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MAY 19 2008

PUBLIC SERVICE  
COMMISSION

May 16, 2008

Ms. Stephanie L. Stumbo  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: PSC Case No. 2007-00378

Dear Ms. Stumbo:

Enclosed are an original and ten copies of the response to the request for information in the above referenced case.

Sincerely:

A handwritten signature in black ink, appearing to read "John F. Patterson".

John F. Patterson  
Office Manager



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 19 2008

PUBLIC SERVICE COMMISSION


IN THE MATTER OF:

AN EXAMINATION BY THE PUBLIC SERVICE )  
 COMMISSION OF THE ENVIRONMENTAL )  
 SURCHARGE MECHANISM OF EAST KENTUCKY )  
 POWER COOPERATIVE, INC. FOR THE )  
 SIX-MONTH BILLING PERIODS ENDING ) CASE NO. 2007-00378  
 JUNE 30, 2006 AND DECEMBER 31, 2006, FOR )  
 THE TWO-YEAR BILLING PERIOD ENDING )  
 JUNE 30, 2007, AND THE PASS THROUGH )  
 MECHANISM FOR ITS SIXTEEN MEMBER )  
 DISTRIBUTION COOPERATIVES )

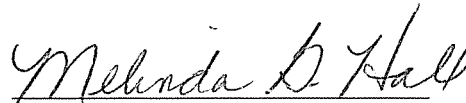
CERTIFICATE

STATE OF KENTUCKY )  
 )  
 COUNTY OF Taylor )

John F. Patterson, being duly sworn, states that **he** has supervised the preparation of the responses of Taylor County Rural Electric Cooperative Corporation to the Public Service Commission Data Requests in the above-referenced case dated May 1, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
 John F. Patterson

Subscribed and sworn before me on this 16 day of May, 2008.

  
 Notary Public

My Commission expires:

June 3, 2009

**TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION**

**PSC CASE NO. 2007-00378**

**INFORMATION REQUEST RESPONSE**

**PUBLIC SERVICE COMMISSION DATA REQUEST DATED**

**MAY 1, 2008**

**REQUEST NO. 1**

**RESPONDING PERSON: John F. Patterson**

**Request No. 1:** Has your cooperative experienced any problems in administering its environmental surcharge pass through mechanism over the 2-year period under review in this case? If yes, explain in detail the nature of the problems and any suggested changes to cure the problems.

**Response No. 1:** Taylor County RECC has experienced an under-recovery of the environmental surcharge from large commercial customers on the B and C rate, due to the pass-through allocation methodology used to bill for the surcharge at retail. East Kentucky Power Cooperative, Inc. is currently evaluating this situation, in an effort to determine if changes can be made in the pass-through mechanism which would resolve this under-recovery.

**Request No. 2:** Has your cooperative received any customer complaints regarding the environmental surcharge pass through mechanism during the 2-year period under review in this case? If yes, state the number of complaints received, the nature of each complaint, and the service classification of each customer making a complaint.

**Response No. 2:** Taylor County has received inquiries from customers mostly when the surcharge was first implemented as to what it was and why it was being billed.

**TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION**

**PSC CASE NO. 2007-00378**

**INFORMATION REQUEST RESPONSE**

**Request No. 3:** Does your cooperative believe that its environmental surcharge pass through mechanism has operated reasonably over the 2-year period under review in this case? IF no, explain in detail.

**Response No. 3:** The mechanism for over/under recovery was not reviewed after the initial 6 month recovery, thus over/under recovery was only part of the surcharge for 6 of the 24 months in the period.

**Request No. 4:** Does your cooperative have any recommended changes for its existing environmental surcharge pass through mechanism? If yes, explain in detail the nature of each change and the reasons why the change is needed.

**Response No. 4:** As referenced in the response to Request No. 1, East Kentucky Power Cooperative, Inc. ("EKPC") has been made aware of the fact that some EKPC member systems are experiencing an under-recovery of the environmental surcharge from certain customer classes, or large customers, due to the pass-through mechanism. Since the impact of this situation varies among different member systems, EKPC is currently evaluating this issue, in an attempt to identify possible changes in the allocation methodology which would be equitable for all member systems and retail customers. It is hoped that some acceptable changes to the pass-through methodology can be developed within the next 60 days. EKPC plans to present any proposed changes to the pass-through methodology to the Commission for review at the earliest appropriate time.