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PUBLIC SERVICE
COMMISSION

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ROBERT SPRAGENS, SR.
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March 16, 2007

Elizabeth O'Donnell, Esq., Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Dear Ms. O'Donnell:

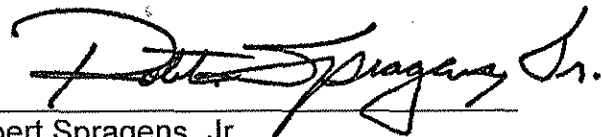
Re: Taylor County RECC
PSC Case No. 2006-00489

Please find enclosed for filing with the Public Service Commission in the above-referenced case, an original and five (5) copies of the Responses of Taylor County Rural Electric Cooperative Corporation, to the Commission Staff's First Data Request dated March 12, 2007.

With kind regards, I remain,

Very truly yours,

SPRAGENS & HIGDON, P.S.C.



Robert Spragens, Jr.

RS,JR:js
Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2006-00489
TO KRS 278.455(2))	

**RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST
TO TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
DATED MARCH 12, 2007**

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00489

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

Taylor Country Rural Electric Cooperative Corporation ("Taylor County") hereby submits responses to the Commission Staff's First Data Request dated March 12, 2007. Each response with its associated supportive reference materials is individually tabbed.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00489

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 1

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 1. Refer to the Application, Exhibits II and III.

Request 1a. Provide all workpapers, calculations, assumptions, and other documentation used to determine the proposed rates and the billing analysis.

Response 1a. Attached is information from EKPC's Exhibit I, Pages 3-5, which shows the present and proposed rates and revenues by wholesale customer class for service to Taylor County.

As indicated in Mr. Bosta's testimony, the demand charges for retail industrial rates mirror EKPC's proposed rates for Schedules B and C, as applicable.

The increase applicable to all other classes was based on taking the total increase to the member system, subtracting the retail industrial class increase and then dividing that amount by the kWh for all other classes. This resulted in a per unit (cents/kWh) energy cost increase that was applied to all other classes.

See the response to Request 1b for the calculations to determine the proposed rates.

Request 1b. Provide in electronic format the Excel spreadsheets used to determine the proposed rates and billing analysis, with all formulas intact.

Response 1b. Based on discussion with the Commission Staff on March 19, 2007, attached are two (2) copies of the requested information on CD-ROM.

Billing Units - Base Rate Revenue

Rate E	Demand Energy	Rate	Rate		
		1.50			
		0.00376			
		E-1			
		6.52			
		0.0314			
		0.030888			
Rate E	R_GROUP	KWH-1	KWH-2	BILL-KWH	BILL-KWH
1	COOP	470,332,552	440,516,977	1,866,699	910,206,129
2	E	222,403,420	208,160,496	994,462	490,953,916
3	E	210,767,748	198,290,364	990,758	487,962,375
4	E	452,668,417	443,652,858	2,085,271	896,518,375
5	E	146,164,687	139,307,277	647,941	285,461,964
6	E	230,053,822	223,029,895	852,587	453,703,717
7	E	600,955,807	465,224,738	2,051,890	985,591,045
8	E	223,901,680	217,477,189	1,001,814	444,378,889
9	E	222,624,915	219,464,946	1,256,875	574,289,881
10	E	529,715,961	521,119,813	972,805	4,820,981,916
11	E	138,856,689	133,572,640	2,491,362	1,050,568,768
12	E	263,407,107	258,258,408	613,735	274,959,514
13	E	134,650,974	132,962,350	607,453	287,219,414
14	E	3,705,990	4,230,320	13,638	7,367,910
15	E	128,894,703	124,373,132	576,431	253,357,885
16	E	505,659,894	477,390,984	2,314,298	994,097,873
17	E	4,682,541,283	4,487,856,391	20,709,501	9,170,197,674

Rate E - Inter

Firm	Demand	Rate
Inter E		5.22
Inter 10		2.07
Eng-ON		0.028464
Eng-OFF		0.030888

Rate B

#	COOP	R_GROUP	CMTR-KWH	BILL-KWH	KWH-1	KWH-2	BILL-KWH	BILL-KWH	XS-KV	XS-KV
1	21	B	72,800	74,810	44,589,683	1,810	1,810	5,407	5,407	
2	23	B	8,200	10,266	5,705,834	846	846	1,073	1,073	
3	27	B	46,900	54,960	30,049,509	9,460	9,460	9,592	9,592	
4	3	B	51,500	55,156	28,548,395	3,656	3,656	9,582	9,582	
5	30	B	239,723	269,723	170,294,930	23,827	23,827	16,052	16,052	
6	37	B	162,700	209,034	119,181,435	15,334	15,334	15,942	15,942	
7	51	B	81,800	81,800	49,962,903					
8	54	B	64,200	90,058	49,502,574	25,658	25,658			
9	64	B	344,900	358,525	232,092,348	13,625	13,625			
Total B			1,103,543	1,196,659	729,864,618	93,116	93,116			

Rate B - Inter

Firm	Demand	Rate	
Inter 10		7.29	
Demand		3.69	
Inter 60		4.14	
Eng-ON		0.027325	
#	COOP	NAME	RIC
1	21	Liv Tulp CH BD	45
2	37	AV Liquide BD	86688

Present Revenue	Proposed Revenue	Revenue Adjustment
38,527,193	41,970,429	3,443,237
18,549,828	20,177,380	1,627,552
17,987,075	19,437,170	1,550,095
39,623,314	42,012,168	3,388,843
12,223,216	13,308,262	1,079,046
19,020,790	20,735,790	1,715,000
40,704,360	44,354,295	3,649,934
18,892,822	20,561,234	1,668,412
24,426,401	26,597,009	2,170,608
18,757,957	20,429,813	1,671,856
48,510,426	49,482,591	972,165
11,634,634	12,731,730	1,097,096
22,133,177	24,108,073	1,974,896
1,010,057	12,446,242	11,436,185
30,005	344,503	314,498
957,693	11,815,118	10,857,426
42,800,799	46,320,652	3,519,853
392,164,092	428,827,439	34,663,347

Present Revenue	Proposed Revenue	Revenue Adjustment
82,014	90,707	8,693
27,939	31,140	3,201
272,868	304,210	31,342
382,819	428,056	45,237

Present Revenue	Proposed Revenue	Revenue Adjustment
1,624,413	1,756,172	131,759
213,301	232,807	19,506
1,137,858	1,242,202	104,424
1,098,205	1,161,002	104,798
8,128,124	6,059,299	590,175
0	0	0
4,416,198	4,810,462	394,265
0	0	0
1,606,138	1,961,558	355,420
0	0	0
1,900,905	2,072,016	171,110
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
8,907,482	9,886,679	979,197
28,620,634	28,884,286	263,652

Firm	Demand	Revenue
Inter		1,449,037
Demand		1,971,884
Inter 60		3,420,921

Demand 7
Efficiency 0.957689
Heat Rate 5876.97
Mbtu Demand 30074.5 /Mbtu
Mbtu Energy 359594.5 /Mbtu
converted
BILL-KW 508,649
BILL-KWH 277,000,529
Mbtu-Demand 4394.11
Mbtu-Energy 2392651.7

Load Center - Normalized

Meter #	LC #	2373	2855	4605	Revenue	Total LC Revenue	Present Total Revenue	Revenue Adjustment
21	12	48	226	24	886,662	886,662	886,662	0
23	12	12	144	24	439,596	439,596	439,596	0
27	36	108	447,336	48	447,336	447,336	447,336	0
30	36	240	991,668	48	991,668	991,668	991,668	0
34	12	96	413,078	24	413,078	413,078	413,078	0
37	12	120	426,336	12	426,336	426,336	426,336	0
49	12	180	955,980	96	955,980	955,980	955,980	0
51	12	72	613,860	12	613,860	613,860	613,860	0
52	144	144	699,112	48	699,112	699,112	699,112	0
54	36	312	474,120	36	474,120	474,120	474,120	0
56	36	36	1,197,228	48	1,197,228	1,197,228	1,197,228	0
57	36	36	325,248	12	325,248	325,248	325,248	0
58	132	132	517,548	12	517,548	517,548	517,548	0
59	84	84	268,296	12	268,296	268,296	268,296	0
61	84	72	410,676	84	410,676	410,676	410,676	0
64	228	48	1,162,992	84	1,162,992	1,162,992	1,162,992	0
36	540	2364	10,219,764	468	10,219,764	10,219,764	10,219,764	0
					Metering	426,000	426,000	0
					5 Metering Point only	7,500	7,500	0
					140,461,651	186,836,674	218,091,567	43,364,220
					554,033,251	554,033,251	554,033,251	0

Grand Total Revenue by Member System

COOP	E	B	C	Inland Container	Inland Steam	Galatin	IGP	AGC	Load Center	Metering	Metering Only	Proposed Total	Present	Rate Adj
21	41,970,429	3,346,394	805,315	0	886,662	33,842,557	4,061,065	5,305,583	39,000	19,500	33,000	46,242,515	42,526,334	3,716,181
23	20,177,360	232,807	1,242,292	0	439,596	18,000	18,000	18,000	19,500	18,000	18,000	23,735,642	24,028,185	1,707,457
27	18,437,170	1,191,002	1,784,526	0	447,336	40,500	40,500	40,500	40,500	40,500	40,500	21,945,809	20,221,987	1,723,822
30	42,012,168	8,629,299	0	0	991,668	16,000	16,000	16,000	16,000	16,000	1500	48,020,253	42,364,688	3,655,565
34	13,398,869	2,517,318	0	0	413,078	16,000	16,000	16,000	16,000	16,000	16,000	20,459,944	18,671,430	1,887,914
37	20,735,790	6,953,856	0	0	426,336	34,500	34,500	34,500	34,500	34,500	3000	23,697,444	21,777,590	1,919,854
49	44,354,295	117,223	0	0	955,980	27,000	27,000	27,000	27,000	27,000	3000	86,141,167	78,952,694	7,188,493
51	26,628,149	1,961,558	0	0	613,860	3,305,583	5,305,583	5,305,583	3,305,583	3,305,583	3,305,583	31,936,390	31,936,390	2,675,012
52	20,429,813	7,293,238	0	0	699,112	27,000	27,000	27,000	27,000	27,000	1500	34,611,402	34,611,402	3,559,111
54	49,482,591	3,494,417	0	0	474,120	16,000	16,000	16,000	16,000	16,000	1500	51,043,371	47,484,260	3,559,111
56	12,731,750	2,072,016	0	0	1,197,228	49,500	49,500	49,500	49,500	49,500	1500	56,297,242	51,840,182	4,457,060
57	24,105,073	0	0	0	325,248	15,000	15,000	15,000	15,000	15,000	1500	24,645,121	22,673,225	1,971,896
58	12,446,242	0	0	0	517,548	22,500	22,500	22,500	22,500	22,500	12,000	24,645,121	22,673,225	1,971,896
59	344,503	0	0	0	268,296	12,000	12,000	12,000	12,000	12,000	0	344,503	344,503	30,005
61	11,813,118	659,535	0	0	410,676	19,500	19,500	19,500	19,500	19,500	0	12,902,629	11,890,088	1,012,741
64	46,624,662	8,988,678	0	0	1,162,992	46,500	46,500	46,500	46,500	46,500	7,500	55,829,033	52,390,640	4,437,394
427,253,466	32,617,902	17,474,663	7,889,734	9,332,384	10,219,764	9,663,647	5,305,583	426,000	510,669,030	43,364,220	554,033,251	554,033,251	0	

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

	Total	Total	\$ Increase	% Increase
Schedule A Farm & Home	23,819,022	24,977,578	1,158,556	4.86%
Schedule GP-1 General Purpose Service - Less than 50 kVA	2,922,845	3,065,495	142,650	4.88%
Schedule GP-2 General Purpose Service - 50 kVA and Above	6,107,945	6,424,887	316,942	5.19%
R-1 Residential Marketing Rate	-	-	-	-
SL Street Lighting Service	66,361	68,562	2,201	3.32%
C1 - Large Industrial Rate	1,216,826	1,284,488	67,661	5.56%
C2 - Large Industrial Rate	-	-	-	-
C3 - Large Industrial Rate	-	-	-	-
B1 - Large Industrial Rate	347,806	367,254	19,448	5.59%
B2 - Large Industrial Rate	-	-	-	-
B3 - Large Industrial Rate	-	-	-	-
Interruptible Service	-	-	-	-
	<u>34,480,806</u>	<u>36,188,263</u>	<u>1,707,457</u>	<u>4.95%</u>
TGP Special Contract	<u>4,420,394</u>	<u>4,420,394</u>	<u>-</u>	<u>0.00%</u>
Total - All Rate Classes	38,901,200	40,608,657	1,707,457	4.39%

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule A
Farm and Home Service

E-Based kWh	Existing			Proposed			\$ Increase	% Increase	Dmd \$	Energy \$
	Billing Determinants	Current	Annualized	Billing Determinants	Current	Annualized				
		Rate	Revenues		Rate	Revenues				
Customer Charge	260,269	\$6.92	\$1,801,061	260,269	\$6.92	\$1,801,061	-	0.00%		
Energy charge per kWh	292,893,075	292,893,075	\$0.06139	17,980,706	292,893,075	\$0.06535	19,139,262	1,158,556	6.44%	1,158,556
Total from base rates			19,781,767			20,940,323	1,158,556			
Fuel adjustment			2,436,017			2,436,017	-	0.00%		
Environmental surcharge			1,601,238			1,601,238	-	0.00%		
Total revenues			\$23,819,022			\$24,977,578	\$1,158,556	4.86%		
Average Bill			\$ 91.52			\$ 95.97	\$ 4.45	4.88%		

Schedule GP1
Small Commercial
Part 1 For Demands Less Than 50 KVA

E-Based kWh	Existing			Proposed			\$ Increase	% Increase	Dmd \$	Energy \$
	Billing Determinants	Current	Annualized	Billing Determinants	Current	Annualized				
		Rate	Revenues		Rate	Revenues				
Customer Charge	29,200	\$7.11	\$207,612	29,200	\$7.11	\$207,612	-			
Energy charge per kWh	36,063,144	36,063,144	\$0.06150	2,217,863	36,063,144	\$0.06546	2,360,533	142,650		142,650
Total from base rates			2,425,495			2,568,145	142,650			
Fuel adjustment			298,667			298,667	-			
Environmental surcharge			198,683			198,683	-			
Total revenues			\$2,922,845			\$3,065,495	142,650	4.88%		
Average Bill			\$ 100.10			\$ 104.98	\$ 4.89	4.88%		

Schedule GP2
General Purpose Service
Part 2 For Loads Requiring 50 KVA and Above Installed Transformer Capacity

E-Based kWh	Existing			Proposed			\$ Increase	% Increase	Dmd \$	Energy \$
	Billing Determinants	Current	Annualized	Billing Determinants	Current	Annualized				
		Rate	Revenues		Rate	Revenues				
Customer Charge	2,967	\$43.42	\$128,827	2,967	\$43.42	\$128,827	-			
Demand Charge	303,920	\$4.64	1,410,190	303,920	\$4.64	1,410,190.47	-			
Energy Charge	80,125,631	80,125,631	\$0.04368	3,499,888	80,125,631	\$0.04764	3,816,829	316,941.64		316,942
Total BaseLoad Charges			\$ 5,038,905			\$ 5,355,847	316,941.64			
Fuel adjustment			651,588			651,588	-			
Environmental surcharge			417,452			417,452	-			
Total revenues			\$ 6,107,944			\$ 6,424,886	\$ 316,942	5.19%		
Average Bill			\$ 2,058.63			\$ 2,165.45	\$ 106.82	5.19%		

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule B-1
Large Industrial Rate

	Existing			Proposed			\$ Increase	% Increase	
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues			
Customer Charge	12	\$1,069.00	\$12,828	12	\$1,069.00	\$12,828	-	0.00%	
kW Demand	8,919	\$5.39	\$48,071.79	8,919	\$7.29	\$65,017.32	16,945.53	35.25%	16,945
kW Excess Demand	1,317	\$7.82	\$10,298.16	1,317	\$9.72	\$12,800.27	2,502.11	24.30%	2,502
Energy charge per kWh	5,757,109	\$0.03600	207,256	5,757,109	\$0.03600	207,256	-	0.00%	
Total from base rates			<u>278,454</u>			<u>297,902</u>	<u>19,448</u>		
Fuel adjustment			45,815			45,815	-		
Environmental surcharge			23,738			23,738	-		
Total revenues			<u>\$ 347,806</u>			<u>\$ 367,254</u>	<u>\$ 19,448</u>	5.69%	
Average Bill			\$ 28,984			\$ 30,604	\$ 1,621	5.59%	

Schedule C-1
Large Industrial Rate

	Existing			Proposed			\$ Increase	% Increase	
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues			
Customer Charge	12	\$1,069.00	\$12,828	12	\$1,069.00	\$12,828	-	0.00%	
Demand Charge	35,611	\$5.39	\$191,944	35,611	\$7.29	\$259,606	67,661.31	35.25%	67,661
Energy charge per kWh	21,104,884	\$0.03600	759,776	21,104,884	\$0.03600	759,776	-	0.00%	
Total from base rates			<u>964,548</u>			<u>1,032,210</u>	<u>67,661</u>	7.01%	
Fuel adjustment			170,018			170,018	-	0.00%	
Environmental surcharge			82,260			82,260	-	0.00%	
Total revenues			<u>\$ 1,216,826</u>			<u>\$ 1,284,488</u>	<u>\$ 67,661</u>	5.56%	
Average Bill			\$ 101,402			\$ 107,041	\$ 5,638	5.56%	

Special Contract
Tennessee Gas

	Existing			Proposed			\$ Increase	% Increase		
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
12 \$2/MWH			\$134,311	12 \$2/MWH		\$134,311	-	0.00%		
160,875	\$1.75	\$281,531		160,875	1.75	\$281,531	-	0.00%		
67,155,402	\$0.05628	3,779,534		67,155,402	\$0.05628	3,779,534	-	0.00%		
			<u>4,195,376</u>			<u>4,195,376</u>	-	0.00%		
			225,018			225,018	-	0.00%		
			<u>\$ 4,420,394</u>			<u>\$ 4,420,394</u>	<u>\$ -</u>	0.00%		
			\$ 368,366			\$ 368,366	\$ -	0.00%		
STL Lighting	556,379	556,379	\$0.06139	34,156	556,379	0.065	36,357	2,201	6.44%	2,201

409,638,229

1,707,457.00	Total \$
87,109	Less Demand
0.003956	per kWh
1,620,348.05	Total Energy \$
1,707,457	Total Revenue Increase

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule STL
Street Lights

Billing Determinants	kWh	Unit Rates	Cust Chg	Unit kWh	kWh	Energy Rate	kWh Chg	Total \$	Avg Per Cust/Mo
4,390	2.84	12,467.60	70.00	307,300	0.06139	18,865	31,332.75	7.14	
499	3.41	-	100.00	-	0.06139	-	-	-	
400 Watt Mercury Vapor	4.52	2,255.48	160.00	79,840	0.06139	4,901	7,156.86	14.34	
100 Watt Sodium	3.25	542.75	41.00	6,847	0.06139	420	963.09	5.77	
250 Watt Sodium	5.00	7,660.00	106.00	162,392	0.06139	9,869	17,629.24	11.51	
6,588		\$ 22,925.83		556,379		\$ 34,156.11	\$ 57,081.94		

Fuel Adjustment 4,753
 Environmental Surcharge 4,526
 Total \$ 66,361
 Average per customer 10.07

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule SL
Street Lighting Service

Billing Determinants	kWh	Unit Rates	Cust Chg	Unit kWh	kWh	Energy Rate	kWh Chg	Total \$	Avg per cust	% Increase	New Rate
4,390	2.84	12,467.60	70.00	307,300	0.06535	20,081	32,648.29	7.41	0.28	3.88%	4.57
499	3.41	-	100.00	-	0.06535	-	-	-	-	-	-
400 Watt Mercury Vapor	4.52	2,255.48	160.00	79,840	0.06535	5,217	7,472.67	14.98	0.63	4.41%	10.46
100 Watt Sodium	3.25	542.75	41.00	6,847	0.06535	447	990.17	5.93	0.16	2.81%	2.68
250 Watt Sodium	5.00	7,660.00	106.00	162,392	0.06535	10,612	18,271.60	11.93	0.42	3.64%	6.93
6,588		\$ 22,925.83		556,379		36,357	59,283				

Fuel Adjustment 4,753
 Environmental Surcharge 4,526
 Total 68,562
 Average per customer 10.41
 3.32%

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00489

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 2

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 2. KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that will result in no change in the rate design currently in effect. 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not change the rate design currently in effect and the revenue change has been allocated to each class and within each tariff on a proportional basis. In the cover letter to its Application, Taylor County states:

In each instance, the retail rates for a particular class have been developed in a manner that is consistent with the method proposed by EKPC. The proposed rate design structure at retail does not change the rate design currently in effect and is consistent with the rate design methodology used at wholesale.

Request 2a. For each retail Rate Schedule listed in Exhibit II of the Application, identify the corresponding wholesale Rate Schedule of East Kentucky Power Cooperative, Inc.

Response 2a. Please see the attached information.

Request 2b. Would Taylor County agree that KRS 278.455(2) and 807 KAR5:007, Section 2(2), require that increases or decreases in rates from the wholesale supplier must be allocated to each retail class and within each retail tariff on a proportional basis? Explain the response.

Response 2b. Yes. EKPC and each Member System understands these requirements and have developed proposed rates that meet the intent of KRS 278.455(2) and 807 KAR5:007. As explained in Mr. Bosta's testimony, EKPC began the rate design process at wholesale by allocating the proposed rate increase to each rate class on a proportional basis. The proportional increase to each rate class was then applied to the most appropriate rate mechanism for each rate class.

The proposed increase at retail is strictly a pass-through of EKPC's increased wholesale costs and each Member System must recover the dollar increase from new wholesale rates. As a result, EKPC and each Member System recognized that it was important to implement retail rates that mirror the change at wholesale, while meeting the proportionality and rate design requirements.

EKPC and its Member Systems understand that a "pure" proportional increase at retail, as discussed in Item 3 herein, would result in increases at retail to customer, demand and energy charges. However, EKPC and its Member Systems came to the conclusion that, for example, an increase in the customer charge at retail made no sense because the wholesale increase had no relationship to customer cost. EKPC has not proposed an increase in its substation charges or metering point charges in this proceeding. Consequently, EKPC and its Member Systems could not justify increasing the retail customer charge when the wholesale increase has no relationship to that cost.

Therefore, EKPC believes that its proposed wholesale increase using a proportional basis, coupled with the use of the wholesale rate design methodology at retail, is a reasonable approach to meeting the intent of the requirements.

Request 2c. Would Taylor County agree that KRS 278.455(2) and 807 KAR 5:007, Section 2(2), require that the retail rate change does not change the retail rate design currently in effect? Explain the response.

Response 2c. Yes. EKPC and its Member Systems understand the requirements set forth in KRS 278.455(2) and 807 KAR 5:007 and believe that the proposed rates do not alter the existing rate design structure at retail.

As indicated in the response to Item 2b, the rate design used for the pass-through increase at retail was intended to meet these requirements, while also maintaining the existing wholesale/retail rate design relationship and recognizing cost causation principles.

Industrial customers at retail, for example, will pay the same demand charge as the Member System pays to EKPC. This maintains the rate design relationship from wholesale to retail that has existed for a number of years. Likewise, the proposed increase in the "E" wholesale rate, which is only applied to the energy charge, is being passed through only to the energy charge at retail. This process allows the rate design relationship from wholesale to retail to remain in place.

Fundamentally, for every retail rate class, there has been no change in the rate design structure. The demand, energy, and customer components for industrial rates remains intact and the residential and commercial rate design structure remains as is through a continuation of the customer and energy charge structure. This adherence to the rate

design structure, coupled with a retention of the wholesale to retail rate design relationship, is a reasonable approach and meets the legal requirements.

**Request 2a
Attachment
Page 1 of 1**

The present and proposed rates structures of Taylor County RECC are listed below:

	<u>Rate Class</u>	<u>EKPC</u> <u>Rate</u>	<u>Present</u>	<u>Proposed</u>
A	Farm & Home Service	E2		
	Customer Charge / Mo		\$6.92	\$6.92
	Energy Charge / kWh		\$0.06139	\$0.06535
GP-1	General Purpose Service – Less than 50 KVA	E2		
	Customer Charge / Mo		\$7.11	\$7.11
	Energy Charge / kWh		\$0.06150	\$0.06546
GP-2	General Purpose Service – 50 KVA and Above	E2		
	Customer Charge / Mo		\$43.42	\$43.42
	Demand Charge / kW		\$4.64	\$4.64
	Energy Charge / kWh		\$0.04368	\$0.04764
R-1	Residential Marketing Rate	E2		
	Energy Charge / kWh		\$0.03683	\$0.03921
SL	Street Lighting Service	E2		
	Mercury Vapor 175 Watts Fixture Charge		\$2.84	\$2.84
	Mercury Vapor 175 Watts Energy Charge		\$4.305	\$4.58
	Mercury Vapor 250 Watts Fixture Charge		\$3.41	\$3.41
	Mercury Vapor 250 Watts Energy Charge		\$6.15	\$6.55
	Mercury Vapor 400 Watts Fixture Charge		\$4.52	\$4.52
	Mercury Vapor 400 Watts Energy Charge		\$9.84	\$10.47
	High Pressure Sodium 100 Watts Fixture Charge		\$3.25	\$3.25
	High Pressure Sodium 100 Watts Energy Charge		\$2.52	\$2.68
	High Pressure Sodium 250 Watts Fixture Charge		\$5.00	\$5.00
	High Pressure Sodium 250 Watts Energy Charge		\$6.52	\$6.94
C1	Large Industrial Rate 500-4,999 kW	C		
	Customer Charge / Mo		\$1,069.00	\$1,069.00
	Demand Charge / kW		\$5.39	\$7.29
	Energy Charge / kWh		\$0.036	\$0.036
C2	Large Industrial Rate 5,000-9,999 kW	C		
	Customer Charge / Mo		\$2,498.00	\$2,498.00
	Demand Charge / kW		\$5.39	\$7.29
	Energy Charge / kWh		\$0.031	\$0.031
C3	Large Industrial Rate 10,000 kW and Over	C		
	Customer Charge / Mo		\$2,980.00	\$2,980.00
	Demand Charge / kW		\$5.39	\$7.29
	Energy Charge / kWh		\$0.03	\$0.03
B1	Large Industrial Rate 500-4,999 kW	B		
	Customer Charge / Mo		\$1,069.00/Mo	\$1,069.00
	Contract Demand Charge		\$5.39	\$7.29
	Demand Charge in Excess of Contract		\$7.82	\$9.72
	Energy Charge / kWh		\$0.036	\$0.036
B2	Large Industrial Rate 5,000-9,999 kW	B		
	Customer Charge / Mo		\$2,498.00	\$2,498.00
	Contract Demand Charge		\$5.39	\$7.29
	Demand Charge in Excess of Contract		\$7.82	\$9.72
	Energy Charge / kWh		\$0.031	0.031
B3	Large Industrial Rate 10,000 kW and Over	B		
	Customer Charge / Mo		\$2,980.00	\$2,980.00
	Contract Demand Charge		\$5.39	\$7.29
	Demand Charge in Excess of Contract		\$7.82	\$9.72
	Energy Charge / kWh		\$0.03	\$0.03

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00489

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 3

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 3. Refer to Exhibit III of the Application.

Request 3a. Prepare the following comparative analyses of Taylor County's present and proposed revenues:

(1) Calculate the percentage that each rate schedule or class represents of the total revenues for both the present revenues and proposed revenues. Percentages should be expressed to 2 decimal places.

Percentages should be expressed to 2 decimal places.

(2) Calculate the percentage that each component of the base rates within each rate schedule or class represents of the total base rate revenues for both the present revenues and proposed revenues. Do not include fuel adjustment revenues, environmental surcharge revenues, or green power revenues. Percentages should be expressed to 2 decimal places.

Response 3a. (1) Please see the attached information.

(2) Please see the attached information.

Request 3b. Based upon the results of the analyses prepared in part (a) above, explain in detail how Taylor County's proposed pass-through rates are in compliance with the retail rate requirements of KRS 278.455(2) and 807 KAR 5:007, Section 2(2).

Response 3b. Maintaining the existing revenue proportion as shown in part (a) above assumes that the proportionality requirement would follow strict adherence to the existing proportion of revenues at retail, by rate mechanism component (i.e. customer, energy and demand). EKPC and the Member Systems believe that the proportionality requirement is not so narrow and that the pass-through at retail has followed the proposed wholesale rate design process in a proportional manner. At retail, for example, there is no increase in the customer charge because EKPC did not increase the metering point charge or substation charge at wholesale. Moreover, the "B" and "C" type retail industrial classes will have the same demand rate as the proposed demand rate for industrial customers at wholesale. It follows the matching concept upon which these rates were originally created.

See also the response to Item 2(b) and 2(c) herein. KRS 278.455(2) explicitly recognizes "proportional" allocation without recognizing a specific method, whether KWh, revenue, or other means of proportionality. EKPC has chosen the proportional method of applying wholesale to retail, with the intended matching concept of costs vs. revenue. The retail rates reflect this top-down approach to proportionality. Please see the attached analysis which illustrates this approach.

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

	Total	% of Total	Total	% of Total	\$ Increase	% Increase
Schedule A Farm & Home	23,819,022	61.23%	24,977,578	61.51%	1,158,556	4.86%
Schedule GP-1 General Purpose Service - Less than 50 kVA	2,922,845	7.51%	3,065,495	7.55%	142,650	4.88%
Schedule GP-2 General Purpose Service - 50 kVA and Above	6,107,945	15.70%	6,424,887	15.82%	316,942	5.19%
R-1 Residential Marketing Rate	-	0.00%	-	0.00%	-	-
SL Street Lighting Service	66,361	0.17%	68,562	0.17%	2,201	3.32%
C1 - Large Industrial Rate	1,216,826	3.13%	1,284,488	3.16%	67,661	5.56%
C2 - Large Industrial Rate	-	0.00%	-	0.00%	-	-
C3 - Large Industrial Rate	-	0.00%	-	0.00%	-	-
B1 - Large Industrial Rate	347,806	0.89%	367,254	0.90%	19,448	5.59%
B2 - Large Industrial Rate	-	0.00%	-	0.00%	-	-
B3 - Large Industrial Rate	-	0.00%	-	0.00%	-	-
Interruptible Service	-	0.00%	-	0.00%	-	-
TGP Special Contract	34,480,806	11.36%	36,188,263	10.89%	1,707,457	4.95%
Total - All Rate Classes	4,420,394	100.00%	4,420,394	100.00%	-	0.00%
	38,901,200	100.00%	40,608,657	100.00%	1,707,457	4.39%

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule A
Farm and Home Service

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	260,269	\$6.92	\$1,801,061	9.10%	260,269	\$6.92	\$1,801,061	8.60%	-	0.00%
Energy charge per kWh	292,893,075	\$0.06139	17,980,706	90.90%	292,893,075	\$0.06535	19,139,262	91.40%	1,158,556	6.44%
Total from base rates			19,781,767	100.00%			20,940,323	100.00%	1,158,556	
Fuel adjustment			2,436,017				2,436,017		-	0.00%
Environmental surcharge			1,601,238				1,601,238		-	0.00%
Total revenues			\$23,819,022				\$24,977,578		\$1,158,556	4.86%
Average Bill			\$ 91.52				\$ 95.97		\$ 4.45	4.86%

Schedule GP1
Small Commercial
Part 1 For Demands Less Than 50 KVA

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	29,200	\$7.11	\$207,612	8.56%	29,200	\$7.11	\$207,612	8.08%	-	
Energy charge per kWh	36,063,144	\$0.06150	2,217,883	91.44%	36,063,144	\$0.06546	2,360,533	91.92%	142,650	
Total from base rates			2,425,495	100.00%			2,568,145	100.00%	142,650	
Fuel adjustment			298,667				298,667		-	
Environmental surcharge			198,683				198,683		-	
Total revenues			\$2,922,845				\$3,065,495		142,650	4.88%
Average Bill			\$ 100.10				\$ 104.98		\$ 4.89	4.88%

Schedule GP2
General Purpose Service
Part 2 For Loads Requiring 50 KVA and Above Installed Transformer Capacity

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	2,967	\$43.42	\$128,827	2.56%	2,967	\$43.42	\$128,827	2.41%	-	
Demand Charge	303,920	\$4.64	1,410,190	27.99%	303,920	\$4.64	1,410,190.47	26.33%	-	
Energy Charge	80,125,631	\$0.04368	3,499,888	69.46%	80,125,631	\$0.04764	3,816,829	71.26%	316,941.64	
Total Baseload Charges			\$ 5,038,905	100.00%			\$ 5,355,847	100.00%	316,941.64	
Fuel adjustment			651,588				651,588		-	
Environmental surcharge			417,452				417,452		-	
Total revenues			\$ 6,107,944				\$ 6,424,886		\$ 316,942	5.19%
Average Bill			\$ 2,058.63				\$ 2,165.45		\$ 106.82	5.19%

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule B-1
Large Industrial Rate

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	12	\$1,069.00	\$12,828	4.61%	12	\$1,069.00	\$12,828	4.31%	-	0.00%
kW Demand	8,919	\$5.39	\$48,071.79	17.26%	8,919	\$7.29	\$65,017.32	21.83%	16,945.53	35.25%
kW Excess Demand	1,317	\$7.82	\$10,298.16	3.70%	1,317	\$9.72	\$12,800.27	4.30%	2,502.11	24.30%
Energy charge per kWh	5,757,109	\$0.03600	207,256	74.43%	5,757,109	\$0.03600	207,256	69.57%	-	0.00%
Total from base rates			<u>278,454</u>	100.00%			<u>297,902</u>	100.00%	<u>19,448</u>	
Fuel adjustment			45,615				45,615		-	
Environmental surcharge			<u>23,738</u>				<u>23,738</u>		-	
Total revenues			<u>\$ 347,806</u>				<u>\$ 367,254</u>		<u>\$ 19,448</u>	5.59%
Average Bill			\$ 28,984				\$ 30,604		\$ 1,621	5.59%

Schedule C-1
Large Industrial Rate

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	12	\$1,069.00	\$12,828	1.33%	12	\$1,069.00	\$12,828	1.24%	-	0.00%
Demand Charge	35,611	\$5.39	\$191,944	19.90%	35,611	\$7.29	\$259,606	25.15%	67,661.31	35.25%
Energy charge per kWh	21,104,884	\$0.03600	759,776	78.77%	21,104,884	\$0.03600	759,776	73.61%	-	0.00%
Total from base rates			<u>964,548</u>	100.00%			<u>1,032,210</u>	100.00%	<u>67,661</u>	7.01%
Fuel adjustment			170,018				170,018		-	0.00%
Environmental surcharge			<u>82,260</u>				<u>82,260</u>		-	0.00%
Total revenues			<u>\$ 1,216,826</u>				<u>\$ 1,284,488</u>		<u>\$ 67,661</u>	5.56%
Average Bill			\$ 101,402				\$ 107,041		\$ 5,638	5.56%

Special Contract
Tennessee Gas

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
	12	\$2/MWH	\$134,311	3.20%	12	\$2/MWH	\$134,311	3.20%	-	0.00%
	160,875	\$1.75	\$281,531	6.71%	160,875	1.75	\$281,531	6.71%	-	0.00%
	67,155,402	\$0.05628	3,779,534	90.09%	67,155,402	\$0.05628	3,779,534	90.09%	-	0.00%
			<u>4,195,376</u>	100.00%			<u>4,195,376</u>	100.00%	-	0.00%
			225,018				225,018		-	0.00%
			<u>\$ 4,420,394</u>				<u>\$ 4,420,394</u>		<u>\$ -</u>	0.00%
			\$ 368,366				\$ 368,366		\$ -	0.00%

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule STL
Street Lights

Billing Determinants	kWh	Unit Rates	Cust Chg	Unit kWh	kWh	Energy Rate	kWh Chg	Total \$	% of Total	Avg Per Cust/Mo
175 Watt Mercury Vapor	4,390	2.84	12,467.60	70.00	307,300	0.06139	18,865	31,332.75	54.89%	7.14
250 Watt Mercury Vapor	-	3.41	-	100.00	-	0.06139	-	-	0.00%	-
400 Watt Mercury Vapor	499	4.52	2,255.48	160.00	79,840	0.06139	4,901	7,156.86	12.54%	14.34
100 Watt Sodium	167	3.25	542.75	41.00	6,847	0.06139	420	963.09	1.69%	5.77
250 Watt Sodium	1,532	5.00	7,660.00	106.00	162,392	0.06139	9,989	17,629.24	30.88%	11.51
6,588	567,516		\$ 22,925.83	556,379			\$ 34,156.11	\$ 57,081.94	100.00%	

Fuel Adjustment 4,753
Environmental Surcharge 4,526

Total \$ 66,361

Average per customer 10.07

Taylor County RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule SL
Street Lighting Service

Billing Determinants	kWh	Unit Rates	Cust Chg	Unit kWh	kWh	Energy Rate	kWh Chg	Total \$	% of Total	Avg per cust	\$ Increase	% Increase	New Rate
175 Watt Mercury Vapor	4,390	2.84	12,467.60	70.00	307,300	0.06535	20,081	32,548.29	54.90%	7.41	0.28	3.88%	4.57
250 Watt Mercury Vapor	-	3.41	-	100.00	-	0.06535	-	-	0.00%	-	-	-	-
400 Watt Mercury Vapor	499	4.52	2,255.48	160.00	79,840	0.06535	5,217	7,472.67	12.61%	14.98	0.63	4.41%	10.46
100 Watt Sodium	167	3.25	542.75	41.00	6,847	0.06535	447	990.17	1.67%	5.93	0.16	2.81%	2.68
250 Watt Sodium	1,532	5.00	7,660.00	106.00	162,392	0.06535	10,612	18,271.60	30.82%	11.93	0.42	3.64%	6.93
6,588	567,516		22,925.83	556,379			36,357	59,283	100.00%				

Fuel Adjustment 4,753
Environmental Surcharge 4,526

Total 68,562

Average per customer 10.41

3.32%

Analysis of Wholesale to Retail Proportionality

	Retail
Wholesale	

	Existing	Proposed	Change	Existing	Proposed	Change
I Customer Charge						
Metering Point Charge	\$125/Mo.	\$125/Mo.	\$ -	\$6.92/Mo	\$6.92/Mo	\$ -
Substation at less than 3 MVA	\$944/Mo.	\$944/Mo.	\$ -	\$6.92/Mo	\$6.92/Mo	\$ -
II Demand Charge						
B&C Demand Charge (\$/kW)	\$5.39	\$7.29	\$1.90	\$5.39	\$7.29	\$1.90

III Energy Charge

The non-industrial wholesale increase was based on the dollar amount remaining to be recovered at wholesale, divided by kWh.

The non-industrial retail increase was based on the dollar amount remaining to be recovered at retail, divided by kWh.

Industrial Rate (\$/kW)

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00489

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 4

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 4. Refer to Exhibit III of the Application. For each type of street light and/or outdoor light included in the billing analysis, provide the following information:

Request 4a. The assigned or estimated kWh usage per light for each light that is not separately metered.

Request 4b. The number of lights.

Response 4a-b.

Light Description	4(a) KWH	4(b) Number of Lights Billed
175 Watt Mercury Vapor	70	4390
250 Watt Mercury Vapor	100	0
400 Watt Mercury Vapor	160	499
100 Watt Sodium	41	167
250 Watt Sodium	106	<u>1532</u>
TOTAL		<u>6588</u>