$ 733.54	\$ 874.13

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.
(b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.
(c) Includes excess risk reimbursements: \$15,461.38 for Owen, \$57,384.22 for Salt River

000009

STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF-FUNDED DENTAL PLAN
EAST KENTUCKY POWER COOPERATIVE

2006	(1) No. Emp.	Monthly Employer Contributions			(5) Surplus (Deficit)	(6) No. Emp.	Monthly Employee Contributions			(9) Surplus (Deficit)	(2)+(7) (10) Amount of Contr.	Total Monthly		(14) Surplus (Deficit)
		(2) Amount of Contr. (a)	(3) Claims Paid	(4) Admin. Fee			(7) Amount of Contr. (b)	(8) Claims Paid	(11) Claims Paid			(12) Admin. Fee	(10)-(11)-(12) (13)	
Jan.	664	15,936	11,249	1,328	3,359	448	15,301	15,579	(278)	31,237	26,828	1,328	3,081	
Feb.	664	15,936	21,740	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(4,638)	
Mar.	663	15,912	16,848	1,326	(2,262)	450	15,334	17,320	(1,986)	31,246	34,169	1,326	(8,887)	
Total	1,991	47,784	49,837	3,982	(6,035)	1,349	45,947	48,799	(2,852)	93,731	98,637	3,982		

Employer		Employee	
Contr. Rate	\$22.00	Claims Paid	\$25.03
Admin. fee	2.00	Admin. fee	2.00
	\$24.00		\$27.03
		Contr. Rate	\$34.06
		Claims Paid	\$ 36.17

(a) Includes Administration Fee of \$2.00 per employee.

(b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00

Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

000010

**SCHEDULE OF DEBT BY TERM
3/31/2006**

	<u>Long-Term</u>		
	<u>Amount</u>	<u>Rate Range %</u>	<u>Composite Rate-%</u>
RUS - EKPC	\$49,263,626	2.00 - 5.125	4.95
P-12 CFC	5,216,995	3.68	3.68 [a]
R-12 CFC	5,813,746	3.68	3.68 [a]
T-62 CFC	4,600,274	3.68	3.68 [a]
CFC Sr Credit Facility	130,000,000	5.474 - 5.755	5.61
FFB			
L-8	98,872,839	5.452 - 10.657	7.20
M-9	31,041,903	5.177 - 7.991	6.41
N-8	75,423,645	5.913 - 7.991	7.02
P-12	1,390,109	7.413 - 10.590	8.78
R-12	14,954,679	6.297 - 6.301	6.30
S-8	89,362,345	5.451 - 6.306	6.20
T-62	14,034,292	4.557 - 5.644	5.24
U-8	5,852,906	6.067	6.07
V-8	50,628,735	4.709 - 5.729	5.29
W-8	81,771,427	4.485 - 5.678	5.07
X-8	86,249,103	4.366 - 5.020	4.61
Y-8	203,791,801	4.460 - 5.149	4.96
Z-8	357,625,221	4.324 - 4.946	4.66
AA-8	13,062,418	4.353	4.35
Private Placement Bonds			
Inland	9,600,000	7.70	7.70
Pollution Bonds			
Cooper	9,100,000	3.42	3.42 [a]
Smith	21,145,000	2.95	2.95 [a]
Spurlock	88,600,000	3.600 - 3.700	3.63 [a]
Charleston Bottoms			
RUS	4,062,419	2.00	2.00
CFC	5,810,156	3.68	3.68 [a]
TOTAL	\$1,457,273,639 (b)		5.20

IMBEDDED COST OF DEBT

<u>MONTHLY - 2006</u>			
<u>Month</u>	<u>Debt Outstanding</u>	<u>Composite Interest Rate - %</u>	<u>YEAR-END</u>
Jan	\$1,411,738,767	5.17	2005 5.14
Feb	\$1,460,341,826	5.19	2004 5.04
Mar	\$1,457,273,639	5.20	2003 4.95
Apr			2002 5.16
May			2001 5.31
June			2000 5.94
July			1999 5.86
Aug			1998 5.68
Sept			1997 5.85
Oct			1996 5.83
Nov			1995 6.15
Dec			1994 6.51

[a] Long-Term Debt; Short-Term Rates
[b] Does not include Sick Leave Reserve

EAST KENTUCKY POWER COOPERATIVE
Schedule of Bond Fund Investments

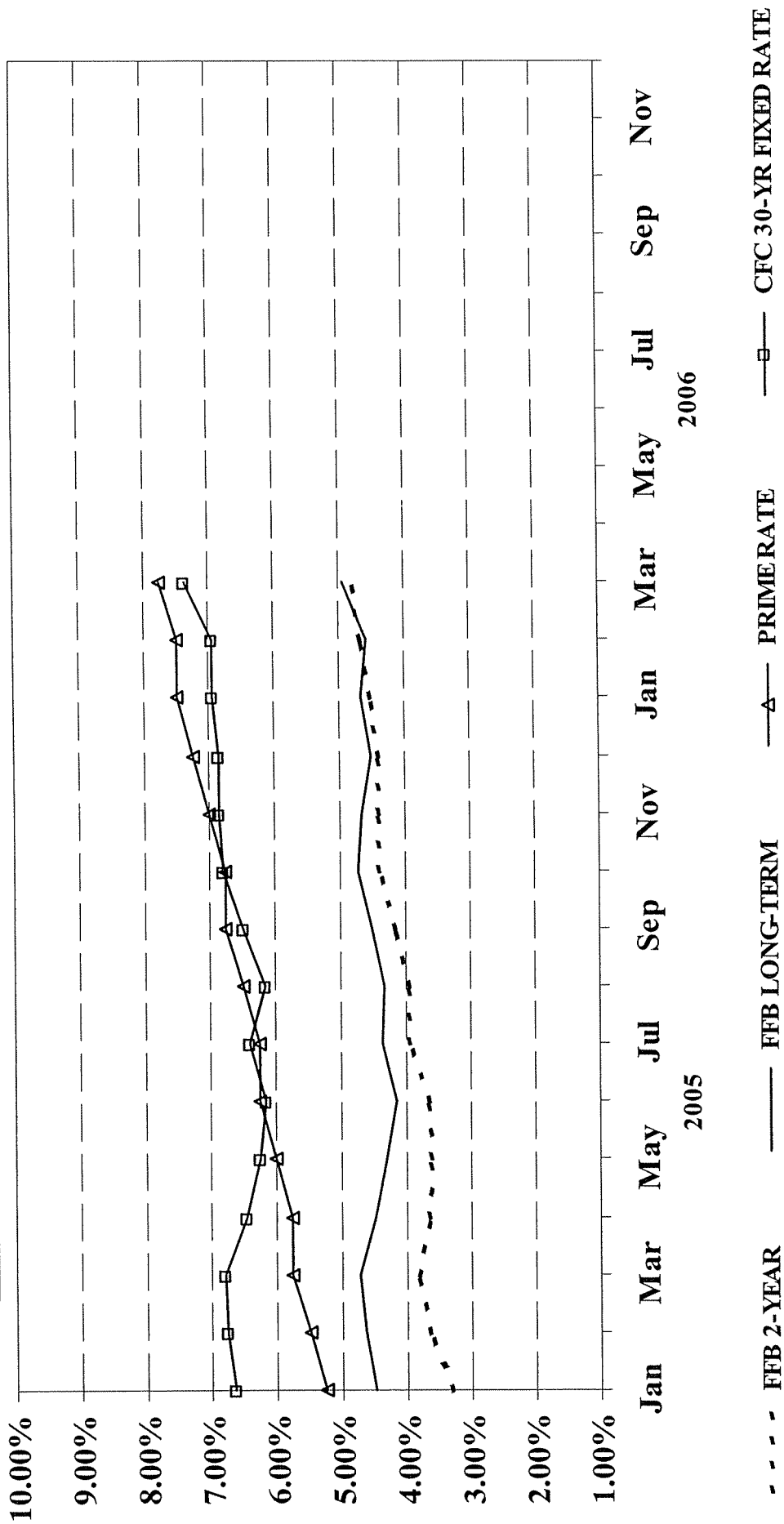
<i>Pollution Bond Fund</i>	<i>Face Amount</i>	<i>Date Invested</i>	<i>Maturity Date</i>	<i>Rate-%</i>	<i>Type</i>	<i>Year-to-Date Earnings March, 2006</i>
COOPER	\$1,050,000.00	11-25-03	08-01-22	4.500	Nevada Water Poll Bond	\$11,812.50
	23,625.00	02-01-06	08-15-06	4.825	CFC Note	184.25
					Current Investments	\$11,996.75
					YTD Matured Investments	115.04
					Totals	\$12,111.79
SPURLOCK	\$13,435,000.00	02-09-06	08-10-06	4.594	U.S. Treasury Bill	\$76,241.76
					CFC Prom. Note	
					Cash on Hand	
					Current Investments	\$76,241.76
					YTD Matured Investments	60,325.54
				Totals	\$136,567.30	
SMITH	\$5,670,000.00	02-09-06	08-10-06	4.594	U.S. Treasury Bill	\$32,176.46
					Cash on Hand	
					Current Investments	\$32,176.46
					YTD Matured Investments	25,460.67
				Totals	\$57,637.13	

000012

EAST KENTUCKY POWER COOPERATIVE
SUMMARY OF STATUS OF ACTIVE LONG-TERM LOANS
March 31, 2006

	<u>TOTAL LOAN</u>	<u>Contracts Awarded and Commitments As Approved by RUS</u>	<u>Construction Fund Expenditures</u>
<u>FFB</u>			
W8 Transmission	85,600,000	85,600,000	85,600,000
X8 Combustion Turbine 4 & 5	92,300,000	92,300,000	92,300,000
Y8 Spur SCRs	223,500,000	208,309,328	208,300,000
Z8 Gilbert - Gen & Trans	433,863,000	360,409,585	359,000,000
AA8 Landfill Gas to Energy	27,645,000	13,193,219	13,192,000
Total Active Long-Term Loans Approved	<u>\$862,908,000</u>	<u>\$759,812,132</u>	<u>\$758,392,000</u>

KEY INTEREST RATES AFFECTING EKPC



TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: April 4, 2006
SUBJECT: Coal Stockpile Target Levels

After a thorough review and discussion with each plant, it is recommended that the following coal stockpile targets be used until such time as conditions warrant their revision:

<u>Plant</u>	<u>Current Targets (12-mo. avg. burn)</u>	<u>New Targets (maximum burn)</u>		
		<u>Mar.-Sept.</u>	<u>Oct. & Feb.</u>	<u>Nov.-Jan.</u>
Dale	40-50 days	25 days	30 days	35 days
Cooper	50-60 days	25 days	30 days	35 days
Spurlock 1	50-60 days	25 days	30 days	35 days
Spurlock 2	50-60 days	25 days	30 days	35 days

The new targets will reduce East Kentucky Power Cooperative, Inc.'s ("EKPC") inventory on an average by a total of 200,000 tons, resulting in an annual carrying cost savings of \$628,000. By reducing the stockpiles, it will also yield EKPC a one-time savings of \$11,550,000.

The fuel process, along with other EKPC processes, will monitor conditions and factors that would influence changes in future stockpile targets and make recommendations accordingly.

Your approval is requested to adopt the above new targets immediately.

- gv
c: Dave Eames
Jim Lamb
Jerry Bordes
David Labude
Ernie Huff
Hannon Rakestraw
Ronnie Thomas
Wayne Isaacs
Sam Holloway
Craig Johnson
Jim Shipp
Bob Hughes
Chris Pfeffer
Larry Morris
Mark Moneyhon

Approved by: Original Approved

Date: Original Dated April 5, 2006

000015

TO: Randy Dials
Dave Eames

FROM: Jerry Bordes and Frank Oliva (Original Initialed)

DATE: April 10, 2006

SUBJECT: Gas Purchase Hedge for June 2006 through August 2006

Your approvals, pursuant to the current East Kentucky Power Cooperative, Inc., (“EKPC”) gas matrix, are requested to hedge EKPC’s natural gas purchases in the amounts of 40,000 MMBtu for June; 140,000 MMBtu for July; and 200,000 MMBtu for August 2006 at prices of approximately \$7.50/MMBtu for each of the months. These quantities will be hedged through Constellation NewEnergy’s use of NYMEX natural gas futures for the months of July, August, and September, as in the past, and sold off as natural gas is purchased.

Purchases at these prices will lock in EKPC’s gas cost for these quantities, excluding transportation variations, at approximately \$7.50/MMBtu. This is approximately \$110/MWh in fuel cost for the combustion turbine (“CT”) generation using an average heat rate of 13,500 Btu/kWh, 4 percent fuel retention, and \$.35/MMBtu transportation cost. These quantities will hedge EKPC’s natural gas delivered price for the summer months at approximately \$8.15/MMBtu for approximately 1/3 of its historic generation. The current replacement fuel oil No.2 price is approximately \$2.10/gallon, which is approximately \$15.15/MMBtu or \$205/MWh.

These quantities hedge the pricing on approximately 30 percent of EKPC’s five-year average usage, adjusted for extraordinary operations. The average usage and the percentage to be hedged are the same as quantities used in the recent evaluation of EKPC’s hedging strategy.

Constellation Energy and ACES Power Marketing concur with having a portion of EKPC’s natural gas pricing hedged for the summer months, particularly since it is still unknown how transmission loading relief will impact EKPC this summer. Natural gas storage is at an all-time high, and prices have dropped dramatically from winter levels. However, strong spring demand and/or forecasts of increased hurricanes could begin more upward pressure on prices. One forecast has already been published that projects 15 Atlantic tropical storms with ten of those increasing to hurricane status.

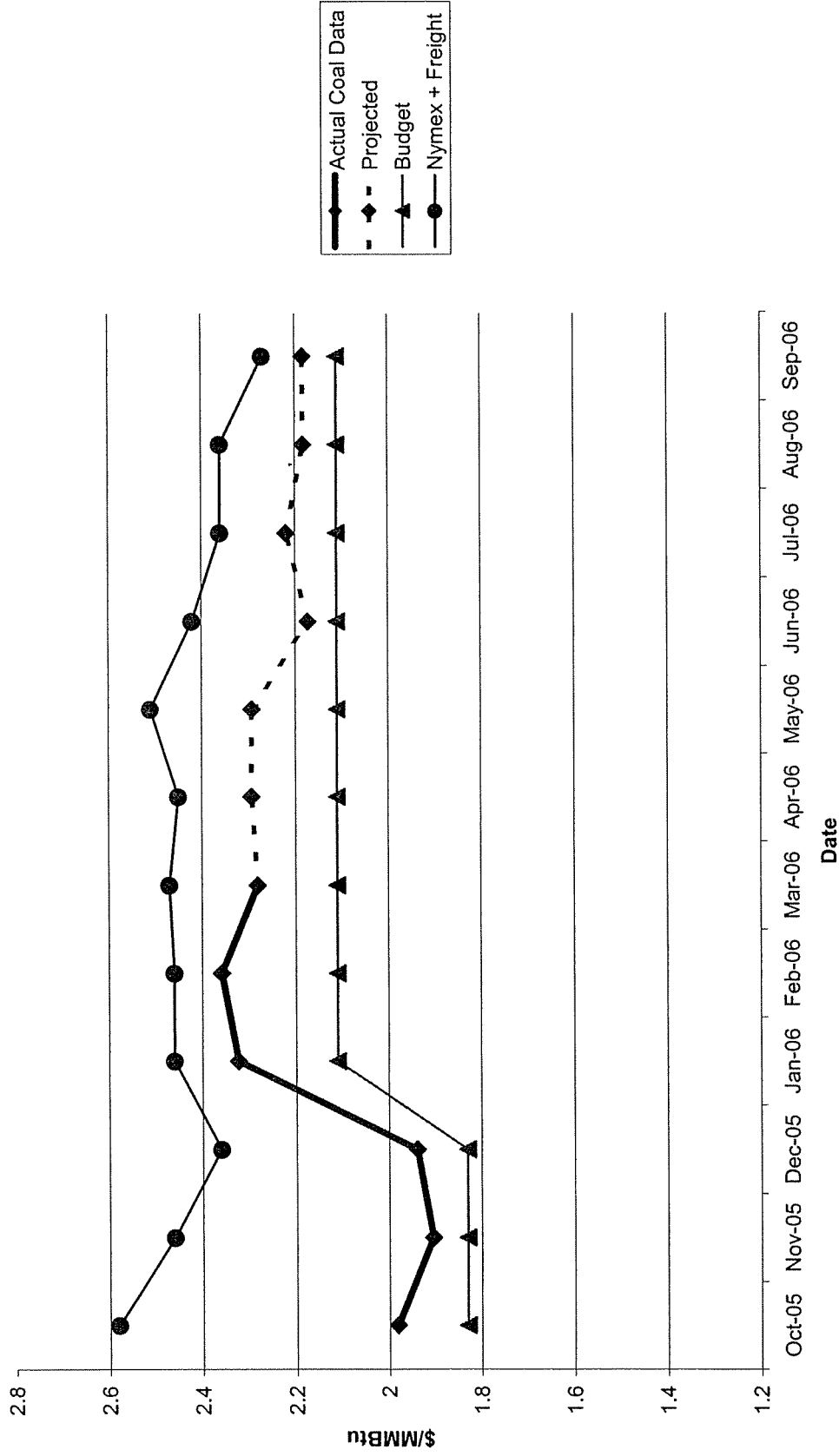
dl/gv

Approved by: Original Approved
Randy Dials, VP Power Production

Approved by: Original Approved
Dave Eames, VP Finance and Planning

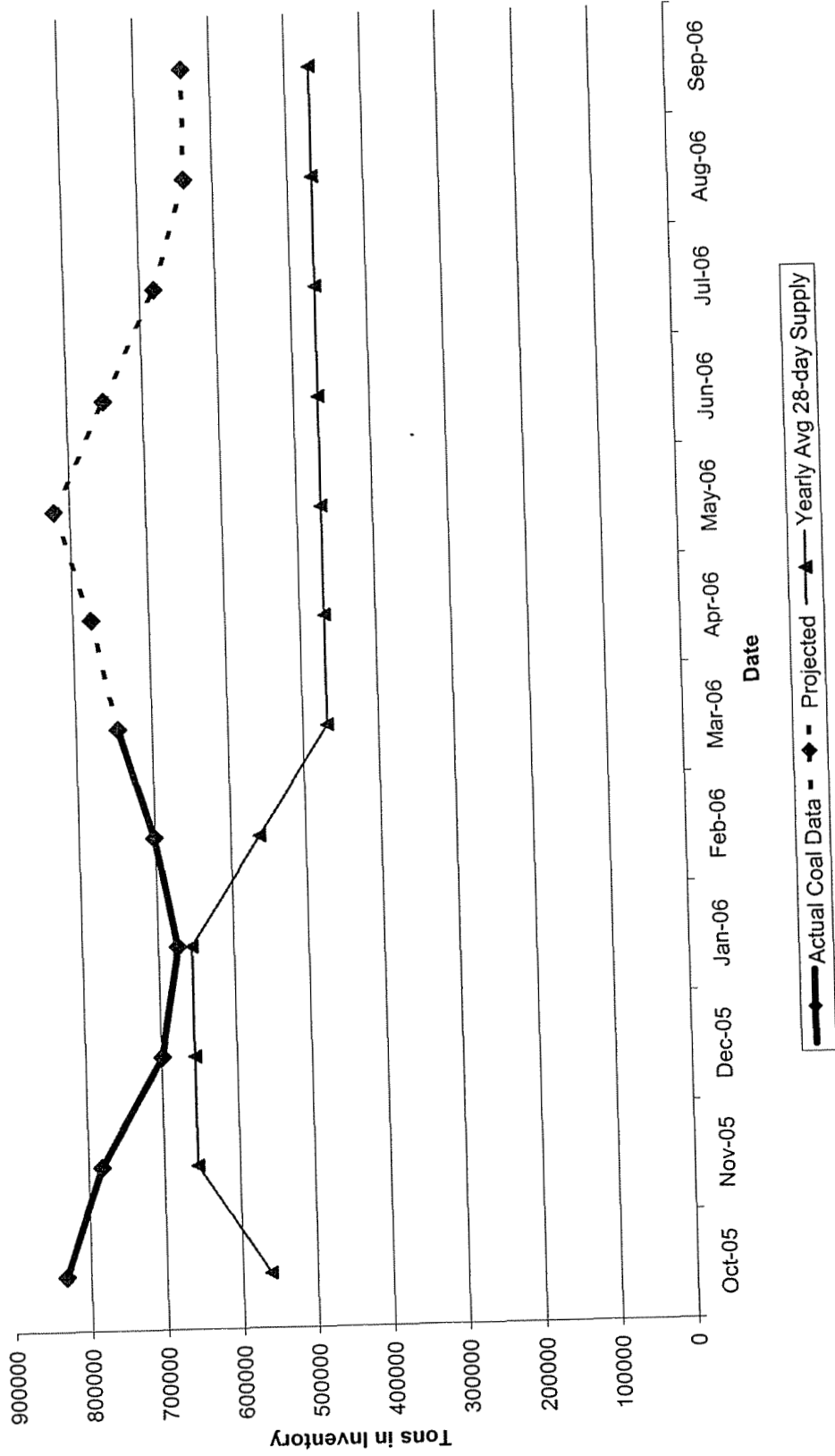
000016

Actual and projected Coal Cost - System



000017

Actual and projected Coal Inventory - System (Based on Maximum Daily Burn)



000018

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: April 5, 2006
SUBJECT: Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of March 2006 as shown below:

Date	Quantity (MMBtu)	Price \$/MMBtu
03/21/06	53,383	\$8.0194
03/22/06	19,023	\$8.1068
03/23/06	589	\$8.1068
03/26/06	6,656	\$7.9029
03/27/06	<u>702</u>	<u>\$7.9320</u>
	80,353	\$8.0303

gv

Approved by: Original Approved

Date: Original Dated April 7, 2006

000019

**RUN-OF-MINE COAL PURCHASE REPORT
FOR PERIOD MARCH 30, 2006 TO APRIL 26, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Cooper Station</u> Jamieson Constr. London, KY	51218	Cooper Station	15,000	Cooper Station	\$2.30/MMBtu	12,000
Dixie Fuel Co. Knoxville, TN	51208	Cooper Station Burnside, KY	4,000	Cooper Station	\$2.25/MMBtu	12,000

gv

000020

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: April 21, 2006

SUBJECT: Spot Coal Purchases—Cooper Power Station—Replacement Tons for Ikerd Coal Company, LLC, Purchase Order No. 51159 and B & W Resources, Inc., Purchase Order No. 51083

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

B & W Resources, Inc., (“B & W”) is currently 46,000 tons behind and in February 2006 East Kentucky Power Cooperative, Inc., (“EKPC”) cancelled and replaced 52,000 tons of coal that Ikerd Coal Company, LLC, (“Ikerd”) was behind. To date both B & W and Ikerd are behind and are not delivering coal to Cooper Power Station.

EKPC has negotiated three purchases to replace and cancel Ikerd’s deliveries on the subject purchase order through July 2006 and replace and cancel the remaining balance of B & W’s deliveries on their subject purchase order. These purchases are needed and are a cost savings to EKPC. Listed below are the recommended purchases described in detail.

1. ICG, LLC—20,000 tons at a delivered price of \$2.091/MMBtu or \$46.00/ton, based on 11,000 Btu/lb. ICG is a producer in Perry County, Kentucky.
2. Trinity Coal—30,000 tons at a delivered price of \$1.792/MMBtu or \$43.00/ton, based on 12,000 Btu/lb. Trinity is a producer in Perry County, Kentucky.
3. Jamieson Construction—45,000 tons at a delivered price of \$2.323/MMBtu or \$55.75/ton, based on 12,000 Btu/lb. Jamieson is a producer in Laurel County, Kentucky.

All deliveries will be made by truck.

These three purchases average 11,800 Btu/lb., 13.20 percent ash, and 1.47 percent sulfur for an evaluated price of \$3.26/MMBtu. B & W’s and Ikerd’s average evaluated price is \$3.33/MMBtu. This is a cost savings of \$1.66 per ton, totaling \$157,700, to EKPC. The fuel evaluation is attached.

000021

Roy Palk
Page 2
April 21, 2006

Justification and Strategic Analysis

These purchases will enable EKPC to continue to generate power for the lowest cost possible for its member systems and provide an adequate fuel supply source during times of coal supply or transportation disruption. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

Recommendation

Your approval is requested to purchase 95,000 tons of coal at an average delivered price of \$2.106/MMBtu or \$49.70 per ton based on 11,800 Btu/lb., cancel Ikerd's deliveries through July 2006 on the subject purchase order, and cancel the remaining balance (46,091 tons) on the subject B & W purchase order.

Approved by:Original Approved

Date: Original Dated April 24, 2006

hr/gv
Attachment

000022

FUEL EVALUATION FOR COOPER POWER STATION

SPOT COAL FOR MAY-JULY 2006

Date: 04/21/2006
 Event Nbr: 65
 Bid End Date: 04/20/2006

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	Ton
ICG LLC Perry Monthly Non-Union /Producer	16	11,000 1.00 18.00	6,700	3	3.647	16.940	46.000		46.000	2.091	66.587	3.027
Trinity Coal Perry Weekly / Non-Union /Producer	15	12,000 2.03 12.00	10,000	3	2.229	34.388	43.000	0.215	43.000	1.792	79.832	3.326
Jamieson Construction Laurel Weekly / Non-Union /Producer	14	12,000 1.30 12.00	15,000	3	2.229	22.022	55.750	0.279	55.750	2.323	80.279	3.345
											<i>Recommended</i>	<i>Recommended</i>
											<i>Recommended</i>	<i>Recommended</i>

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$847.00 Maintenance Factor: 0.1938

000023

FUEL EVALUATION FOR COOPER POWER STATION

SPOT COAL FOR MAY-JULY 2006

Date: 04/21/2006
 Event Nbr: 65
 Bid End Date: 04/20/2006

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO ₂ Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	MMBtu
ICG LLC Perry Monthly / Non-Union / Producer	16	11,000 1.00 18.00	6,700	3	3.647	16,940	46.000		46.000	2.091	66.587	3.027
Trinity Coal Perry Weekly / Non-Union / Producer	15	12,000 2.03 12.00	10,000	3	2.229	34.388	43.000	0.215	43.000	1.792	79.832	3.326
Jamieson Construction Laurel Weekly / Non-Union / Producer	14	12,000 1.30 12.00	15,000	3	2.229	22.022	55.750	0.279	55.750	2.323	80.279	3.345
											<i>Recommended</i>	
											<i>Recommended</i>	
											<i>Recommended</i>	

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO₂ Cost/Ton: \$847.00 Maintenance Factor: 0.1938

000024

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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Distribution Substations & Taps

Blue Grass Energy Cooperative

Headquarters Distribution Station 11.2/14 mVA 69-12.5 kV Rebuild	734(P)	920	Construction activities are approximately 90% complete. The construction on this station is expected to be completed by the week of 5/1/06.	5/1/2006
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	417	Design activities are complete. Plan to begin construction in two weeks.	6/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	262	R/W clearing activities are approximately 90% complete. Construction of the line is schedule to begin May 15, 2006.	6/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	89	The site acquisition is in the final stages. Survey activities have started.	11/15/2006
West Nicholasville #2 Distr. Sub. 69-12.5 kV 15/20/25 MVA	(883)P	0	No action	5/1/2007
Cumberland Valley Electric Alex Creek 5.6/6.44 MVA Distribution Station	570(P)	20	Siting activities have started on this project.	12/1/2007

000025

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Cumberland Valley Electric Girdler 11.2/14 MVA 69-13.2 kV Distr. Station	570(P)	20	Siting activities have started.	5/1/2007
Girdler Tap 69 kV 3.5 miles	747(P)	0	Engineering personnel are reviewing line routes.	5/1/2007
Liberty Church 11.2/14 MVA 69-13.2 Distr. Sta.	583(P)	0	No action	5/1/2007
Liberty Church Tap 69 kV 1.8 miles	343(P)	0	Engineering personnel are reviewing line routes.	5/1/2007
Farmers RECC Edmonton Industrial Park Sub	0	0	Survey and design activities are complete.	6/1/2006
Edmonton Industrial Park Tap	0	0	R/W Clearing activities are 90 % complete and the Construction Contractor is ready to begin construction when the project is released.	6/1/2006
Fleming-Mason Energy Cooperative Snow Hill 11.2/14 MVA 69-25 kV Distr. Sta.	558(P)	49	Site acquisition is complete. Design activities are approximately 50% complete.	6/1/2007

000026

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<p>JACKSON ENERGY COOP. Big Creek Substation 69-12.5 kV 11.2 MVA</p>	452(P)	178	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,043	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. RW Agents expect to have two or three condemnations on this line.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	149	An option has been obtained for the substation site. The original site location will have to be moved because of the flood plain area. The new site being considered is located on the same property as the original site.	5/1/2006
Keavy #2 Distr. Sta. 11.2/14 mVA, 69-12.5 kV	456(P)	20	Construction of this station has begun. Expect to complete by the end of June, 2006.	6/30/2006
Laurel Co. Ind. Park #2 11.2/14 mVA 69-12.5 kV	456(P)	357	Construction of this station is complete. Final inspection and energization is planned for the week of May 8, 2006.	5/1/2006

000027

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
OWEN ELECTRIC COOPERATIVE				
Bristow #2 Substation Addition 69-12.5 KV 11.2/14 MVA	456	337	Construction of this project is complete. Plan to put load on this station sometime the week of 5/1/2006.	5/1/2006
Downing #2 Substation Addition 69-12.5 KV 11.2/14 MVA	456	202	Construction activities are complete. Energization is dependent upon the Coop finishing their work.	5/1/2006
Burlington 11.2/14 mVA 69-12.5 KV Distribution Station	883(P)	0	No Action	5/1/2007
Salt River RECC				
Blue Grass Parkway Distribution Station 69-12.5 KV 11.2/14 MVA	558 (P)	131	An option for this site has been obtained. Design activities have started.	5/1/2006
Cedar Grove Ind. Park Sub 161-12.5 KV 12/16/20 mVA Distribution Station	971(P)	122	Survey and design activities are complete.	12/15/2006
Deatsville 11.2/14 mVA 69-12.5 KV Distribution Station	570(P)	0	No Action	5/1/2007
Little Mount Distribution Station 161-12.5 KV, 12/16/20 MVA	902(P)	922	The construction of this station is complete. Awaiting the completion of the line construction to energize.	12/1/2005
Little Mount Tap 69KV 6 miles	1272(P)	1,747	Construction activities are approximately 90 % complete.	12/1/2005

000028

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
South Kentucky RECC				
Gap of the Ridge Distribution Station 11.2/14 MVA 69-25KV	558(P)	161	An option has been obtained for this site. Survey is complete and design activities are approximately 90% complete.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	62	The survey of this line is complete. R/W acquisition are approximately 50% complete. Design activities are complete.	12/1/2006
Upchurch Distribution Station 11.2/14MVA 69-12.5 kV	543 (P)	671	The construction activities are complete. Awaiting the completion of the line construction to energize.	5/2/2006
Upchurch Tap 69 kV 1.75 miles	375 (P)	344	R/W clearing activities are 90% complete. Construction activities are 30% complete.	5/2/2006
Woodstock 11.2/14 mVA Distr. Substation	570(P)	0	No action	12/1/2007
Taylor County RECC				
Campbellsville #2 69-12.5 kV 11.2/14 MVA Distr. Station	456(P)	0	No action	5/1/2007
Garlin 11.2/14 mVA, 69-12.5 kV Distribution Station	570(P)	0	No action	5/1/2007

000029

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities				
Bullitt Co. 69 kV Breaker Add. (2Brkrs.)	166(P)	177	Design of this project is approximately 89% complete.	5/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	109	Survey activities are complete. Design activities are 90% complete.	6/1/2006
Cransion - Rowan Line 138kV 7.50 miles	2204(P)	638	Survey and design activities are complete. The PSC has granted a certificate. Construction activities will be delayed until Fall '06 because of environmental problems.	1/2/2007
J.K. Smith CT 345kV Trans. Substation	4300(P)	38	A contract for the Engineering, Procurement of Equipment, and Construction of the station has been awarded to Beta Engineering Co.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	709	Survey activities are approximately 89% complete and design activities are approximately 89% complete. The R/W Clearing and Construction Contracts are scheduled to be bid the week of May 1, 2006.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	197	R/W easement procurement is complete Survey and design activities are 50% complete.	6/1/2006
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	344	A contract for the Engineering, Procurement of Equipment, and Construction of the station has been awarded to Beta Engineering Co.	6/1/2007

000030

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities West Bardstown Jct. Switching Station 69KV (3 Brks)	911(P)	298	An option has been obtained for this site. Survey and design activities have started.	5/1/2006
W. Bardstown Jct. - W. Bardstown Reconductor 69 KV 4.5 miles	338(P)	13	Design activities have started.	5/1/2006
WARREN RECC Aberdeen Jct. 161 kV Trans. Station	717(P)	7	Survey and design activities have started.	12/31/2007
Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	585	Survey and design activities are 89% complete. Siting activities have started.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	109	Design activities are approximately 50% complete.	4/1/2006
GM 161 kV Brkr Station	1060(P)	1,479	This station was completed on January 15, 2006. Awaiting completion of lines to energize.	10/15/2005
GM- Memphis Jct. 161 KV 14.96 miles	5675(P)	907	Siting and Survey activities are approximately 89% complete. Design activities are complete.	12/31/2007

000031

CONSTRUCTION IN PROGRESS

April, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru March, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
WARREN RECC Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	1,235	Siting activities are approximately 49% complete. Survey and design activities are approximately 89% complete.	12/31/2007
Salmions 161-69 kV Trans. Substation	1500(P)	2	Survey activities are scheduled to begin soon.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	471	Survey and R/W acquisition activities are approximately 49% complete.	12/31/2007

(P) - Planning Estimates
(h:share/reports:project.xls)

000032

INTEREST RATES

Date	Prime	CFC Line Of Credit	CFC Fixed	CFC Variable	FFB-End of Each Month			Long-Term RUS Loans Municipal Bond Rate
					2-Year	5-Year	30-Year	
07-02-92	6.00%							
03-24-94	6.25%							
04-19-94	6.75%	4.650%		4.450%				
05-17-94	7.25%	4.900%		4.650%				
08-16-94	7.75%	5.400%		5.150%				
11-15-94	8.50%	5.900%		5.600%				
02-01-95	9.00%	6.950%		6.600%				
07-07-95	8.75%							
12-01-95	8.50%	6.350%		6.200%				
02-01-96	8.25%	6.250%		6.100%				5.500%
03-25-97	8.50%							
10-05-98	8.25%							
10-16-98	8.00%							
11-18-98	7.75%							
07-01-99	8.00%							
08-26-99	8.25%							
11-18-99	8.50%							
02-03-00	8.75%							
03-22-00	9.00%							
05-18-00	9.50%							
01-05-01	9.00%							
02-01-01	8.50%	8.050%	9.000%	7.800%				5.500%
03-22-01	8.00%							
04-19-01	7.50%							
05-16-01	7.00%							
06-28-01	6.75%							
08-22-01	6.50%							
09-18-01	6.00%							
10-03-01	5.50%							
11-07-01	5.00%							
12-12-01	4.75%							
11-7-02	4.25%							
06-27-03	4.00%							
06/30/04	4.25%				2.810%	3.820%	5.180%	
08/10/04	4.50%							
09/21/04	4.75%							
11/10/04	5.00%							
12/14/04	5.25%							
01/03/05		4.200%	6.950%	4.350%				4.500%
01/31/05					3.290%	3.700%	4.500%	
02/01/05		4.350%	6.650%	4.500%				4.500%
02/02/05	5.500%							
02/28/05					3.630%	4.000%	4.650%	
03/01/05		4.500%	6.750%	4.650%				4.500%
03/22/05	5.750%							
03/31/05					3.820%	4.170%	4.730%	
04/01/05		4.600%	6.800%	4.750%				4.250%
04/29/05					3.650%	3.890%	4.480%	
05/02/05		4.850%	6.450%	5.000%				4.250%
05/03/05	6.000%							
05/31/05					3.600%	3.750%	4.290%	
06/01/05		4.950%	6.250%	5.100%				4.250%
06/30/05	6.250%				3.640%	3.710%	4.160%	
07/01/05		5.200%	6.150%	5.350%				4.125%
07/28/05					3.950%	4.020%	4.370%	
08/01/05		5.450%	6.400%	5.600%				4.125%
08/10/05	6.500%							
08/31/05					3.950%	4.010%	4.320%	
09/01/05		5.700%	6.150%	5.850%				4.125%
09/20/05	6.750%							
09/30/05					4.160%	4.160%	4.510%	
10/03/05		5.800%	6.500%	5.950%				4.250%

000033

<u>Date</u>	<u>Prime</u>	<u>CFC Line Of Credit</u>	<u>CFC Fixed</u>	<u>CFC Variable</u>	<u>FFB-End of Each Month</u>			<u>Long-Term RUS Loans Municipal Bond Rate</u>
					<u>2-Year</u>	<u>5-Year</u>	<u>30-Year</u>	
10/31/05					4.380%	4.430%	4.720%	
11/01/05	7.000%	5.950%	6.800%	6.100%				4.250%
11/30/05					4.390%	4.400%	4.670%	
12/01/05		6.100%	6.850%	6.250%				4.250%
12/13/05	7.250%							
12/30/05					4.380%	4.320%	4.510%	
01/03/06		6.200%	6.850%	6.350%				4.500%
01/31/06	7.500%				4.510%	4.450%	4.660%	
02/01/06		6.500%	6.950%	6.650%				4.500%
02/28/06					4.660%	4.580%	4.580%	
03/01/06		6.650%	6.950%	6.800%				4.500%
03/28/06	7.750%							
03/31/06					4.800%	4.790%	4.940%	
04/03/06		6.750%	7.350%	6.900%				4.375%
04/28/06					4.840%	4.890%	5.190%	

000034



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 APPLICABLE TO APRIL 2006 POWER BILL
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$27,761,435	0.02638
	=	
KWH Sales to Members and Internal Use	1,052,245,498	
Less Cost of Fuel in Base Rate		0.02025
FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	APRIL 2006	0.00613

DEVELOPMENT OF FUEL ADJUSTMENT RATE

	MARCH 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
Received				
Generation				
Coal & Oil Burned	\$20,422,295	924,570,621	0.02209	0.01941
Gas & Oil Burned in CTs	658,150	12,815,921	0.05135	0.00063
Fuel (Assigned Cost during F.O.)	50,357	3,929,000	0.01282	0.00005
Fuel (Assigned Cost during F.O.)	(245,828)	(3,929,000)	(0.06257)	(0.00023)
Total Fuel Cost (a)	20,884,974	937,386,542	0.02228	0.01985
Purchases				
Net Energy Cost - Economy Purchases	6,565,886	136,681,484	0.04804	0.00624
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
Total Purchase Cost (b)	6,565,886	136,681,484	0.04804	0.00624
Subtotal Purchase and Fuel Cost (a+b)	27,450,860	1,074,068,026	0.02556	0.02609
Delivered				
Off-System Sales Fuel Costs (Over) or Under Recovery	(86,868)	(1,968,549)	(0.04413)	(0.00008)
Inadvertent - (Net) - System Losses	397,442	4,794,355		0.00038
		(24,648,334)		
Sales Fuel Cost (c)	310,574	(21,822,528)	0.01423	0.00030
Totals (a+b+c)	\$27,761,434	1,052,245,498	0.02638	0.02638

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

000035



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 YEAR-TO-DATE 2006
 AS OF MARCH 31, 2006

FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		88,710,363		0.02712
-----		=	-----	
KWH Sales to Members and Internal Use		3,270,831,189		
Less Cost of Fuel in Base Rate				
		Cost	KWH	Mills/kwh
				Mills/ total kwh
Received				
Generation				
Coal & Oil Burned		62,687,317	2,838,635,520	0.02208
Gas & Oil Burned in CTs & Landfills		3,593,788	34,816,460	0.10322
Fuel (Assigned Cost during F.O.)		1,340,208	81,814,000	0.01638
Fuel (Assigned Cost during F.O.)		(4,003,607)	(81,814,000)	(0.04894)
		-----	-----	-----
Total Fuel Cost	(a)	63,617,706	2,873,451,980	0.02214
Purchases				
Net Energy Cost - Economy Purchases		22,459,874	489,887,475	0.04585
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		-----	-----	-----
Total Purchase Fuel Cost	(b)	22,459,874	489,887,475	0.04585
Subtotal Purchase & Fuel Cost		86,077,580	3,363,339,455	0.02559
Delivered				
Off-System Sales Fuel Costs		(140,931)	(3,167,295)	(0.04450)
(Over) or Under Recovery		2,773,714		0.00085
Inadvertent - (Net) - System Losses			43,858,703	
			(133,199,674)	
Sales Fuel Cost	(c)	2,632,783	(92,508,266)	0.02846
Totals	(a+b+c)	88,710,363	3,270,831,189	0.02712

000036

**East Kentucky Power Cooperative
Fuel Adjustment Rate - Fuel Cost in Base Rate**

Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)

2006	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892	8,402,592
March	0.00688	1,052,245,498	7,239,449	30,142,363	(397,442)	7,636,891

April
May
June

July
August
September

October
November
December

- [a] Based on previous month's costs
- [b] Does not include EKP usage
- [c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

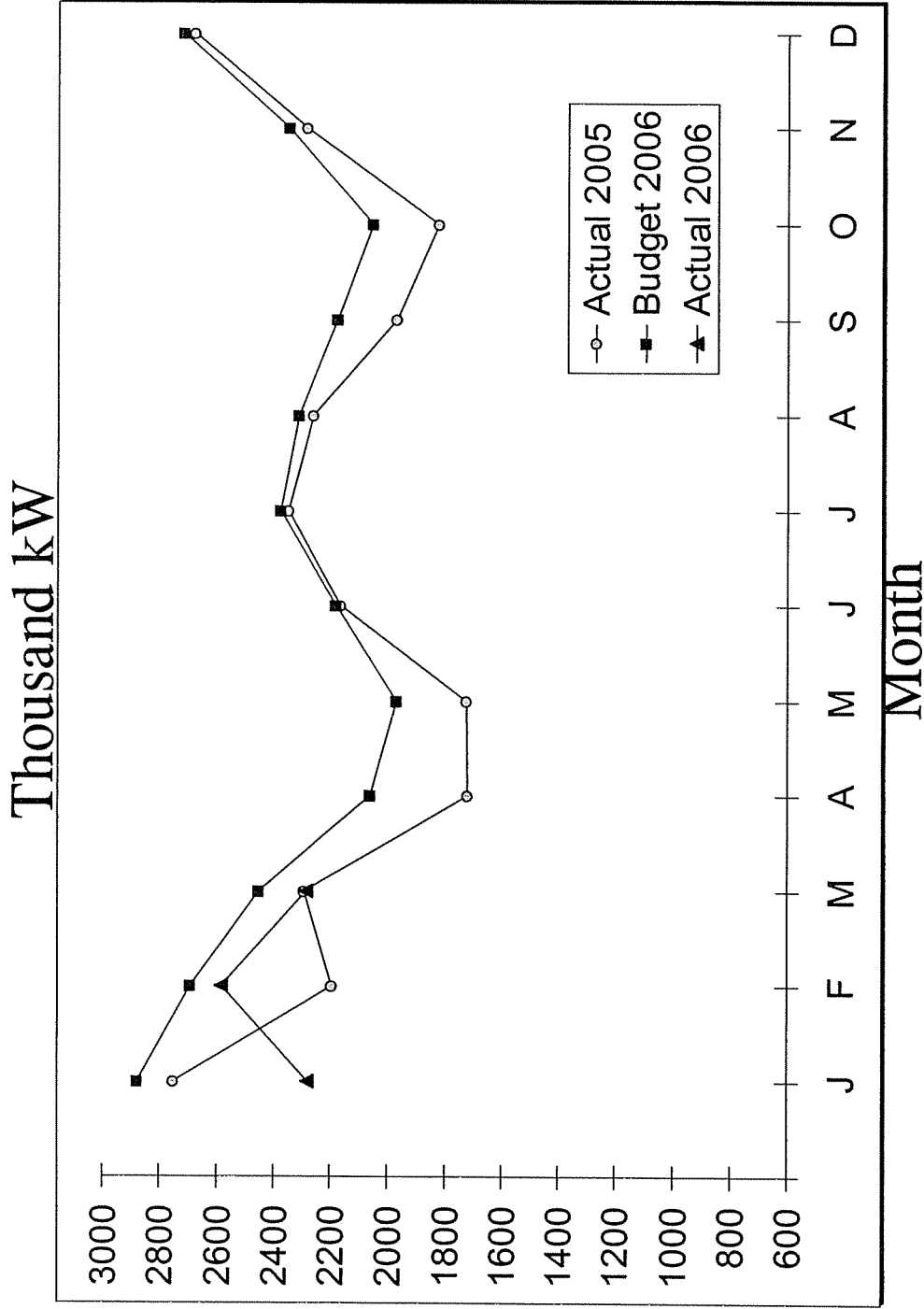
Totals exclude steam.

000037



East Kentucky Power Cooperative

Load Growth - Plus 2006 Budget - Based On Bills

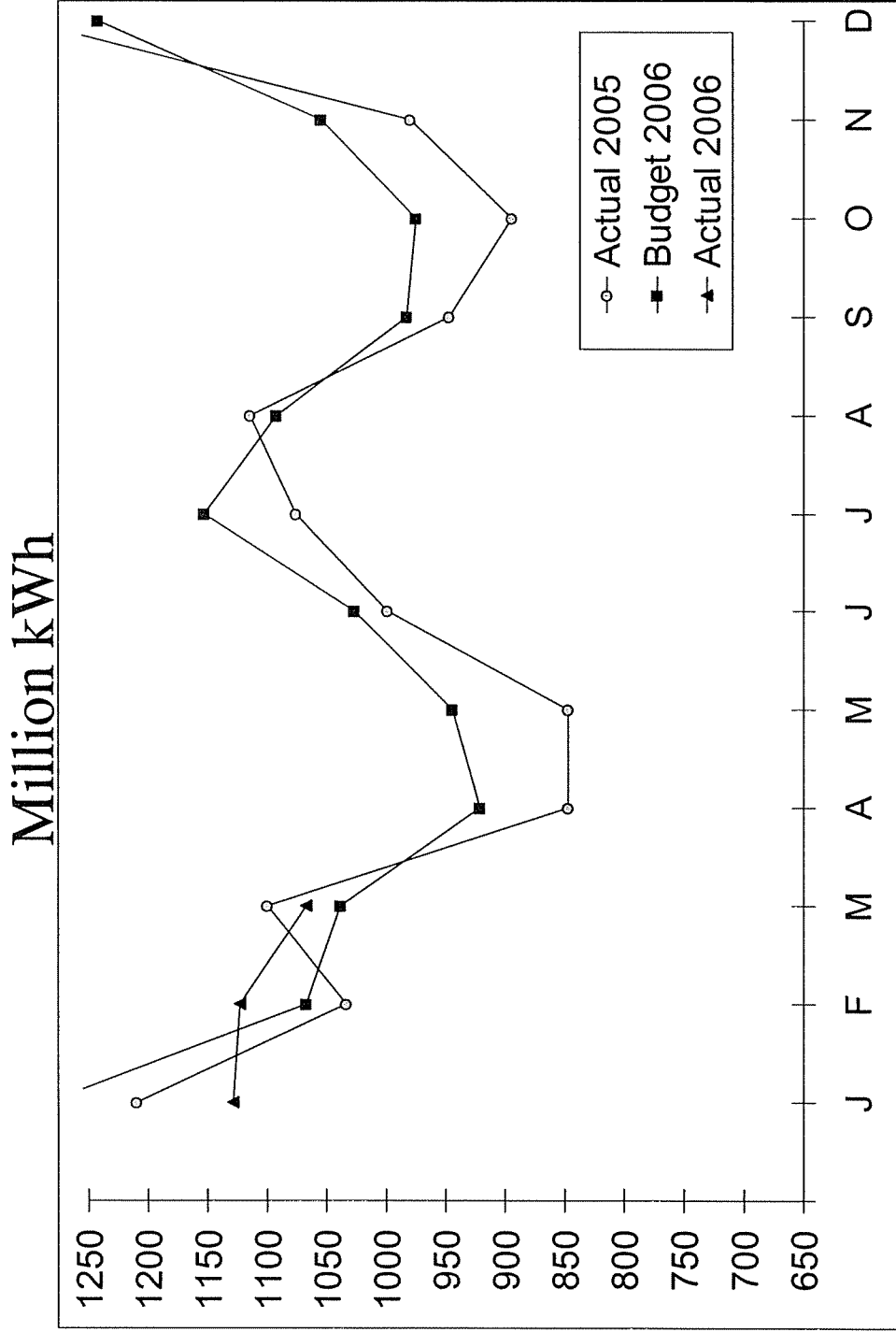


000038



East Kentucky Power Cooperative

Load Growth - Plus 2006 Budget - Based On Bills



Month

000039

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary**

March 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	52,746	23,719,860	43.05	163,192	49.93	103,636	54.30	1,288,042
	YTD	167,315	76,727,538	42.78	709,940	52.03	293,475	55.85	4,285,551
BLUE GRASS ENERGY	Month	239,373	105,517,701	42.78	725,962	49.66	458,495	54.00	5,698,448
	YTD	741,245	331,769,923	42.62	3,061,941	51.85	1,265,144	55.66	18,466,181
CLARK ENERGY COOP	Month	85,196	38,510,256	43.49	264,949	50.37	169,726	54.78	2,109,462
	YTD	275,297	122,372,057	43.59	1,129,238	52.82	475,278	56.70	6,938,559
CUMBERLAND VALLEY ELECTRIC	Month	94,747	45,691,791	42.29	314,359	49.17	196,565	53.47	2,443,031
	YTD	306,959	145,840,380	42.40	1,348,108	51.65	552,146	55.43	8,084,420
FARMERS RECC	Month	89,866	43,240,247	41.85	297,493	48.73	184,352	52.99	2,291,252
	YTD	280,350	136,597,686	41.72	1,262,167	50.96	510,982	54.71	7,472,585
FLEMING MASON RECC	Month	166,058	82,640,227	40.98	508,426	47.14	324,257	51.06	4,219,581
	YTD	502,204	248,397,898	41.25	2,054,865	49.52	861,796	52.99	13,163,042
GRAYSON RECC	Month	52,961	24,138,129	43.26	166,072	50.14	105,895	54.52	1,316,110
	YTD	166,521	75,386,011	43.33	695,087	52.55	291,911	56.42	4,253,291
INTER-COUNTY ECC	Month	98,354	40,158,813	43.99	275,638	50.85	178,686	55.30	2,220,799
	YTD	315,478	130,556,518	43.77	1,204,863	53.00	508,323	56.89	7,427,269
JACKSON ENERGY COOP	Month	198,434	85,127,957	43.45	585,288	50.32	374,823	54.72	4,668,519
	YTD	644,314	275,013,552	43.46	2,542,719	52.71	1,063,469	56.58	15,559,650
LICKING VALLEY RECC	Month	52,060	24,257,615	42.86	166,893	49.74	105,570	54.09	1,312,096
	YTD	168,698	77,608,460	42.95	717,663	52.19	297,687	56.03	4,348,440
NOLIN RECC	Month	144,255	65,026,780	41.93	447,386	48.81	277,698	53.08	3,451,375
	YTD	447,185	201,963,234	42.10	1,860,620	51.31	762,284	55.08	11,124,597
OWEN EC	Month	375,054	198,258,933	33.41	1,273,307	39.83	689,612	43.31	8,586,655
	YTD	1,106,303	575,582,678	34.29	5,059,206	43.08	1,820,895	46.24	26,616,056
SALT RIVER RECC	Month	169,995	80,914,298	42.16	556,686	49.04	347,193	53.33	4,315,117
	YTD	542,232	253,969,024	42.32	2,345,353	51.56	962,116	55.35	14,056,562
SHELBY ENERGY COOP	Month	79,561	39,022,352	41.13	268,474	48.01	163,936	52.21	2,037,492
	YTD	240,537	118,853,836	41.11	1,095,434	50.32	440,070	54.03	6,421,259
SOUTH KENTUCKY RECC	Month	238,602	101,836,469	43.45	700,635	50.33	448,494	54.74	5,574,110
	YTD	792,660	329,354,264	43.73	3,042,690	52.96	1,280,313	56.85	18,724,132
TAYLOR COUNTY RECC	Month	104,061	44,173,198	45.78	260,109	51.67	185,176	55.86	2,467,474
	YTD	328,553	146,675,157	45.95	1,129,246	53.64	533,134	57.28	8,401,514
Totals	Month	2,241,323	1,042,234,626	40.97	6,974,869	47.66	4,314,114	51.80	53,989,563
	YTD	7,025,851	3,246,668,216	41.32	29,259,140	50.34	11,919,023	54.01	175,343,108

000041

EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary
'E' Rates Only

March 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	52,746	23,719,860	43.05	163,192	49.93	103,636	54.30	1,288,042
	YTD	167,315	76,727,538	42.78	709,940	52.03	293,475	55.85	4,285,551
BLUE GRASS ENERGY	Month	210,523	85,356,451	44.59	587,253	51.47	384,388	55.97	4,777,400
	YTD	654,274	274,171,830	44.10	2,532,031	53.34	1,075,519	57.26	15,698,970
CLARK ENERGY COOP	Month	85,196	38,510,256	43.49	264,949	50.37	169,726	54.78	2,109,462
	YTD	275,297	122,372,057	43.59	1,129,238	52.82	475,278	56.70	6,938,559
CUMBERLAND VALLEY ELECTRIC	Month	94,747	45,691,791	42.29	314,359	49.17	196,565	53.47	2,443,031
	YTD	306,959	145,840,380	42.40	1,348,108	51.65	552,146	55.43	8,084,420
FARMERS RECC	Month	81,095	37,706,090	42.72	259,418	49.60	163,552	53.94	2,033,981
	YTD	254,037	121,331,738	42.37	1,123,393	51.63	459,335	55.41	6,723,197
FLEMING MASON RECC	Month	87,194	39,510,118	42.92	271,829	49.80	172,169	54.16	2,139,812
	YTD	265,404	123,732,197	42.55	1,141,428	51.77	471,298	55.58	6,877,023
GRAYSON RECC	Month	50,291	22,652,245	43.67	155,849	50.55	100,189	54.97	1,245,188
	YTD	158,465	71,489,430	43.59	659,764	52.82	278,171	56.71	4,054,332
INTER-COUNTY ECC	Month	90,867	36,120,320	44.75	248,506	51.63	163,178	56.15	2,028,060
	YTD	294,067	118,724,079	44.46	1,098,744	53.72	468,462	57.66	6,846,032
JACKSON ENERGY COOP	Month	187,528	79,664,860	43.82	548,091	50.70	353,424	55.14	4,392,564
	YTD	610,402	258,551,626	43.79	2,391,380	53.04	1,006,250	56.93	14,720,547
LICKING VALLEY RECC	Month	52,060	24,257,615	42.86	166,893	49.74	105,570	54.09	1,312,096
	YTD	168,698	77,608,460	42.95	717,663	52.19	297,687	56.03	4,348,440
NOLIN RECC	Month	117,555	48,044,812	44.56	330,550	51.44	216,248	55.94	2,687,640
	YTD	370,533	154,760,457	44.21	1,430,011	53.45	607,832	57.37	8,879,069
OWEN EC	Month	191,342	95,141,162	36.77	564,618	42.70	354,131	46.43	4,417,096
	YTD	552,968	277,074,904	38.35	2,308,386	46.68	951,052	50.11	13,885,552
SALT RIVER RECC	Month	158,431	73,959,075	42.71	508,835	49.59	320,909	53.93	3,988,445
	YTD	507,481	233,819,408	42.81	2,159,227	52.05	894,246	55.87	13,084,311
SHELBY ENERGY COOP	Month	58,336	24,807,003	44.20	170,671	51.08	110,872	55.55	1,377,970
	YTD	179,795	78,711,066	43.79	727,870	53.03	306,822	56.93	4,481,130
SOUTH KENTUCKY RECC	Month	217,534	90,981,595	44.06	625,954	50.94	405,507	55.39	5,039,852
	YTD	732,136	298,270,217	44.30	2,756,628	53.54	1,171,859	57.47	17,141,156
TAYLOR COUNTY RECC	Month	86,250	35,704,884	44.28	245,650	51.16	159,837	55.64	1,986,528
	YTD	275,039	115,943,571	43.97	1,073,502	53.23	452,819	57.14	6,624,876
Totals	Month	1,821,695	801,828,137	42.85	5,426,617	49.62	3,480,001	53.96	43,267,167
	YTD	5,772,870	2,549,128,958	42.99	23,307,313	52.13	9,762,251	55.96	142,653,165

000042

EKPC Generation & Transmission Coordinated Schedule

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

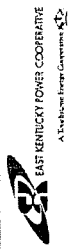
The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard. The West Garrard Substation was added to the substation schedule this month.

The attached schedule has been reviewed and approved by our production, substation, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is April 28, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

For easier reading, this schedule has been printed on two sheets instead of one.

If you have any questions or need additional information contact Mark Brewer at extension 672.



EKPC Generation & Transmission Coordinated Schedule

ACCEPTANCE
 Production_CJ_ Sys Protection
 Lines_DB_ Trans Planning_DA_
 Subs_MZ_ Gen Planning_GD_

ID	Task Name	Start	Finish	2005	2006	2007	2008	2009	2010
				Q3	Q4	Q1	Q2	Q3	Q4
1	SUBSTATION PROJECTS	Mon 1/2/06	Tue 6/30/09						
2	Smith 69kV Distr Sub	Mon 12/4/06	Wed 8/1/07						
5	Smith 138kV Substation (CT8)	Mon 1/2/06	Fri 12/29/06						
8	Smith 345kV CT Sub	Fri 1/20/06	Fri 6/1/07						
11	North Clark 345kV Substation	Fri 1/20/06	Fri 6/1/07						
14	Spurlock #4 Substation	Mon 4/24/06	Mon 12/31/07						
18	Smith 345kV CFB Substation	Sun 9/9/07	Tue 3/10/09						
21	West Garrard	Sun 12/30/07	Tue 6/30/09						
24	GENERATION PROJECTS	Wed 10/12/05	Wed 3/10/10						
25	PSC APPROVAL (Smith CT's & CFB)	Fri 6/2/06	Fri 6/2/06						
26	AIR PERMIT (Smith CT's & CFB)	Tue 5/15/07	Tue 5/15/07						
27	Smith CT #8	Tue 5/15/07	Mon 3/17/08						
32	Smith CT #9	Tue 5/15/07	Thu 3/13/08						
37	Smith CT #10	Sat 6/16/07	Mon 4/14/08						
42	Smith CT #11	Sat 7/28/07	Mon 5/26/08						
47	Smith CT #12	Sat 9/8/07	Mon 7/7/08						
52	Smith CFB Unit 1	Fri 6/1/07	Wed 3/10/10						
57	Spurlock #4	Wed 10/12/05	Fri 2/6/09						
64	Headquarters Sub & Sideview Cap Bank	Mon 11/21/05	Fri 6/16/06						
65	TRANSMISSION PROJECTS	Tue 7/12/05	Tue 6/30/09						
66	Smith - North Clark (19 mile 345 kv)	Tue 7/12/05	Fri 6/1/07						
67	Board Approval	Tue 7/12/05	Tue 7/12/05						
68	Open House	Thu 11/10/05	Thu 11/10/05						

EAST KENTUCKY POWER COOPERATIVE
Comparative Operating Statement
(Nearest \$1,000)

	12 Months Ended 12/31/05	12 Months Ended 12/31/04	% Increase Decrease (-)
REVENUE			
Member Coops-----	\$609,836	\$492,998	23.7
Power Transactions - Deliveries----	7,469	1,642	354.9
Other-----	26,870	30,094	-10.7
TOTAL REVENUE-----	\$644,175	\$524,734	22.8
OPERATIONS & MAINTENANCE			
Production			
Fuel-----	\$263,434	\$173,507	51.8
O & M-----	96,890	82,635	17.3
Transmission-----	21,030	25,598	-17.8
General Administration-----	70,487	34,096	106.7
Power Transactions - Receipts----	116,313	140,485	-17.2
Depreciation-----	52,037	38,994	33.4
Insurance-----	(87)	2,196	-104.0
Taxes-----	235	3	7733.3
Total Oper. & Maint.-----	620,339	497,514	24.7
Margin Before Interest-----	23,836	27,220	-12.4
Interest - Short Term Debt-----	273	565	-51.7
Interest - Long Term Debt-----	69,571	53,923	29.0
Interest Charged to Construction-	0	0	0.0
Net Interest-----	69,844	54,488	28.2
NET MARGIN (DEFICIT)-----	(\$46,008)	(\$27,268)	68.7

STATISTICAL SUMMARY

TIER-----	0.34	0.49	-31.5
Sales to Coops - MWH -----	12,365,466	11,807,384	4.7
% Increase of Prev Year-----	4.73	3.19	48.2
Basic Rate to Coops (Mills)-----	42.15	37.38	12.8
Fuel Rate to Coops (Mills)-----	7.16	4.37	-63.8
Net Rate to Coops (Mills)-----	49.31	41.75	18.1
Deliveries to Others - MWH -----	214,354	106,021	102.2
Production - MWH -----	11,105,626	9,046,449	22.8
Purchase Receipts - MWH -----	1,916,288	3,274,005	-41.5

000046

EAST KENTUCKY POWER COOPERATIVE
Comparative Operating Statement
(Nearest \$1,000)

	12 Months Ended 02/28/06	12 Months Ended 02/28/05	% Increase Decrease (-)
REVENUE			
Member Coops-----	\$621,220	\$505,210	23.0
Power Transactions - Deliveries----	7,520	1,504	400.0
Other-----	24,513	31,789	-22.9
TOTAL REVENUE-----	\$653,253	\$538,503	21.3
OPERATIONS & MAINTENANCE			
Production			
Fuel-----	\$270,407	\$184,055	46.9
O & M-----	98,169	86,909	13.0
Transmission-----	22,522	25,338	-11.1
General Administration-----	71,335	34,360	107.6
Power Transactions - Receipts----	113,683	137,048	-17.0
Depreciation-----	54,329	39,653	37.0
Insurance-----	3	2,054	-99.9
Taxes-----	185	3	6066.7
Total Oper. & Maint.-----	630,633	509,420	23.8
Margin Before Interest-----	22,620	29,083	-22.2
Interest - Short Term Debt-----	268	554	-51.6
Interest - Long Term Debt-----	71,012	55,936	27.0
Interest Charged to Construction-	0	0	0.0
Net Interest-----	71,280	56,490	26.2
NET MARGIN (DEFICIT)-----	(\$48,660)	(\$27,407)	77.5

STATISTICAL SUMMARY

TIER-----	0.31	0.51	-38.3
Sales to Coops - MWH -----	12,373,982	11,671,791	6.0
% Increase of Prev Year-----	6.02	1.92	213.3
Basic Rate to Coops (Mills)-----	43.15	37.73	14.4
Fuel Rate to Coops (Mills)-----	7.05	5.55	-27.0
Net Rate to Coops (Mills)-----	50.20	43.28	16.0
Deliveries to Others - MWH -----	215,638	100,408	114.8
Production - MWH -----	11,192,311	9,122,061	22.7
Purchase Receipts - MWH -----	1,866,118	3,071,269	-39.2

000047

EAST KENTUCKY POWER COOPERATIVE
Comparative Operating Statement
(Nearest \$1,000)

	12 Months Ended 01/31/06	12 Months Ended 01/31/05	% Increase Decrease (-)
REVENUE			
Member Coops-----	\$613,471	\$501,354	22.4
Power Transactions - Deliveries----	7,436	1,611	361.6
Other-----	25,729	30,978	-16.9
TOTAL REVENUE-----	\$646,636	\$533,943	21.1
OPERATIONS & MAINTENANCE			
Production			
Fuel-----	\$264,381	\$180,194	46.7
O & M-----	97,455	84,371	15.5
Transmission-----	21,659	25,629	-15.5
General Administration-----	70,433	34,607	103.5
Power Transactions - Receipts----	111,301	140,905	-21.0
Depreciation-----	53,180	39,494	34.7
Insurance-----	(91)	2,225	-104.1
Taxes-----	234	4	5750.0
Total Oper. & Maint.-----	618,552	507,429	21.9
Margin Before Interest-----	28,084	26,514	5.9
Interest - Short Term Debt-----	273	558	-51.1
Interest - Long Term Debt-----	70,353	54,983	28.0
Interest Charged to Construction-	0	0	0.0
Net Interest-----	70,626	55,541	27.2
NET MARGIN (DEFICIT)-----	(\$42,542)	(\$29,027)	46.6

STATISTICAL SUMMARY

TIER-----	0.40	0.47	-16.3
Sales to Coops - MWH -----	12,284,603	11,745,239	4.6
% Increase of Prev Year-----	4.59	2.71	69.5
Basic Rate to Coops (Mills)-----	42.56	37.60	13.2
Fuel Rate to Coops (Mills)-----	7.38	5.08	-45.3
Net Rate to Coops (Mills)-----	49.94	42.68	17.0
Deliveries to Others - MWH -----	211,521	105,370	100.7
Production - MWH -----	11,158,713	9,040,552	23.4
Purchase Receipts - MWH -----	1,843,815	3,197,679	-42.3

000048

EAST KENTUCKY POWER COOPERATIVE

NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
January	8,898,355	30,491	8,898,355	30,491	5,432,227
February	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
March	(84,034)	2,986,610	12,306,899	10,892,074	12,090,862
April		(719,104)		10,172,970	6,915,169
May		606,557		10,779,527	(2,675,825)
June		(2,477,813)		8,301,714	(11,277,514)
July		(5,540,048)		2,761,666	(8,727,047)
August		5,090,954		7,852,620	(13,917,192)
September		2,853,151		10,705,771	(2,187,577)
October		(9,556,104)		1,149,667	(2,730,863)
November		1,405,668		2,555,335	1,642,650
December		2,422,275		4,977,610	(46,007,522)

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94.

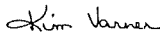
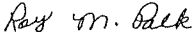
This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.

USDA-REA OPERATING REPORT - FINANCIAL	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	PERIOD ENDED March 31, 2006
REA USE ONLY	

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	April 19, 2006 DATE
 SIGNATURE OF MANAGER	April 19, 2006 DATE

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Electric Energy Revenues	159,220,994	175,455,204	197,005,858	54,044,757
2. Income From Leased Property - Net.	0	0	0	0
3. Other Operating Revenue and Income	3,580,366	3,733,108	3,510,865	1,248,643
4. Total Oper. Revenues & Patronage Capital (1 thru 3)	162,801,360	179,188,312	200,516,723	55,293,400
5. Operation Expense - Production - Excluding Fuel	13,357,088	14,690,952	17,886,464	5,041,247
6. Operation Expense - Production - Fuel	60,401,311	69,012,179	75,311,755	22,179,471
7. Operation Expense - Other Power Supply	33,503,102	29,633,866	40,233,999	8,618,683
8. Operation Expense - Transmission	5,226,412	6,758,234	4,520,939	1,999,677
9. Operation Expense - Distribution	172,739	172,472	525,325	69,928
10. Operation Expense - Consumer Accounts.	0	0	0	0
11. Operation Expense - Consumer Service & Inform	655,347	663,838	1,146,265	225,955
12. Operation Expense - Sales	35,365	34,889	11,061	10,343
13. Operation Expense - Administrative & General	7,684,814	7,992,573	8,550,482	2,960,025
14. Total Operation Expense (5 thru 13)	121,036,178	128,959,003	148,186,290	41,105,329
15. Maintenance Expense - Production	6,736,016	6,811,815	8,294,186	3,507,902
16. Maintenance Expense - Transmission	672,176	793,428	1,242,014	382,467
17. Maintenance Expense - Distribution.	321,460	209,707	262,368	91,134
18. Maintenance Expense - General Plant	199,810	136,715	280,890	38,153
19. Total Maintenance Expense (15 thru 18)	7,929,462	7,951,665	10,079,458	4,019,656
20. Depreciation & Amortization Expense	11,351,147	13,714,787	14,191,645	4,570,087
21. Taxes	1,562	(47,031)	0	800
22. Interest on Long-Term Debt	16,143,628	18,388,950	18,869,559	6,458,143
23. Interest Charged to Construction - Credit	0	0	0	0
24. Other Interest Expense	55,622	57,682	49,180	23,458
25. Asset Retirement Obligations	0	0	0	0
26. Other Deductions	338,984	471,669	638,909	163,035
27. Total Cost of Electric Service (14 + 19 thru 25)	156,856,583	169,496,725	192,015,041	56,340,508
28. Operating Margins (4 - 26)	5,944,777	9,691,587	8,501,682	(1,047,108)
29. Interest Income.	1,098,364	1,190,817	856,143	457,407
30. Allowance for Funds Used During Construction	4,945,572	1,366,385	1,572,911	466,403
31. Income (Loss) from Equity Investments.	0	0	0	0
32. Other Nonoperating Income - Net	96,224	55,579	(43,762)	36,733
33. Generation & Transmission Capital Credits	0	0	0	0
34. Other Capital Credits & Patronage Dividends	5,925	2,531	5,100	2,531
35. Extraordinary Items	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34)	12,090,862	12,306,899	10,892,074	(84,034)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold		53.60	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold		41.09	0.00	
39. Total Cost of Electric Service Per kWh Sold		50.87	0.00	
40. Purchased Power Cost Per kWh		48.60	0.00	

000050

USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette	
	PERIOD ENDED	REA USE ONLY
	March 30, 2006	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service	2,042,736,700	32. Memberships	1,600
2. Construction Work in Progress	181,131,180	33. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,223,867,880	a. Assigned and Assignable	165,660,310
4. Accum. Provision for Depreciation & Amort.	784,960,481	b. Retired This Year	0
5. Net Utility Plant (3 - 4)	1,438,907,399	c. Retired Prior Years	0
6. Non-Utility Property - Net	820	d. Net Patronage Capital	165,660,310
7. Investments in Subsidiary Companies	0	34. Operating Margins - Prior Years	(104,377,194)
8. Invest. in Assoc. Org. - Patronage Capital	947,057	35. Operating Margins - Current Year	9,694,118
9. Invest. in Assoc. Org. - Other - General Funds	14,442,495	36. Non-Operating Margins	33,714,937
10. Invest. in Assoc. Org. - Other - Non-General Funds	0	37. Other Margins and Equities	3,459,847
11. Investments in Economic Development Projects	0	38. Total Margins & Equities (32, 33d thru 37)	108,153,618
12. Other Investments	26,083,778	39. Long-Term Debt - REA (Net)	50,206,507
13. Special Funds	4,010,072	(Payments-Unapplied\$)	
14. Total Other Property & Investments (6 thru 13)	45,484,222	40. Long-Term Debt-Other-Econ. Devel. (net)	0
15. Cash - General Funds	462,480	41. Long-Term Debt-FFB-REA Guaranteed	1,124,061,422
16. Cash - Construction Funds - Trustee	6,500,500	42. Long-Term Debt-Other-REA Guaranteed	0
17. Special Deposits	425	43. Long-Term Debt-Other (Net)	282,061,690
18. Temporary Investments	38,116,831	44. Total Long-Term Debt (39 thru 43)	1,456,329,619
19. Notes Receivable (Net)	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	57,132,781	46. Accumulated Operating Provisions	98,225,584
21. Accounts Receivable - Other (Net)	3,597,177	47. Total Other Noncurrent Liabilities (45 + 46)	98,225,584
22. Fuel Stock	83,086,243	48. Notes Payable	0
23. Materials and Supplies - Other	33,273,808	49. Accounts Payable	41,267,739
24. Prepayments	1,993,236	50. Taxes Accrued	1,214,154
25. Other Current and Accrued Assets	323,135	51. Interest Accrued	1,698,497
26. Total Current and Accrued Assets (15 thru 25)	224,486,616	52. Other Current & Accrued Liabilities	4,095,039
27. Unamortized Debt Disc. & Extraord. Prop. Losses	4,401,310	53. Total Current & Accrued Liabilities (48 thru 52)	48,275,429
28. Regulatory Assets	0	54. Deferred Credits	2,295,297
29. Other Deferred Debits	0	55. Accumulated Deferred Income Taxes	0
30. Accumulated Deferred Income Taxes	0	56. Total Liabilities and Other Credits	
31. Total Assets & Other Debits (5+14+26 thru 30)	1,713,279,547	(38+44+47+53 thru 55)	1,713,279,547

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$496,124.01 in March 2006, and \$1,450,768.90 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

March 2006 Demand\MMBTU	363.300	Energy\MMBTU	212,863.600
Year-to-date		Energy\MMBTU	640,521.100

*This computer-generated data form is identical in form and substance to REA Forms 12a-1, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

000051

PRODUCTION PERFORMANCE REPORT
FEBRUARY 2006

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
Net Generation -- MWH	99,290	204,761	173,914	365,072	675,788	1,344,232	5,957	10,846	954,949	1,924,911
Weighted Equip. Availability Factor	97.87	98.26	99.59	99.81	98.60	94.33	100.00	100.00	99.00	96.82
Load Factor --% Coal-Fired Only Including CT's	79.34	77.68	76.95	76.65	93.67	88.44	2.20	1.40	88.49 70.50	84.71 62.57
Running Capacity Factor --% Coal-Fired Only Including CT's	78.07	76.14	86.23	85.70	89.60	88.22	56.46	61.48	87.69 87.38	86.33 86.12
Total Power Cost (Busbar) \$/MWH	39.319	38.582	35.868	33.881	35.558	35.445	629.844	622.047	39.713	38.787
Safety -OSHA Lost Time Incident Rate	0	1.75	0	0	0	0	0	0	0	.33
Environmental Emissions SO2--Tons NOx--lbs./MMBtu	580.5 0.40	1,274.8 0.37	1,747.9	3,904.0 1,952.24	3,262.70 0.28	7,071.10 0.30	0.090 0.063	0.120 0.056	5,591.200 0.324	12,250.000 0.340

Net Generation (MWH): Is the amount of energy produced and delivered to the transmission system.

Load Factor (%): Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

Running Capacity Factor (%): Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

Weighted Equip. Availability Factor (%): Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

OSHA Lost-Time Accident Rate: Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

Total Power Cost (Busbar) (\$/MWH): Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

Environmental Emissions: Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

000052

**EAST KENTUCKY POWER COOPERATIVE
ANALYSIS OF GENERAL FUNDS
AS OF END OF MONTH**

(\$1,000)

<u>Month</u>	<u>Used in Construction</u>			<u>Total General Funds</u>			<u>General Funds Used for Construction</u>			<u>Total General Funds Used for Construction</u>
	<u>Investments</u>	<u>Available for Immediate Advance</u>	<u>Requires Further Action(a)</u>	<u>No Funding Available</u>	<u>Invested or Used for Construction</u>	<u>Y-8 FFB</u>	<u>Fundable Loans Pending</u>	<u>Smith / N-8</u>	<u>Unfunded</u>	
<u>2005</u>										
Jan	47,767	120,469	207,073	125,778	501,087	1 (a)	327,541	7,589	118,189	453,320
Feb	119,989	70,469	266,734	126,095	583,287	1 (a)	337,202	7,589	118,506	463,298
Mar	81,077	72,790	273,237	126,955	554,059	1 (a)	346,026	7,589	119,366	472,982
Apr	88,165	73,495	278,960	125,360	565,980	1 (a)	352,454	7,589	117,771	477,815
May	109,508	62,449	269,896	125,990	567,843	1 (a)	332,344	7,589	118,401	458,335
June	121,071	5,257	298,465	126,888	551,681	1 (a)	303,721	7,589	119,299	430,610
July	104,231	96,271	224,152	126,825	551,479	1 (a)	320,422	7,589	119,236	447,248
Aug	136,240	33,722	221,854	127,943	519,759	1 (a)	255,575	7,589	120,354	383,519
Sept	102,634	34,287	231,495	128,148	496,564	1 (a)	265,781	7,589	120,559	393,930
Oct	83,801	4,287	254,299	128,182	470,569	1 (a)	258,585	7,589	120,593	386,768
Nov	79,472	7,920	263,458	128,152	479,002	1 (a)	271,377	7,589	120,563	399,530
Dec	69,996	7,920	299,225	128,499	505,640	1 (a)	307,144	7,589	120,910	435,644
<u>2006</u>										
Jan	51,185	7,920	300,790	128,795	488,690	1 (a)	308,709	7,589	121,206	437,505
Feb	52,845	7,920	317,011	128,695	506,411	1 (a)	324,930	7,589	121,046	453,566
Mar	41,305	1,420	332,385	128,973	504,083	1 (a)	333,804	7,589	121,384	462,778
Apr					0					0
May					0					0
June					0					0
July					0					0
Aug					0					0
Sept					0					0
Oct					0					0
Nov					0					0
Dec					0					0

(a) Includes W-8 FFB Reclassified Projects

000053

EAST KENTUCKY POWER COOPERATIVE
TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar	\$8,305	\$73,748	4.355 - 4.759	1 - 19	\$353,936
Apr	\$28,393	\$91,428	4.562 - 4.759	1 - 12	\$582,155
May					
Jun					
Jul					
Aug					
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 2,817,432 (book value) with average maturities of 3.2 years at interest rates averaging 8.08 %, and accrued interest earnings year-to-date of \$ 198,441.

000054

JUNE 2006

2006
EAST KENTUCKY POWER COOPERATIVE
COAL RECEIPTS, USAGE, STOCKPILE
TONNAGE (1000)

DALE STATION

	Received			Used			Stockpile	
	Tons	BTU	MMBTU	TON	Cost/TON	TONS	TONS	TONS
Jan.	39	12247	2.305	56.46		50	62	
Feb.	48	12211	2.518	61.49		47	63	
Mar.	38	12474	2.410	60.14		43	58	
Apr.	33	12500	2.398	59.96		33	59	
May								
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	158	12344	2.414	59.60		173		

SPURLOCK - Above .7% Sulphur

	Received			Used			Stockpile	
	Tons	BTU	MMBTU	TON	Cost/TON	#1	#2	TONS
Jan.	44	11388	2.237	50.96		88	0	103
Feb.	87	11628	2.333	54.25		82	0	109
Mar.	102	11678	2.318	54.15		89	0	121
Apr.	88	11653	2.313	53.92		87	0	122
May								
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	321	11618	2.310	53.68		346	0	

COOPER STATION

	Received			Used			Stockpile	
	Tons	BTU	MMBTU	TON	Cost/TON	TONS	TONS	TONS
Jan.	80	11926	2.327	55.51		83	135	
Feb.	54	11856	2.289	54.28		75	115	
Mar.	81	12320	2.337	57.58		66	130	
Apr.	68	12051	2.293	55.27		73	125	
May								
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	283	12055	2.314	55.81		297		

SPURLOCK - Below .7% Sulphur

	Received			Used			Stockpile	
	Tons	BTU	MMBTU	TON	Cost/TON	#1	#2	TONS
Jan.	175	12207	2.643	64.53		0	152	139
Feb.	184	12283	2.702	66.38		0	128	196
Mar.	151	12172	2.651	64.52		0	117	230
Apr.	141	12017	2.584	62.10		0	127	244
May								
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	651	12179	2.649	64.52		0	524	

GILBERT STATION

	Received			Used			Stockpile	
	Tons	BTU	MMBTU	TON	Cost/TON	TONS	TONS	TONS
Jan.	55	11197	1.378	30.85		45	235	
Feb.	59	10974	1.254	27.52		76	218	
Mar.	68	10776	1.267	27.31		81	206	
Apr.	30	11096	1.283	28.46		0	235	
May								
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	212	10286	1.294	28.45		202		

TOTAL SYSTEM

	Received			Used			Stockpile	
	Ave. Cost/Ton	Ave. Cost/MMBTU	MMBTU	Rec'd	Used	Stockpile	Days Burn	Days Burn
Jan.	55.66	2.323	393	418	674	53		
Feb.	56.57	2.358	432	408	701	56		
Mar.	54.71	2.281	440	396	745	59		
Apr.	55.81	2.337	360	320	785	42		
May								
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	55.68	2.324	1625	1340				

000001

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(April 2006 Commitments)**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Through	04/30/2006						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007			265,760	265,971	-211	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008			704,842	334,847	369,995	0.000	12300	2.3990
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009			480,000	35,387	444,613	0.000	12000	2.3600
B & W RESOURCES INC	0000151081	03/10/2004	05/31/2006			240,000	140,149	99,851	0.000	12000	2.0630
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008			142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008			112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000002

INDEX OF ALL COAL PURCHASE COMMITMENTS
(April 2006 Commitments)

Cooper

Through 04/30/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	312,800	482,741	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	203,052	276,948	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	30,657	209,343	0.000	11000	2.1140
B & W RESOURCES INC	0000251083	04/01/2004	08/31/2006	240,000	174,540	65,460	0.000	12000	1.8130 Cancelled
INTERNATIONAL COAL GROUP LLC	0000251219	04/24/2006	06/30/2006	20,000	7,105	12,895	0.000	11000	2.0910
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000003

INDEX OF ALL COAL PURCHASE COMMITMENTS
(April 2006 Commitments)
 Spurlock#1

Through 04/30/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	403,581	596,419	1.909	12000	2.0770
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2007	686,845	114,845	572,000	1.909	11800	1.5630
KEYSTONE INDUSTRIES LLC	0000003422	01/01/2002	06/30/2007	1,625	1,625	0	4.218	12000	1.8430
KOCH CARBON LLC	0000351209	01/19/2006	04/18/2006	40,000	41,156	-1,156	1.909	11000	2.3030
COALTRADE, LLC	0000351210	02/01/2006	04/29/2006	14,000	13,903	97	4.218	11500	2.7260
COALTRADE, LLC	0000351211	02/01/2006	05/04/2006	14,000	12,780	1,220	1.909	11500	2.2570 A
KOCH CARBON LLC	0000351213	03/01/2006	04/30/2006	30,000	30,735	-735	1.909	11250	2.5180
ARCH COAL SALES COMPANY	0000351214	02/13/2006	04/30/2006	40,000	39,551	449	1.909	11500	2.3550
KIVA SYN FUEL SALES LLC	0000351217	04/01/2006	06/15/2006	40,000	6,689	33,311	1.909	11500	2.0400 A
PROGRESS FUELS CORPORATION	000351200A	01/01/2006	05/31/2006	3,200	6,460	-3,260	4.218	12000	2.8840
KOCH CARBON LLC	000351203A	01/11/2006	05/31/2006	40,000	35,668	4,332	1.909	11500	2.7790
PROGRESS FUELS CORPORATION	000351204A	01/11/2006	12/31/2006	1,595	1,595	0	4.218	12000	2.7320
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.218	11800	2.2430

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000004

INDEX OF ALL COAL PURCHASE COMMITMENTS
(April 2006 Commitments)
Spurlock#2

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through
										04/30/2006
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2007	1,523,950	586,024	937,926	1.909	12000	1.5910	
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2007	656,404	348,854	307,550	4.218	12000	1.8430	
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	722,518	817,482	1.909	12000	2.4410	
MC MINING, LLC	0000000428	01/01/2005	12/31/2007	544,800	147,631	397,170	8.570	12500	2.5430	
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	70,176	409,824	4.218	12000	2.5530	
PROGRESS FUELS CORPORATION	0000451200	01/01/2006	05/31/2006	104,800	94,948	9,852	4.218	12000	2.8840	
KOCH CARBON LLC	0000451203	01/11/2006	05/31/2006	38,750	30,424	8,326	1.909	11500	2.7790	
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	238,405	60,593	177,812	4.218	12000	2.7320	
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	130,200	41,462	88,738	4.218	12400	2.7610	
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500	
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	338,561	0	4.218	12000	1.6070	

'A' Weekly Advance Payment
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000005

**INDEX OF ALL COAL PURCHASE COMMITMENTS
(April 2006 Commitments)**

Gilbert

Through 04/30/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MIMBTU
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	173,249	2,226,751	3.818	11400	1.2745 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	132,604	467,396	3.126	11200	1.2981 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	06/30/2006	135,000	116,572	18,428	2.464	10500	1.2955 A

'A' Weekly Advance Payment
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000006

Run-of-Mine Cost Analysis - Monthly
ACTIVITY FOR THE MONTH OF: April 2006
(thru 04/30/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	\$/Ton	\$/M/MTU	BTU	Ash	Sulfur
IKERD COAL COMPANY LLC	0000751159	594.18	49.82	0.00	0.000	0.00	49.82	2.056	12,133	7.19	1.37
DIXIE FUEL COMPANY LLC	0000751208	3,057.54	58.08	0.00	0.000	0.00	58.08	2.334	12,441	10.43	1.09
JAMIESON CONSTRUCTION CO	0000751218	12,745.86	56.14	0.00	0.000	0.00	56.14	2.333	12,030	9.83	1.22
Weighted Average - Cooper		16,397.58	56.27				56.27	2.323	12,110	9.85	1.20

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of April 2006 was \$3.249/MMBtu or \$78.69/ton, based on 12,110 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$3.698/MMBtu or \$88.74/ton, based on 12,000 Btu/lb.

000007

**STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF FUNDED MEDICAL PLAN
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

2006	No. of Employees	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Contributions, Administration and Excess Risk Insurance Cost			Benefits Received (c)			Benefits vs. Cost	
									Monthly (a) Contributions	Y.T.D. (a) Contributions	Monthly (b) Admin. Fees Cost	Y.T.D. (b) Admin. Fees Cost	Monthly (c) Total Cost	Y.T.D. (c) Total Cost	Monthly (d) Benefits Received	Y.T.D. (d) Benefits Received
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	1,082,204	1,082,204	267,939	(3)-(9)		
Feb.	2,028	1,347,855	2,697,998	139,411	139,411	279,008	1,487,266	2,977,005	1,604,650	1,604,650	1,604,650	2,686,854	11,144	(10)		
Mar.	2,030	1,344,185	4,042,183	139,473	139,473	418,481	1,483,658	4,460,664	2,210,259	2,210,259	4,897,113	4,897,113	(854,930)			
Apr.	2,037	1,348,212	5,390,395	140,158	140,158	558,639	1,488,371	5,949,034	1,477,476	1,477,476	6,374,589	6,374,589	(984,193)			

Base Benefits Admin Fee	Data Per Month Per Employee	
	Contribution Rate	Claims Paid
	\$ 664.01	\$ 785.24
	\$ 68.81	\$ 68.81
	\$ 732.82	\$ 854.06

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.
 (b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.
 (c) Includes excess risk reimbursements: \$15,461.38 for Owen, \$57,384.22 for Salt River, \$18,109.44 for EKPC.

000008

STATUS REPORT ON THE COST AND BENEFITS
PAID UNDER SELF-FUNDED DENTAL PLAN
EAST KENTUCKY POWER COOPERATIVE

2006	(1) No. Emp.	Monthly Employer Contributions			(5) Surplus (Deficit)	(6) No. Emp.	Monthly Employee Contributions			(9) Surplus (Deficit)	(2)+(7) (10)	(3)+(8) (11)	(10)-(11)-(12) (13)	(14) Y.T.D. Surplus (Deficit)
		(2) Amount of Contr. (a)	(3) Claims Paid	(4) Admin. Fee			(7) Amount of Contr. (b)	(8) Claims Paid	(8) Claims Paid					
Jan.	664	15,936	11,249	1,328	3,359	448	15,301	15,579	(278)	31,237	26,828	1,328	3,081	
Feb.	664	15,936	21,740	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(7,720)	
Mar.	663	15,912	16,848	1,326	(2,262)	450	15,334	17,320	(1,986)	31,246	34,169	1,326	(4,249)	
Apr.	662	15,888	12,272	1,324	2,292	450	15,290	21,476	(6,185)	31,178	33,748	1,324	(3,894)	
Total	2,653	63,672	62,109	5,306	(3,743)	1,799	61,237	70,275	(9,038)	124,909	132,385	5,306		

Employer		Employee	
Contr. Rate	\$22.00	Claims Paid	\$23.41
Admin. fee	2.00	Admin. fee	2.00
	\$24.00	Claims Paid	\$25.41
		Contr. Rate	\$34.04
		Claims Paid	\$39.06

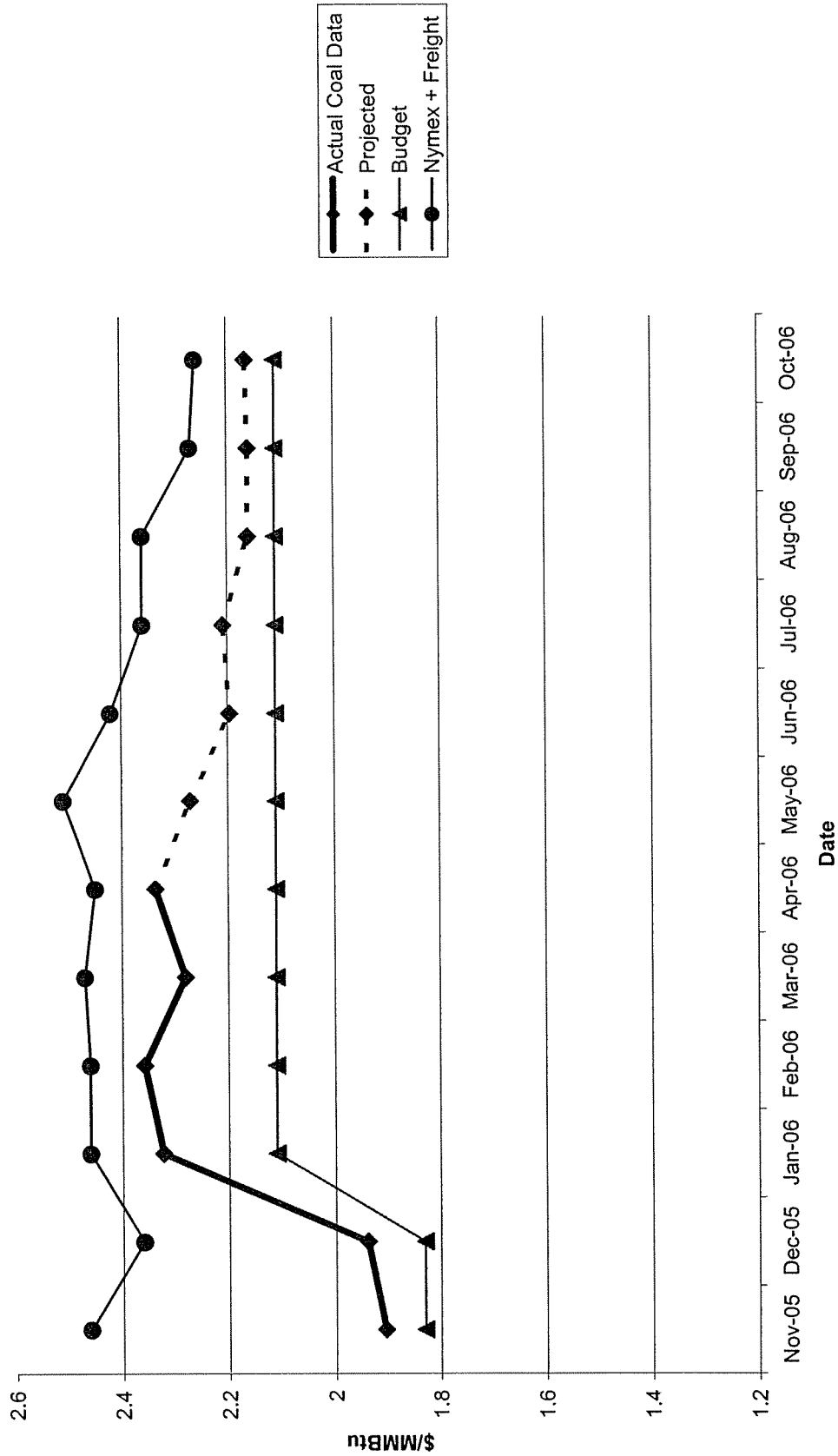
(a) Includes Administration Fee of \$2.00 per employee.

(b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00

Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

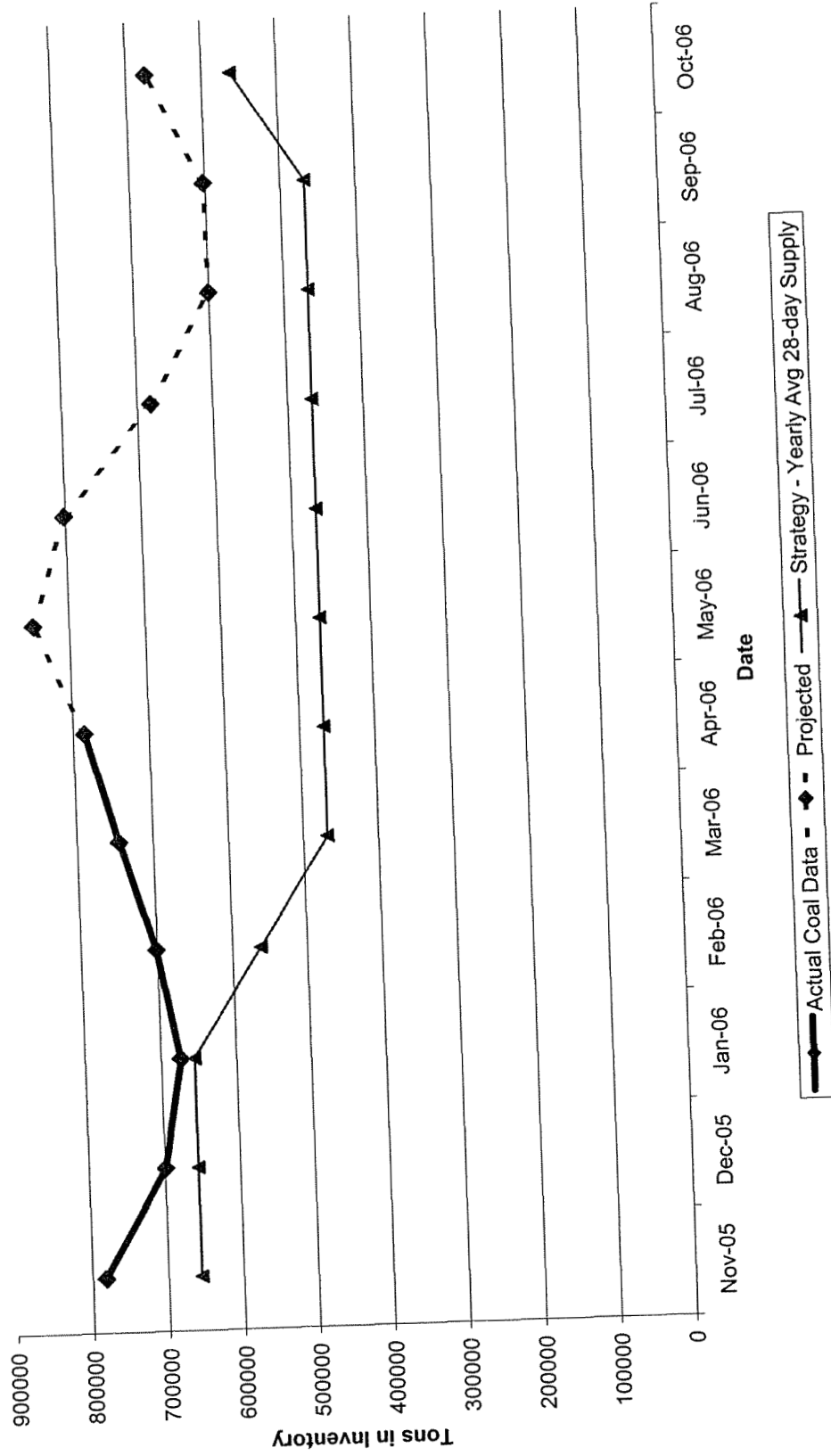
000009

Actual and projected Coal Cost - System



000010

Actual and projected Coal Inventory - System (Based on Maximum Daily Burn)



000011

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: May 4, 2006

SUBJECT: Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of April 2006 as shown below:

Date	Quantity (MMBtu)	Price \$/MMBtu
04/03/06	13,636	\$7.8252
04/09/06	1,700	\$7.5728
04/16/06	<u>695</u>	<u>\$7.2039</u>
	16,031	\$7.7715

gv

Approved by: Original Approved

Date: Original Dated May 9, 2006

000012

**RUN-OF-MINE COAL PURCHASE REPORT
FOR PERIOD APRIL 27, 2006 TO MAY 22, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
Dale Station ICG, LLC Ashland, KY	51224	Dale Station Winchester, KY	1,000	Dale Station	\$48.00	11,000

gv

000013

TO: Roy Palk
FROM: Randy Dials (Original Initialed)
DATE: May 5, 2006
SUBJECT: Test Coal Purchase—Dale Power Station
KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

The fuel process and Dale Power Station are currently in the process of establishing a run-of-mine program for Dale Power Station. At this time, we are in the testing mode. A front-end loader, on loan from Cooper Power Station, is on site, and Dale Power Station has made an area for stockpiling off-specification coal for blending. The blending of off-specification coals could be a substantial savings for East Kentucky Power Cooperative, Inc. (“EKPC”). ICG, LLC, (“ICG”) has offered EPKC 400 tons of blend coal for \$48 per ton based on 11,000 Btu/lb. This purchase is needed to test our blending capabilities and, most importantly, for future cost saving purchases.

Justification and Strategic Analysis

This purchase will enable EKPC to continue to generate power for the lowest cost possible for its member systems and provide an adequate fuel supply source during times of coal supply or transportation disruption. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Recommendation

Your approval is requested to purchase 400 tons of test coal from ICG at a delivered price of \$48 per ton based on 11,000 Btu/lb. for delivery to Dale Power Station.

Approved by: Original Approved

Date: Original Dated May 8, 2006

hr/gv

000014

TO: Roy Palk

FROM: Randy Dials (Original Initialed)

DATE: May 10, 2006

SUBJECT: Test Coal Purchase—Spurlock Power Station Unit No. 2

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

The fuel process at East Kentucky Power Cooperative, Inc., (“EKPC”) recently conducted a verbal solicitation for 1.15 lbs. SO₂/MMBtu for Spurlock Power Station Unit No. 2. This solicitation was for compliance coal during the 2007 and 2008 time period. The most economical proposal received was from CoalSales, LLC, (“CoalSales”) for a coal from Knox County, Indiana. Pricing for this product is \$2.431/MMBtu f.o.b. barge in 2007 and \$2.477/MMBtu f.o.b. barge for 2008. The coal is 10,800 Btu, 8.6 percent ash, and 1 lb. SO₂/MMBtu. All the data on the coal indicates that it will be suitable for Spurlock Power Station Unit No. 2. However, this is a non-typical coal for Spurlock Power Station Unit No. 2 and needs to be tested before entering into a contract for 2007 and 2008.

Justification and Strategic Analysis

Testing this proposed coal to guarantee performance will allow EKPC to move forward in securing a dependable supply of compliance coal for Spurlock Power Station Unit No. 2 until the scrubber for the unit is in operation. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Recommendation

Your approval is requested to purchase six barge lots, approximately 9,000 tons, from CoalSales’ Air Quality Mine located in Knox County, Indiana, at an f.o.b. barge price of \$2.431/MMBtu or \$52.50 per ton. This coal should be shipped beginning the week of May 15, 2006.

Approved by: Original Approved

Date: Original Dated May 11, 2006

eh/gv

000015

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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Distribution Substations & Taps

Blue Grass Energy Cooperative

Headquarters Distribution Station 11.2/14 mVA 69-12.5 kV Rebuild	734(P)	1,259	Construction of this station is complete. The load has not been put on to date.	5/1/2006
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	464	Construction activities have started.	8/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	433	R/W clearing activities are approximately 95% complete. Construction activities have started.	8/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	79	The site acquisition is in the final stages. Survey activities have started.	11/15/2006
West Nicholasville #2 Distr. Sub. 69-12.5 kV 15/20/25 MVA	(863)P	0	No action	5/1/2007
Cumberland Valley Electric Alex Creek 5.6/6.44 MVA Distribution Station	570(P)	21	An option has been signed for this site.	12/1/2007

000016

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Cumberland Valley Electric Girdler 11.2/14 MVA 69-13.2 kV Distr. Station	570(P)	21	Siting activities have started.	5/1/2007
Girdler Tap 69 kV 3.5 miles	747(P)	1	Engineering personnel are reviewing line routes.	5/1/2007
Liberty Church 11.2/14 MVA 69-13.2 Distr. Sta.	583(P)	1	No action	5/1/2007
Liberty Church Tap 69 kV 1.8 miles	343(P)	2	Engineering personnel are reviewing line routes.	5/1/2007
Farmers RECC Edmonton Industrial Park Sub	0	0	Survey and design activities are complete.	Project on Hold
Edmonton Industrial Park Tap	0	0	R/W Clearing activities are 90 % complete and the Construction Contractor is ready to begin construction when the project is released.	Project on Hold
Fleming-Mason Energy Cooperative Snow Hill 11.2/14 MVA 69-25 kV Distr. Sta.	558(P)	52	Site acquisition and survey activities are complete. Design activities are approximately 50% complete. The ER was submitted to RUS on May 4, 2006.	6/1/2007

000017

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<p>JACKSON ENERGY COOP. Big Creek Substation 69-12.5 kV 11.2 MVA</p>	452(P)	179	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,065	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. R/W Agents expect to have two or three condemnations on this line.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	151	A new has been obtained for the substation site. The original site location was moved because of the flood plain area. The new site is located on the same property as the original site.	5/1/2006
Keavy #2 Distr. Sta. 11.2/14 mVA, 69-12.5 kV	456(P)	203	Construction of this station is approximately 50% complete. Expect to complete by the end of June, 2006.	6/30/2006
Laurel Co. Ind. Park #2 11.2/14 mVA 69-12.5 kV	456(P)	420	Construction of this station is complete. There has been no load put on this station to date.	5/1/2006

000018

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
OWEN ELECTRIC COOPERATIVE Bristow #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	340	Construction of this project is complete. This station was energized on May 4, 2006.	5/1/2006
Downing #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	273	Construction activities are complete. Energization is dependent upon the Coop finishing their work.	5/1/2006
Burlington 11.2/14 mVA 69-12.5 kV Distribution Station	883(P)	1	No Action	5/1/2007
Salt River RECC Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	138	An option for this site has been obtained. Design activities have started and survey of the site is approximately 50% complete.	5/1/2006
Cedar Grove Ind. Park Sub 161-12.5 kV 12/16/20 mVA Distribution Station	971(P)	462	Survey and design activities are complete. Construction activities have started.	12/15/2006
Deatsville 11.2/14 mVA 69-12.5 kV Distribution Station	570(P)	0	No Action	5/1/2007
Little Mount Distribution Station 161-12.5 kV, 12/16/20 MVA	902(P)	939	The construction of this station is complete. Awaiting the completion of the line construction to energize.	12/1/2005

000019

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Salt River RECC Little Mount Tap 69kV 6 miles	1272(P)	1,945	Construction activities are approximately 98 % complete. This project will be completed when an agreement is reached with a property owner regarding the removal of a tree that prevents the line from being energized.	12/1/2005
South Kentucky RECC Gap of the Ridge Distribution Station 11.2/14 MVA 69-25kV	558(P)	169	An option has been obtained for this site. Survey is complete and design activities are approximately 90% complete.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	81	The survey of this line is complete. R/W acquisition are approximately 50% complete. Design activities are complete.	12/1/2006
Upchurch Distribution Station 11.2/14MVA 69-12.5 kV	543 (P)	676	The construction activities are complete. Awaiting the completion of the line construction to energize.	5/2/2006
Upchurch Tap 69 kV 1.75 miles	375 (P)	355	R/W clearing activities are complete. Construction activities are 65% complete.	5/2/2006
Woodstock 11.2/14 mVA Distr. Substation	570(P)	0	No action	12/1/2007

000020

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Taylor County RECC Campbellsville #2 69-12.5 kV 11.2/14 MVA Distr. Station	456(P)	0	No action	5/1/2007
Garlin 11.2/14 mVA, 69-12.5 kV Distribution Station	570(P)	0	No action	5/1/2007
Transmission Facilities Bullitt Co. 69 kV Breaker Add. (2Brkrs.)	166(P)	183	Design of this project is approximately 89% complete.	5/1/2006
Bullitt County - J. Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	130	Survey activities are complete. Design activities are 90% complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	643	Survey and design activities are complete. The PSC has granted a certificate. Construction activities will be delayed until Fall '06 because of environmental problems.	1/2/2007
J.K. Smith 138 kV Modifications	263(P)	18	Design activities are complete.	12/29/2006
J.K. Smith CT 345kV Trans. Substation	4300(P)	1,000	Engineering activities are approximately 15 % complete.	6/1/2007

000021

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Transmission Facilities J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	1,104	Survey activities and RW acquisitions are approximately 89% complete. Design activities are 100% complete. The RW Clearing Contract has been awarded to Hixon & Co. The line contract has been bid and the low bidder or bidders will be presented to the June Board Meeting.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	202	RW easement procurement is complete Survey and design activities are 50% complete.	6/1/2006
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	782	Engineering activities are approximately 15 % complete.	6/1/2007
West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	304	An option has been obtained for this site. Survey and design activities have started.	5/1/2006
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2006

000022

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
WARREN RECC Aberdeen Jct. 161 kV Trans. Station	717(P)	8	Survey and design activities have started.	12/31/2007
Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	643	Survey and design activities are 90% complete. R/W acquisition easements are 75% complete for the rebuild area and R/W Agents are starting on the green field portion.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	268	Design activities are approximately 50% complete.	4/1/2006
GM 161 kV Brkr Station	1060(P)	1,483	This station was completed on January 15, 2006. Awaiting completion of lines to energize.	10/15/2005
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	1,074	Survey and design activities are complete. 90% of the easements have been acquired.	12/31/2007
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	1,335	R/W acquisition of easements are 85% complete. Survey and design activities are approximately 90% complete.	12/31/2007

000023

CONSTRUCTION IN PROGRESS

May, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru April, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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WARREN RECC

Salmons 161-69 kV Trans. Substation	1500(P)	3	Survey activities are scheduled to begin soon.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	490	Survey is approximately 75% and RW acquisition activities have started.	12/31/2007

(P) - Planning Estimates
(h:\share\reports\project.xls)

000024

**East Kentucky Power Cooperative
Fuel Adjustment Rate - Fuel Cost in Base Rate**

Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)

2006	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892	8,402,592
March	0.00688	1,052,245,498	7,239,449	30,142,363	(397,442)	7,636,891
April	0.00763	763,046,315	5,822,043	5,822,043	(1,884,178)	7,706,221
May						
June						
July						
August						
September						
October						
November						
December						

[a] Based on previous month's costs

[b] Does not include EKP usage

[c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

000025



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 APPLICABLE TO MAY 2006 POWER BILL
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	=	\$23,106,705	
KWH Sales to Members and Internal Use		844,292,812	0.02737
Less Cost of Fuel in Base Rate			0.02025
			0.00712
FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	MAY 2006		0.00712

DEVELOPMENT OF FUEL ADJUSTMENT RATE

		APRIL 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
Received					
Generation					
Coal & Oil Burned		\$18,599,968	755,179,498	0.02463	0.02203
Gas & Oil Burned in CTs		156,080	8,429,431	0.01852	0.00018
Fuel (Assigned Cost during F.O.)		457,560	33,745,000	0.01356	0.00054
Fuel (Assigned Cost during F.O.)		(1,531,511)	(33,745,000)	(0.04538)	(0.00181)
<hr/>					
Total Fuel Cost (a)		17,682,097	763,608,929	0.02316	0.02094
Purchases					
Net Energy Cost - Economy Purchases		4,195,262	91,370,558	0.04591	0.00497
Identifiable Fuel Cost - Other Purchases		0			
Identifiable Fuel Cost - Sub. for F.O.		0			
<hr/>					
Total Purchase Cost (b)		4,195,262	91,370,558	0.04591	0.00497
Subtotal Purchase and Fuel Cost (a+b)		21,877,359	854,979,487	0.02559	0.02591
<hr/>					
Delivered					
Off-System Sales Fuel Costs (Over) or Under Recovery		(45,405)	(1,196,923)	(0.03793)	(0.00005)
Inadvertent - (Net) - System Losses	Out	1,274,750	(3,598,562)		0.00151
		(5,891,190)			
<hr/>					
Sales Fuel Cost (c)		1,229,345	(10,686,675)	0.11504	0.00146
Totals (a+b+c)		\$23,106,704	844,292,812	0.02737	0.02737

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.



EAST KENTUCKY POWER COOPERATIVE
 FUEL ADJUSTMENT
 YEAR-TO-DATE 2006
 AS OF APRIL 30, 2006

FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		111,817,067		0.02717
-----		=	-----	
KWH Sales to Members and Internal Use		4,115,124,001		
Less Cost of Fuel in Base Rate				
		Cost	KWH	Mills/kwh
				Mills/ total kwh
Received				
Generation				
Coal & Oil Burned		81,287,285	3,593,815,018	0.02262
Gas & Oil Burned in CTs & Landfills		3,749,868	43,245,891	0.08671
Fuel (Assigned Cost during F.O.)		1,797,768	115,559,000	0.01556
Fuel (Assigned Cost during F.O.)		(5,535,118)	(115,559,000)	(0.04790)
		-----	-----	-----
Total Fuel Cost	(a)	81,299,803	3,637,060,909	0.02235
		-----	-----	-----
Purchases				
Net Energy Cost - Economy Purchases		26,655,136	581,258,033	0.04586
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		-----	-----	-----
Total Purchase Fuel Cost	(b)	26,655,136	581,258,033	0.04586
		-----	-----	-----
Subtotal Purchase & Fuel Cost		107,954,939	4,218,318,942	0.02559
		-----	-----	-----
Delivered				
Off-System Sales Fuel Costs		(186,336)	(4,364,218)	(0.04270)
(Over) or Under Recovery		4,048,464		0.00098
Inadvertent - (Net) - System Losses			40,260,141	
			(139,090,864)	
Sales Fuel Cost	(c)	3,862,128	(103,194,941)	0.03743
		-----	-----	-----
Totals	(a+b+c)	111,817,067	4,115,124,001	0.02717
		=====	=====	=====

000027

East Kentucky Power Cooperative

Member Cooperative Load Growth 2005 - 2006 Includes Inland Container Steam KWH Equivalency

Month	2006 % Increase By Months		2006 % Increase Cumulative		2006			
	Actual 2005	Budget 2006	Actual 2006	Over (Under) 2005 - 2006 Budget	2005	2006 Budget	2005	2006 Budget
	15 Minute Billing Peak							
	MW							
Jan	2,749	2,878	2,281	(17.0)	(20.7)	(17.0)	(20.7)	
Feb	2,194	2,691	2,584	17.8	(4.0)	(1.6)	(12.6)	
Mar	2,291	2,451	2,283	(0.3)	(6.9)	(1.2)	(10.9)	
Apr	1,720	2,061	1,766	2.7	(14.3)	(0.4)	(11.6)	
May	1,724	1,970						
Jun	2,163	2,182						
Jul	2,346	2,377						
Aug	2,258	2,312						
Sep	1,971	2,178						
Oct	1,820	2,054						
Nov	2,283	2,346						
Dec	2,676	2,718						
YTD	26,195	28,218	8,914					
	26,195	28,218	8,914					
	Hourly Coincident System Peak							
	Date Day Hr. Ending MW Equivalent MW Steam							
Jan	Jan 26 Thur 0800 2,254 38							
Feb	Feb 19 Sun 0900 2,503 40							
Mar	Mar 21 Tues 2000 2,114 35							
Apr	Apr 10 Mon 0700 1,763 37							
	2005							
	Hourly Coincident System Peak							
	Date Day Hr. Ending MW Equivalent MW Steam							
Jan	Jan 18 Tues 0900 2,711 41							
Feb	Feb 10 Thur 2000 2,175 34							
Mar	Mar 03 Thur 0700 2,224 39							
Apr	Apr 02 Sat 1200 1,659 34							
May	May 03 Tues 0700 1,729 33							
Jun	Jun 28 Tues 1700 2,048 28							
Jul	Jul 25 Mon 1800 2,181 26							
Aug	Aug 20 Sat 1500 2,227 25							
Sep	Sep 12 Mon 1700 1,917 33							
Oct	Oct 3 Mon 1700 1,778 26							
Nov	Nov 18 Fri 0700 2,139 41							
Dec	Dec 20 Tues. 0800 2,642 42							
YTD	1,210,092	1,284,953	1,129,229	(6.7)	(12.1)	(6.7)	(12.1)	
Jan	1,033,719	1,096,763	1,123,099	8.6	5.3	0.4	(4.2)	
Feb	1,099,981	1,066,866	1,066,910	(3.0)	2.8	(0.7)	(2.1)	
Mar	846,765	920,708	855,558	1.0	(7.1)	(0.4)	(3.1)	
Apr	847,185	944,222						
May	988,590	1,027,010						
Jun	1,076,222	1,152,774						
Jul	1,113,529	1,091,636						
Aug	946,699	982,798						
Sep	893,863	975,173						
Oct	980,332	1,055,114						
Nov	1,303,790	1,241,722						
Dec	12,350,767	12,839,739	4,174,796					
YTD	12,350,767	12,839,739	4,174,796					

000028

EAST KENTUCKY POWER COOPERATIVE
OFF-SYSTEM SALES - 2006
(1,000)

MONTH	2006 BUDGET												
	MWH	REVENUE	MARGIN	INCLUDES DEMAND			EXCLUDES DEMAND			MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/ KWH	MARGIN	MILLS/ KWH	MARGIN	MILLS/ KWH					
JAN	696	35	(9)	50.78	(9)	50.78	(9)	50.78	2,620	133	5	50.76	
FEB	4,442	175	(23)	39.44	(23)	39.44	(23)	39.44	6,281	319	13	50.79	
MAR	5,516	124	(50)	22.48	(50)	22.48	(50)	22.48	7,024	301	14	42.85	
APR	1,156	53	5	46.19	5	46.19	5	46.19	23,056	989	46	42.90	
MAY									16,779	560	33	33.38	
JUN									12,024	460	24	38.26	
JUL									16,594	648	33	39.05	
AUG									24,904	972	50	39.03	
SEP									6,600	226	13	34.24	
OCT									6,393	209	13	32.69	
NOV									3,450	113	7	32.75	
DEC									1,020	33	2	32.35	
TOTAL	11,810	387	(77)	32.77	(77)	32.77	(77)	32.77	126,745	\$4,963	\$253	39.16	

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

000029

EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson
11/15/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	4,442
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	5,516
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	1,156
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
Total	4,420,544	5,008,266	1,099,913	840,778	770,747	899,286	513,879	71,224	53,466	144,197	11,810

000030

EAST KENTUCKY POWER COOPERATIVE
SUMMARY OF FUEL COST FACTORS
IN COMPUTING FUEL ADJUSTMENT RATE
(TO BE APPLIED TO SUCCEEDING MONTH)

	FEBRUARY 2006			MARCH 2006			APRIL 2006		
	mWh	Mills per kWh	Fuel Costs	mWh	Mills per kWh	Fuel Costs	mWh	Mills per kWh	Fuel Costs
Production									
Smith Generating	5,995	295.23	1,769,900	5,341	118.75	634,227	553	224.62	124,217
Dale	99,290	28.06	2,785,932	93,313	27.71	2,586,066	71,012	27.81	1,974,776
Cooper	173,914	23.03	4,004,576	156,041	23.48	3,663,860	178,869	22.70	4,059,534
Spurlock I	189,973	21.37	4,060,602	207,660	22.30	4,631,466	201,766	22.79	4,597,672
Spurlock II	312,167	25.74	8,034,740	285,377	26.07	7,439,649	304,926	26.63	8,119,474
Landfills	6,221	4.70	29,215	7,475	3.20	23,923	7,876	4.05	31,863
Gilbert	173,649	12.34	2,141,974	182,179	12.37	2,252,742	(1,393)	0.00	0
Generating Unit									
Sub-total	961,209	23.75	22,826,939	937,386	22.65	21,231,933	763,609	24.76	18,907,536
Physical Inventory, Outage & Adjustments			(384,343)			(346,958)			(1,225,438)
Gallatin	0		0	0		0	0		0
Sub Total	961,209	23.35	22,442,596	937,386	22.28	20,884,975	763,609	23.16	17,682,098
Purchases	169,265	45.50	7,701,431	136,681	48.04	6,565,886	91,371	45.91	4,195,262
Sales to Others (Includes Losses)	(464)	35.97	(16,692)	(1,969)	44.12	(86,868)	(1,197)	37.93	(45,405)
(Over) or Under Recovery			(10,892)			397,442			1,274,750
Inadvertent Net System Losses	(2,692)		4,794	4,794			(3,599)		
	(17,304)		(24,648)	(24,648)			(5,891)		
Total	1,110,014		30,116,443	1,052,244		27,761,435	844,293		23,106,705
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		27.13			26.38			27.37	
Fuel Adjustment charge (credit) per kWh		6.88			6.13			7.12	

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

000031

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary**

April 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	42,176	17,066,614	44.78	104,618	50.91	78,900	55.54	947,831
	YTD	209,491	93,794,152	43.14	814,558	51.83	372,375	55.80	5,233,382
BLUE GRASS ENERGY	Month	165,326	82,678,169	41.09	500,822	47.15	353,852	51.43	4,251,839
	YTD	905,151	413,793,983	42.36	3,561,070	50.97	1,618,426	54.88	22,708,926
CLARK ENERGY COOP	Month	62,445	28,517,288	43.94	174,812	50.07	129,647	54.62	1,557,515
	YTD	337,742	150,889,345	43.66	1,304,050	52.30	604,925	56.31	8,496,074
CUMBERLAND VALLEY ELECTRIC	Month	82,244	34,748,712	44.20	213,010	50.33	158,789	54.90	1,907,554
	YTD	389,203	180,589,092	42.75	1,561,118	51.39	710,935	55.33	9,991,974
FARMERS RECC	Month	70,770	34,282,507	41.98	210,151	48.11	149,769	52.48	1,799,209
	YTD	351,120	170,880,193	41.78	1,472,318	50.39	660,751	54.26	9,271,794
FLEMING MASON RECC	Month	142,745	68,553,726	41.11	378,490	46.63	275,825	50.65	3,472,555
	YTD	644,949	316,951,624	41.22	2,433,355	48.90	1,137,621	52.49	16,635,597
GRAYSON RECC	Month	39,742	17,545,110	44.02	106,791	50.11	79,830	54.66	959,008
	YTD	206,263	92,931,121	43.46	801,878	52.09	371,741	56.09	5,212,299
INTER-COUNTY ECC	Month	64,320	29,081,869	43.08	177,436	49.18	129,857	53.64	1,559,996
	YTD	379,798	159,638,387	43.64	1,382,299	52.30	638,180	56.30	8,987,265
JACKSON ENERGY COOP	Month	145,048	62,575,424	43.74	382,935	49.86	283,317	54.39	3,403,552
	YTD	789,362	337,588,976	43.52	2,925,654	52.18	1,346,786	56.17	18,963,202
LICKING VALLEY RECC	Month	42,025	17,812,311	44.46	109,190	50.59	81,819	55.18	982,901
	YTD	210,723	95,420,771	43.23	826,853	51.89	379,506	55.87	5,331,341
NOLIN RECC	Month	100,049	52,889,265	40.27	324,212	46.40	222,807	50.61	2,676,613
	YTD	547,234	254,852,499	41.72	2,184,832	50.29	985,091	54.15	13,801,210
OWEN EC	Month	331,849	175,449,124	32.32	995,043	38.00	603,675	41.44	7,269,938
	YTD	1,438,152	751,031,802	33.83	6,054,249	41.89	2,424,570	45.12	33,885,994
SALT RIVER RECC	Month	127,485	69,492,399	38.82	398,923	44.56	279,442	48.58	3,375,872
	YTD	668,099	322,351,274	41.70	2,742,991	50.21	1,241,159	54.06	17,426,052
SHELBY ENERGY COOP	Month	57,726	32,099,724	39.93	196,772	46.06	134,262	50.25	1,612,920
	YTD	298,263	150,953,560	40.86	1,292,206	49.42	574,332	53.22	8,034,179
SOUTH KENTUCKY RECC	Month	177,623	76,602,191	43.69	489,571	49.82	346,488	54.34	4,162,441
	YTD	970,283	405,956,455	43.72	3,512,261	52.37	1,626,801	56.38	22,886,573
TAYLOR COUNTY RECC	Month	77,322	33,972,895	45.40	180,337	50.70	146,511	55.02	1,869,082
	YTD	405,875	180,648,052	45.84	1,309,583	53.09	679,645	56.85	10,270,596
Totals	Month	1,728,895	833,367,328	40.12	4,923,113	46.02	3,454,790	50.17	41,808,826
	YTD	8,751,708	4,078,271,286	41.09	34,179,275	49.47	15,372,844	53.24	217,136,458

000032

**EKPC Wholesale Power Accounting
CO-OP Totals Billing Summary
'E' Rates Only**

April 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	42,176	17,066,614	44.78	104,618	50.91	78,900	55.54	947,831
	YTD	209,491	93,794,152	43.14	814,558	51.83	372,375	55.80	5,233,382
BLUE GRASS ENERGY	Month	134,414	63,563,974	42.55	383,652	48.58	280,304	52.99	3,368,294
	YTD	787,268	337,081,695	43.87	2,913,990	52.52	1,355,253	56.54	19,058,170
CLARK ENERGY COOP	Month	61,445	28,073,769	44.01	172,093	50.14	127,810	54.69	1,535,450
	YTD	336,742	150,445,826	43.67	1,301,331	52.32	603,088	56.33	8,474,009
CUMBERLAND VALLEY ELECTRIC	Month	82,244	34,748,712	44.20	213,010	50.33	158,789	54.90	1,907,554
	YTD	389,203	180,589,092	42.75	1,561,118	51.39	710,935	55.33	9,991,974
FARMERS RECC	Month	61,999	28,963,625	43.04	177,547	49.17	129,319	53.64	1,553,542
	YTD	316,036	150,295,363	42.50	1,300,940	51.15	588,654	55.07	8,276,739
FLEMING MASON RECC	Month	63,840	29,055,510	43.29	178,109	49.42	130,372	53.90	1,566,200
	YTD	329,244	152,787,707	42.69	1,319,537	51.32	601,670	55.26	8,443,223
GRAYSON RECC	Month	37,883	16,222,657	44.98	99,445	51.11	75,280	55.75	904,348
	YTD	196,348	87,712,087	43.85	759,209	52.50	353,451	56.53	4,958,680
INTER-COUNTY ECC	Month	56,745	25,064,577	44.02	153,645	50.15	114,133	54.70	1,371,106
	YTD	350,812	143,788,656	44.39	1,252,389	53.10	582,595	57.15	8,217,138
JACKSON ENERGY COOP	Month	134,004	57,248,481	44.26	350,934	50.39	261,914	54.96	3,146,442
	YTD	744,406	315,800,107	43.88	2,742,314	52.56	1,268,164	56.58	17,866,989
LICKING VALLEY RECC	Month	42,025	17,812,311	44.46	109,190	50.59	81,819	55.18	982,901
	YTD	210,723	95,420,771	43.23	826,853	51.89	379,506	55.87	5,331,341
NOLIN RECC	Month	73,349	36,446,991	42.75	223,421	48.88	161,766	53.32	1,943,318
	YTD	443,882	191,207,448	43.93	1,653,432	52.58	769,598	56.60	10,822,387
OWEN EC	Month	140,609	77,707,735	34.37	397,420	39.48	276,973	43.05	3,345,173
	YTD	693,577	354,782,639	37.48	2,705,806	45.11	1,228,025	48.57	17,230,725
SALT RIVER RECC	Month	115,199	62,991,445	38.95	359,072	44.65	253,662	48.68	3,066,172
	YTD	621,062	295,700,704	42.14	2,517,014	50.65	1,147,509	54.53	16,124,101
SHELBY ENERGY COOP	Month	36,465	18,127,064	43.03	111,119	49.16	80,911	53.62	971,998
	YTD	216,260	96,838,130	43.64	838,989	52.31	387,733	56.31	5,453,128
SOUTH KENTUCKY RECC	Month	156,887	66,383,048	44.44	406,928	50.57	304,786	55.16	3,661,476
	YTD	889,023	364,653,265	44.32	3,163,556	53.00	1,476,645	57.05	20,802,632
TAYLOR COUNTY RECC	Month	61,897	27,283,919	43.90	167,251	50.03	123,940	54.57	1,488,918
	YTD	336,936	143,227,490	43.96	1,240,753	52.62	576,759	56.65	8,113,794
Totals	Month	1,301,181	606,760,432	42.05	3,607,454	47.99	2,640,678	52.34	31,760,723
	YTD	7,071,013	3,154,125,132	42.83	26,911,789	51.36	12,401,960	55.29	174,398,412

000033

EKPC Generation & Transmission Coordinated Schedule

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a "high level" schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT's at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard.

The attached schedule has been reviewed and approved by our production, substation, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is May 31, 2006.

Most of the revisions to the schedule this month were minor, however it should be noted that the order of completion for Smith CT's 8 through 12 were reversed.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.

EAST KENTUCKY POWER COOPERATIVE
Comparative Operating Statement
(Nearest \$1,000)

	12 Months Ended 04/30/06	12 Months Ended 04/30/05	% Increase Decrease (-)
REVENUE			
Member Coops-----	\$630,785	\$516,826	22.0
Power Transactions - Deliveries----	6,907	2,093	230.0
Other-----	23,585	31,747	-25.7
TOTAL REVENUE-----	\$661,277	\$550,666	20.1
OPERATIONS & MAINTENANCE			
Production			
Fuel-----	\$277,377	\$194,093	42.9
O & M-----	98,221	94,135	4.3
Transmission-----	22,444	25,724	-12.8
General Administration-----	69,961	36,559	91.4
Power Transactions - Receipts----	110,971	136,741	-18.8
Depreciation-----	54,562	42,083	29.7
Insurance-----	410	1,937	-78.8
Taxes-----	186	1	18500.0
Total Oper. & Maint.-----	634,132	531,273	19.4
Margin Before Interest-----	27,145	19,393	40.0
Interest - Short Term Debt-----	284	530	-46.4
Interest - Long Term Debt-----	72,708	58,457	24.4
Interest Charged to Construction-	0	0	0.0
Net Interest-----	72,992	58,987	23.7
NET MARGIN (DEFICIT)-----	(\$45,847)	(\$39,594)	15.8

STATISTICAL SUMMARY

TIER-----	0.37	0.32	14.5
Sales to Coops - MWH -----	12,349,703	11,799,544	4.7
% Increase of Prev Year-----	4.66	2.20	111.9
Basic Rate to Coops (Mills)-----	44.10	37.77	16.8
Fuel Rate to Coops (Mills)-----	6.98	6.03	-15.8
Net Rate to Coops (Mills)-----	51.08	43.80	16.6
Deliveries to Others - MWH -----	203,419	114,685	77.4
Production - MWH -----	11,189,433	9,351,246	19.7
Purchase Receipts - MWH -----	1,813,536	2,997,121	-39.5

000037

EAST KENTUCKY POWER COOPERATIVE

NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
January	8,898,355	30,491	8,898,355	30,491	5,432,227
February	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
March	(84,034)	2,986,610	12,306,899	10,892,074	12,090,862
April	(5,231,312)	(719,104)	7,075,587	10,172,970	6,915,169
May		606,557		10,779,527	(2,675,825)
June		(2,477,813)		8,301,714	(11,277,514)
July		(5,540,048)		2,761,666	(8,727,047)
August		5,090,954		7,852,620	(13,917,192)
September		2,853,151		10,705,771	(2,187,577)
October		(9,556,104)		1,149,667	(2,730,863)
November		1,405,668		2,555,335	1,642,650
December		2,422,275		4,977,610	(46,007,522)

Public reporting burden for this collection of information is estimated to average 24 25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94.

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.

USDA-REA OPERATING REPORT - FINANCIAL	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette	
	BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707	
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	PERIOD ENDED April 30, 2006	REA USE ONLY

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

<i>Kim Varner</i>	May 18, 2006
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
<i>Ray M. Beck</i>	May 18, 2006
SIGNATURE OF MANAGER	DATE

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	196,862,671	217,248,429	251,124,048	41,793,225
2. Income From Leased Property - Net	0	0	0	0
3. Other Operating Revenue and Income	4,447,533	4,068,318	4,546,813	335,210
4. Total Oper. Revenues & Patronage Capital (1 thru 3)	201,310,204	221,316,747	255,670,861	42,128,435
5. Operation Expense - Production - Excluding Fuel	18,392,620	18,977,868	23,062,589	4,286,916
6. Operation Expense - Production - Fuel	74,721,293	88,663,984	95,337,843	19,651,805
7. Operation Expense - Other Power Supply	40,610,354	35,267,812	47,423,212	5,633,946
8. Operation Expense - Transmission	6,388,172	7,801,453	6,058,425	1,043,219
9. Operation Expense - Distribution	216,500	231,457	688,871	58,985
10. Operation Expense - Consumer Accounts	(1,030)	0	0	0
11. Operation Expense - Consumer Service & Inform	1,129,060	1,073,761	1,509,378	409,923
12. Operation Expense - Sales	50,458	46,587	15,135	11,698
13. Operation Expense - Administrative & General	9,893,987	10,438,064	10,986,211	2,445,491
14. Total Operation Expense (5 thru 13)	151,401,414	162,500,986	185,081,664	33,541,983
15. Maintenance Expense - Production	9,293,018	10,038,886	15,852,795	3,227,071
16. Maintenance Expense - Transmission	1,005,172	1,151,830	1,691,783	358,402
17. Maintenance Expense - Distribution	444,128	283,373	353,658	73,666
18. Maintenance Expense - General Plant	242,961	190,169	350,221	53,454
19. Total Maintenance Expense (15 thru 18)	10,985,279	11,664,258	18,248,457	3,712,593
20. Depreciation & Amortization Expense	15,778,291	18,303,519	18,931,629	4,588,732
21. Taxes	2,362	(47,249)	800	(218)
22. Interest on Long-Term Debt	21,639,818	24,777,010	25,681,341	6,388,060
23. Interest Charged to Construction - Credit	0	0	0	0
24. Other Interest Expense	77,175	87,626	65,573	29,944
25. Asset Retirement Obligations	0	0	0	0
26. Other Deductions	1,073,282	611,488	826,281	139,819
27. Total Cost of Electric Service (14 + 19 thru 25)	200,957,621	217,897,638	248,835,745	48,400,913
28. Operating Margins (4 - 26)	352,583	3,419,109	6,835,116	(6,272,478)
29. Interest Income	1,495,224	1,661,310	1,052,087	470,493
30. Allowance for Funds Used During Construction	4,965,748	1,937,299	2,339,175	570,914
31. Income (Loss) from Equity Investments	0	0	0	0
32. Other Nonoperating Income - Net	94,212	55,338	(60,208)	(241)
33. Generation & Transmission Capital Credits	0	0	0	0
34. Other Capital Credits & Patronage Dividends	7,402	2,531	6,800	0
35. Extraordinary Items	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34)	6,915,169	7,075,587	10,172,970	(5,231,312)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold		52.85	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold		41.60	0.00	
39. Total Cost of Electric Service Per kWh Sold		52.05	0.00	
40. Purchased Power Cost Per kWh		48.89	0.00	

000039

USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette	
	PERIOD ENDED	REA USE ONLY
	April 30, 2006	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service	2,044,197,970	32. Memberships	1,600
2. Construction Work in Progress	199,433,456	33. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,243,631,426	a. Assigned and Assignable	165,660,310
4. Accum. Provision for Depreciation & Amort.	789,419,741	b. Retired This Year	0
5. Net Utility Plant (3 - 4)	1,454,211,685	c. Retired Prior Years	0
6. Non-Utility Property - Net	820	d. Net Patronage Capital	165,660,310
7. Investments in Subsidiary Companies	0	34. Operating Margins - Prior Years	(104,377,194)
8. Invest. in Assoc. Org. - Patronage Capital	947,057	35. Operating Margins - Current Year.	3,421,640
9. Invest. In Assoc. Org. - Other - General Funds	14,417,906	36. Non-Operating Margins	34,756,103
10. Invest. In Assoc. Org. - Other - Non-General Funds	0	37. Other Margins and Equities	3,439,680
11. Investments in Economic Development Projects	0	38. Total Margins & Equities (32, 33d thru 37)	102,902,139
12. Other Investments.	26,066,271	39. Long-Term Debt - REA (Net)	25,312,226
13. Special Funds	4,015,111	(Payments-Unapplied\$)	
14. Total Other Property & Investments (6 thru 13)	45,447,165	40. Long-Term Debt-Other-Econ. Devel. (net).	0
15. Cash - General Funds	575,729	41. Long-Term Debt-FFB-REA Guaranteed	1,124,061,422
16. Cash - Construction Funds - Trustee	500	42. Long-Term Debt-Other-REA Guaranteed	0
17. Special Deposits	425	43. Long-Term Debt-Other (Net)	332,032,957
18. Temporary Investments	68,151,625	44. Total Long-Term Debt (39 thru 43)	1,481,406,605
19. Notes Receivable (Net)	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	44,698,801	46. Accumulated Operating Provisions	99,051,927
21. Accounts Receivable - Other (Net)	3,628,408	47. Total Other Noncurrent Liabilities (45 + 46)	99,051,927
22. Fuel Stock	82,189,538	48. Notes Payable	0
23. Materials and Supplies - Other	32,998,721	49. Accounts Payable	38,868,311
24. Prepayments	1,899,711	50. Taxes Accrued	1,724,386
25. Other Current and Accrued Assets	269,907	51. Interest Accrued	7,322,988
26. Total Current and Accrued Assets (15 thru 25)	234,413,365	52. Other Current & Accrued Liabilities	3,930,813
27. Unamortized Debt Disc. & Extraord. Prop. Losses	5,062,484	53. Total Current & Accrued Liabilities (48 thru 52)	51,846,498
28. Regulatory Assets.	0	54. Deferred Credits	3,927,530
29. Other Deferred Debits	0	55. Accumulated Deferred Income Taxes	0
30. Accumulated Deferred Income Taxes	0	56. Total Liabilities and Other Credits	
31. Total Assets & Other Debits (5+14+26 thru 30)	1,739,134,699	(38+44+47+53 thru 55)	1,739,134,699

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$481,167.19 in April 2006, and \$1,931,936.09 year-to-date.


East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

April 2006 Demand\MMBTU	316.800	Energy\MMBTU	191,897.200
Year-to-date		Energy\MMBTU	832,418.300

*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

000040

PRODUCTION PERFORMANCE REPORT
MARCH 2006

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
 Net Generation -- MWH	93,313	298,074	156,041	521,113	675,217	2,019,449	5,341	16,187	929,912	2,854,823
Weighted Equip. Availability Factor	88.65	94.95	85.31	94.81	92.03	93.54	100.00	100.00	92.43	95.31
Load Factor --% Coal-Fired Only Including CT's	68.58	74.19	66.02	71.78	85.87	87.19	2.01	1.37	79.81 64.73	82.44 60.90
Running Capacity Factor --% Coal-Fired Only Including CT's	73.24	75.20	80.86	84.18	87.16	87.86	76.24	65.66	84.56 84.50	85.74 85.59
Total Power Cost (Busbar) \$/MWH	54.806	43.661	36.214	34.580	37.127	36.007	517.229	587.462	41.505	39.672
Safety -OSHA Lost Time Incident Rate	0	1.65	0	0	0	0	0	0	0	.32
Environmental Emissions										
SO2--Tons	1,040.0	2,314.8	1,571.5	5,475.5	3,263.50	10,334.60	0.030	0.150	5,875.000	18,125.000
NOx--lbs./MMBtu	0.53	0.43	0.45	1,301.65	0.29	0.30	0.025	0.045	0.341	0.340

Net Generation (MWH): Is the amount of energy produced and delivered to the transmission system.

Load Factor (%): Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

Running Capacity Factor (%): Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

Weighted Equip. Availability Factor (%):

Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

OSHA Lost-Time Accident Rate: Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

Total Power Cost (Busbar) (\$/MWH):

Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

Environmental Emissions:

Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

000041

EAST KENTUCKY POWER COOPERATIVE
TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar	\$8,305	\$73,748	4.355 - 4.759	1 - 19	\$353,936
Apr	\$28,393	\$91,428	4.562 - 4.759	1 - 12	\$582,155
May	\$42,387	\$76,453	4.625 - 5.005	1 - 16	\$836,769
Jun					-
Jul					
Aug					
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 22,299,891 (book value) with average maturities of 0.9 years at interest rates averaging 5.32 %, and accrued interest earnings year-to-date of \$ 252,889.

000042

JULY 2006