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JUN 14 2013

PUBLIC SERVICE
COMMISSION

June 14, 2013

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

Re: PSC Case No. 2013-00140

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of the responses of East Kentucky Power Cooperative, Inc., ("EKPC") to the Commission's Appendix B First Information Requests, contained in the Commission's Order dated May 14, 2013, and the Prepared Testimony of Isaac S. Scott on Behalf of EKPC. As stated in Appendix B, Request 7 is directed to EKPC's 16 Member Distribution Cooperatives and those responses will be filed by the individual Member Distribution Cooperatives.

Very truly yours,

Mark David Goss
Counsel

Enclosures

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE SIX-)
MONTH BILLING PERIOD ENDING DECEMBER)
31, 2012 AND THE PASS-THROUGH MECHANISM)
FOR ITS SIXTEEN MEMBER DISRIBUTION)
COOPERATIVES)**

**CASE NO.
2013-00140**

**RESPONSES TO COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED MAY 14, 2013

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX MONTH BILLING PERIOD ENDING)
DECEMBER 31, 2012 AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)**

**CASE NO.
2013-00140**

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

Filed: June 14, 2013

1 **Q. Please state your name, business address, and occupation.**

2 A. My name is Isaac S. Scott and my business address is East Kentucky Power Cooperative,
3 Inc. ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391. I am the Manager
4 of Pricing for EKPC.

5 **Q. Please state your education and professional experience.**

6 A. I received a B.S. degree in Accounting, with distinction, from the University of Kentucky
7 in 1979. After graduation I was employed by the Kentucky Auditor of Public Accounts,
8 where I performed audits of numerous state agencies. In December 1985, I transferred to
9 the Kentucky Public Service Commission ("Commission") as a public utilities financial
10 analyst, concentrating on the electric and natural gas industries. In August 2001, I
11 became manager of the Electric and Gas Revenue Requirements Branch in the Division
12 of Financial Analysis at the Commission. In this position I supervised the preparation of
13 revenue requirement determinations for electric and natural gas utilities as well as
14 determined the revenue requirements for the major electric and natural gas utilities in
15 Kentucky. I retired from the Commission effective August 1, 2008. In November 2008,
16 I became the Manager of Pricing at EKPC.

17 **Q. Please provide a brief description of your duties at EKPC.**

18 A. As Manager of Pricing, I am responsible for rate-making activities which include
19 designing and developing wholesale and retail electric rates and developing pricing
20 concepts and methodologies. I report directly to the Director of Regulatory and
21 Compliance Services.

22 **Q. What is the purpose of your testimony in this proceeding?**

23 A. The purpose of my testimony is to describe how EKPC and its Member Systems have
24 applied the environmental surcharge mechanism in a reasonable manner during the

1 period under review. My testimony will also propose updating the rate of return used in
2 the environmental surcharge calculation.

3 **Q. Is EKPC preparing testimony and responding to data requests on behalf of its**
4 **member systems?**

5 A. Pursuant to the Commission's May 14, 2013 Order, EKPC is preparing testimony on
6 behalf of each member system. These member systems are: Big Sandy Rural Electric
7 Cooperative Corporation ("RECC"), Blue Grass Energy Cooperative Corporation, Clark
8 Energy Cooperative, Inc., Cumberland Valley Electric, Inc., Farmers RECC, Fleming-
9 Mason Energy Cooperative, Grayson RECC, Inter-County Energy Cooperative
10 Corporation, Jackson Energy Cooperative, Licking Valley RECC, Nolin RECC, Owen
11 Electric Cooperative, Salt River Electric Cooperative Corporation, Shelby Energy
12 Cooperative, Inc., South Kentucky RECC, and Taylor County RECC. EKPC is also
13 providing Response 2 to the Commission Staff's First Request for Information ("Staff's
14 First Request").

15 **Q. Have other EKPC representatives provided responses to Commission Staff's First**
16 **Request for Information in this proceeding?**

17 A. Yes. Ernest W. Huff has provided emission allowance information to Response 3 to the
18 Staff's First Request. Frank J. Oliva, Director of Finance and Treasurer, has provided the
19 debt and average interest rate information to Responses 5 and 6 to the Staff's First
20 Request.

21 **Q. Previous Commission Orders required EKPC and its Member Systems to**
22 **incorporate certain provisions into the calculation of the monthly environmental**
23 **surcharge factors. Please comment on how EKPC and the Member Systems have**

1 **addressed the most significant aspects of these Orders during the period under**
2 **review.**

3 A. A brief description of each component of the environmental surcharge calculation,
4 applied consistently with Commission Orders, is discussed below.

5 • **Compliance Plan Projects**

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

10 • **Base/Current Method**

11 The surcharge mechanism, as shown in EKPC’s Rate ES – Environmental Surcharge,
12 reflects the base/current method through the formula $MESF = CESF - BESF$.¹ As
13 shown in Response 1 to the Staff’s First Request, EKPC’s BESF is 0%.

14 • **Actual Emission Allowance Expense**

15 EKPC included only actual SO₂ and NO_x emission allowance expense in the monthly
16 filings.

17 • **Return on Emission Allowance Inventory and Limestone Inventory**

18 EKPC has included a return on all environmental surcharge assets, including emission
19 allowances purchased for current and vintage years. This is addressed in Response 3
20 to the Staff’s First Request. EKPC has also included a return on its limestone
21 inventory.

22 • **Return on Construction Work in Progress (“CWIP”), Net of Allowance for**
23 **Funds Used During Construction (“AFUDC”)**

¹ MESF is the Monthly Environmental Surcharge Factor; CESF is the Current Environmental Surcharge Factor; and BESF is the Base Environmental Surcharge Factor.

1 As approved in Case No. 2008-00115, EKPC has included a return on CWIP during
2 the period under review.

3 • **Rate of Return**

4 EKPC's rate of return consists of two components: the average cost of debt on its
5 environmental compliance plan projects and a Times Interest Earned Ratio ("TIER")
6 component. The rate of return used during the period under review is 6.786%, which
7 was approved by the Commission in Case No. 2011-00032. In that case, the
8 Commission approved EKPC's request to incorporate a TIER of 1.50 in the
9 determination of the rate of return. EKPC proposes no change to the TIER
10 component of the rate of return in this proceeding.

11 EKPC is proposing a rate of return of 6.086% in this proceeding, as shown in
12 Response 5 to the Staff's First Request. EKPC's proposed rate of return is consistent
13 with the Settlement Agreement approved in Case No. 2004-00321, which provided
14 that the rate of return on compliance-related capital expenditures would be updated to
15 reflect current average debt cost as of the end of each six-month review period. This
16 review covers the six-month billing period ending December 31, 2012. In Request 5
17 of the Staff's First Request EKPC was directed to provide information concerning the
18 average debt cost as of June 30, 2012. While EKPC is providing the requested
19 information, it is also including in Response 5 to the Staff's First Request the same
20 average debt cost information as of December 31, 2012, which is the end of the
21 current review period. EKPC is proposing that the rate of return approved in this
22 proceeding reflect the average debt cost as of December 31, 2012.

23 • **Operation and Maintenance ("O&M") Expenses**

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

5 • **Pass-Through Mechanism**

6 The environmental surcharge factors computed for retail customers were billed by
7 EKPC's Member Systems at approximately the same time as EKPC billed the
8 Member Systems at wholesale. The calculation of the monthly factors for each
9 Member System was provided in the monthly reports filed with the Commission.
10 EKPC and the Member Systems adhered to these and all other requirements and
11 provisions of the Commission's Orders for the period under review.

12 **Q. Were the environmental-related amounts included in the monthly surcharge**
13 **calculation based on booked costs?**

14 A. Yes. EKPC continues to use the amounts booked for the various cost categories included
15 in the surcharge calculation and these costs were actual costs and incurred in a prudent
16 manner.

17 **Q. Did EKPC incur any over- or under-recoveries during the period under review?**

18 A. Yes. However, as shown in Response 1 to the Staff's First Request, EKPC applied its
19 December 2012 over-recovery to the January 2013 expense month, which was billed in
20 February 2013. Therefore, no adjustment is needed in this proceeding to return any over-
21 recovery to the Member Systems.

22 **Q. Did the Member Systems incur any over- or under-recoveries during the review**
23 **period?**

1 A. Yes. The over- or under-recovery amounts for each Member System are shown in
2 Response 2 to the Staff's First Request.

3 **Q. How will the Member Systems reflect recovery of these over- or under-recovery**
4 **amounts?**

5 A. As approved in the Commission's November 5, 2010 Order in Case No. 2010-00021, the
6 Member Systems propose that the over- or under-recovery amounts be amortized over a
7 period of six months beginning in the first month after the Commission's Order in this
8 proceeding.

9 **Q. The Commission's May 14, 2013 Order opening this review included the statement**
10 **"Since the period under review in this proceeding may have resulted in over- or**
11 **under-recoveries, the Commission will entertain proposals to adopt one adjustment**
12 **factor to net all over- or under-recoveries." Is EKPC or its Member Systems**
13 **making such a proposal in this proceeding?**

14 A. No. The Commission has traditionally offered this option when more than one six-month
15 review period was being examined in the same proceeding. As this proceeding is only
16 examining a single six-month review period, multiple period over- or under-recoveries
17 are not available for either EKPC or its Member Systems to net into one adjustment
18 factor.

19 **Q. Does EKPC propose any changes to its surcharge mechanism?**

20 A. No, EKPC does not propose any changes to the surcharge mechanism.

21 **Q. Does EKPC propose any changes to its Rate ES -- Environmental Surcharge tariff?**

22 A. No, EKPC does not propose any changes to its Rate ES tariff in this proceeding.

23 However, EKPC would note that in Case No. 2012-00486, the previous surcharge review
24 proceeding, it proposed that the tariff should be amended to reflect the authorization to

1 use a TIER of 1.50 in the determination of the rate of return on compliance-related capital
2 expenditures.² As of the filing of this testimony, the Commission has not ruled on this
3 proposed tariff change. EKPC wishes to affirm it still believes this tariff revision is
4 reasonable and necessary. If the Commission issues its decision in this proceeding prior
5 to issuing a final Order in Case No. 2012-00486, EKPC would request that the
6 Commission approve this tariff revision.

7 **Q. Are changes to the Environmental Surcharge tariff sheets for each of the Member**
8 **Systems required?**

9 A. No, changes to the Member System tariffs are not required.

10 **Q. Does EKPC propose to make any changes to its monthly environmental surcharge**
11 **filings?**

12 A. No, EKPC does not propose any changes to its monthly environmental surcharge filings
13 in this proceeding. However, EKPC would note that in Case No. 2012-00486 it proposed
14 to make changes to Forms 2.4 and 2.5 in the monthly environmental surcharge filings. In
15 Case No. 2012-00486, EKPC noted that the tracking procedures originally established in
16 Case No. 2004-00321 for Gilbert O&M expenses and other projects were no longer
17 necessary. EKPC proposed to eliminate the separation of 12-month averages of O&M
18 expenses currently reflected on Form 2.4. EKPC also proposed to eliminate the project
19 summary sections that are shown at the bottom of Form 2.5 as they were redundant and
20 simply repeated information contained in the upper section of the form.³ As of the filing
21 of this testimony, the Commission has not ruled on this proposed tariff change. EKPC
22 wishes to affirm it still believes these form revisions are reasonable and necessary. If the
23 Commission issues its decision in this proceeding prior to issuing a final Order in Case

² See Case No. 2012-00486, Direct Testimony of Ann F. Wood, page 7 and Exhibit AFW-1.

³ See Case No. 2012-00486, Direct Testimony of Ann F. Wood, pages 7 and 8 and Exhibit AFW-2.

1 No. 2012-00486, EKPC would request that the Commission approve the proposed form
2 revisions.

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

4 A. Yes. As previously discussed in my Direct Testimony, EKPC proposes an updated rate
5 of return of 6.086%. This updated rate of return reflects an average debt cost as of
6 December 31, 2012 of 4.057% and a TIER of 1.50. The determination of the average
7 debt cost as of December 31, 2012 is shown in Response 5 to the Staff's First Request.

8 **Q. When does EKPC propose to apply the updated rate of return in its surcharge
9 calculations?**

10 A. EKPC proposes to use the updated rate of return in the surcharge calculations in the first
11 month following the Commission's final Order in this proceeding.

12 **Q. Does this conclude your testimony?**

13 A. Yes.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC ADMINISTRATIVE CASE 2013-00140

PUBLIC SERVICE COMMISSION INFORMATION REQUEST DATED 05/14/13

East Kentucky Power Cooperative, Inc. (EKPC) hereby submits responses to the information requests contained in Appendix B to the Order of the Public Service Commission ("PSC") in this case dated May 14, 2013. Each response with its associated supportive reference materials is individually tabbed.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE SIX-)
MONTH BILLING PERIOD ENDING DECEMBER)
31, 2012 AND THE PASS-THROUGH MECHANISM)
FOR ITS SIXTEEN MEMBER DISRIBUTION)
COOPERATIVES)

CASE NO.
2013-00140

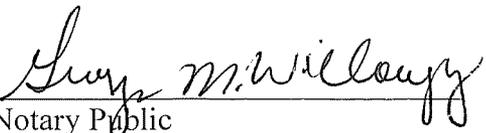
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Requests for Information contained in Appendix B in the above-referenced case dated May 14, 2013, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 14th day of June, 2013.



Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

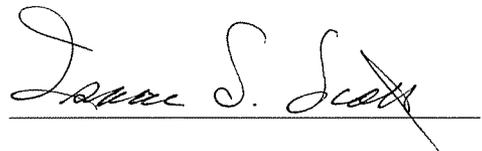
AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE SIX-)
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CASE NO.
2013-00140

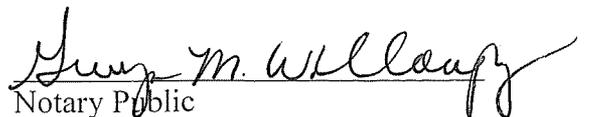
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Isaac S. Scott, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Requests for Information contained in Appendix B in the above-referenced case dated May 14, 2013, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 14th day of June, 2013.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2013-00140
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 05/14/13
REQUEST 1

RESPONSIBLE PARTY: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. This question is addressed to EKPC. Prepare a summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the billing period. Form 1.1 can be used as a model for this summary. Include the expense months for the two expense months subsequent to the billing period in order to show the over- and under-recovery adjustments for the months included for the billing period. Include a calculation of any additional over- or under-recovery amount EKPC believes needs to be recognized for the six-month review. Include all supporting calculations and documentation for the additional over- or under-recovery.

Response 1. Please see page 2 of this response. Because EKPC utilizes a one-month “true up” adjustment, there is no additional over- or under-recovery amount that needs to be recognized for the current six-month review.

East Kentucky Power Cooperative, Inc. Environmental Surcharge Report
Calculation of Current Month Environmental Surcharge Factor (CESF)
and (Over)/Under Recovery Calculation

Line	Description	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
1	E(m) = RORB + OE - BAS									
2	Rate Base	\$800,096,474	\$802,853,181	\$797,905,264	\$796,961,328	\$794,249,702	\$794,473,059	\$791,603,750	\$791,586,157	\$791,261,899
3	Rate Base / 12	\$66,674,706	\$66,904,432	\$66,492,105	\$66,413,444	\$66,187,475	\$66,206,088	\$65,966,979	\$65,965,513	\$65,938,492
4	Rate of Return =	6.786%	6.786%	6.786%	6.786%	6.786%	6.786%	6.786%	6.786%	6.786%
5	Return on Rate Base (RORB) +	\$4,524,546	\$4,540,135	\$4,512,154	\$4,506,816	\$4,491,482	\$4,492,745	\$4,476,519	\$4,476,420	\$4,474,586
6	Operating Expenses (OE) +	\$4,247,816	\$4,242,045	\$5,282,714	\$5,670,416	\$5,346,803	\$5,499,538	\$5,356,842	\$5,547,404	\$5,537,216
7	By-Product and Emission Allowance Sales (BAS) -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Sub-Total E(m)	\$8,772,361	\$8,782,180	\$9,794,868	\$10,177,233	\$9,838,285	\$9,992,283	\$9,833,361	\$10,023,824	\$10,011,802
8a	Prior Periods Adjustments									
9	Member System Allocation Ratio for the Month (Form 3.0)	97.92%	98.25%	98.63%	98.90%	98.93%	98.98%	98.98%	99.15%	99.26%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$8,589,896	\$8,628,492	\$9,660,678	\$10,065,283	\$9,733,015	\$9,890,362	\$9,733,060	\$9,938,621	\$9,937,715
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,796	\$0
12a	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$8,589,896	\$8,628,492	\$9,660,678	\$10,065,283	\$9,733,015	\$9,890,362	\$9,733,060	\$9,943,417	\$9,937,715
12b	1-month true up adjustment	\$924,958	\$222,424	(\$1,110,783)	(\$259,189)	\$886,093	\$1,208,459	(\$831,017)	(\$1,707,678)	(\$2,199,026)
12c	E(m)= Ln 12a + Ln 12 b	\$9,514,854	\$8,850,916	\$8,549,895	\$9,806,094	\$10,619,108	\$11,098,821	\$8,902,043	\$8,235,739	\$7,738,689
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$61,172,695	\$60,980,450	\$60,509,665	\$60,414,839	\$60,453,485	\$60,892,040	\$60,940,515	\$61,036,219	\$61,369,693
14	CESF. Line 12 c / Line 13 E(m) / R(m); as a % of Revenue	15.55%	14.51%	14.13%	16.23%	17.57%	18.23%	14.61%	13.49%	12.61%
15	BESF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	MESF	15.55%	14.51%	14.13%	16.23%	17.57%	18.23%	14.61%	13.49%	12.61%
17	Authorized Recovery Amount: Line 13 x Line 16	\$9,514,854	\$8,850,916	\$8,549,895	\$9,806,094	\$10,619,108	\$11,098,821	\$8,902,043	\$8,235,739	\$7,738,689
18	Environmental Surcharge Revenues Billed	\$10,142,513	\$10,625,637	\$9,110,105	\$7,663,802	\$8,597,635	\$11,450,125	\$12,806,499	\$11,101,069	\$9,452,756
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	\$222,424	(\$1,110,783)	(\$259,189)	\$886,093	\$1,208,459	(\$831,017)	(\$1,707,678)	(\$2,199,026)	(\$1,217,017)
20	Cumulative (Over)/Under	\$222,424	(\$888,359)	(\$1,147,548)	(\$261,455)	\$947,003	\$115,987	(\$1,591,692)	(\$3,790,717)	(\$5,007,735)

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2013-00140
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST INFORMATION REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 05/14/13
REQUEST 2**

RESPONSIBLE PARTY: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

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

Response 2. Please see pages 2 through 17 of this response for the calculation of each Member System's cumulative over- or under-recovery. As stated in testimony in this proceeding and as approved by the Commission in Case No. 2012-00021, EKPC's Member Systems propose to amortize the cumulative over- or under-recovery over a six-month period.

Big Sandy RECC - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 220,735	\$ 236,741	\$ (16,006)	\$ (16,006)
Aug-12	\$ 182,332	\$ 185,699	\$ (3,367)	\$ (19,373)
Sep-12	\$ 154,402	\$ 150,714	\$ 3,688	\$ (15,685)
Oct-12	\$ 180,596	\$ 179,853	\$ 744	\$ (14,941)
Nov-12	\$ 270,766	\$ 271,978	\$ (1,212)	\$ (16,154)
Dec-12	\$ 293,067	\$ 302,579	\$ (9,512)	\$ (25,665)
Jan-13	\$ 252,597	\$ 262,290	\$ (9,693)	\$ (35,358)
Feb-13	\$ 211,782	\$ 224,558	\$ (12,776)	\$ (48,134)

Cumulative 6-months (Over)/Under Recovery	\$ (25,665)
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Monthly Recovery (per month for six months)	\$ (4,278)
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Blue Grass Energy - Calculation of (Over)/Under
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	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 1,131,123	\$ 1,156,852	\$ (25,729)	\$ (25,729)
Aug-12	\$ 954,546	\$ 1,119,373	\$ (164,827)	\$ (190,556)
Sep-12	\$ 790,680	\$ 923,596	\$ (132,916)	\$ (323,472)
Oct-12	\$ 874,221	\$ 709,715	\$ 164,506	\$ (158,965)
Nov-12	\$ 1,172,228	\$ 946,190	\$ 226,038	\$ 67,073
Dec-12	\$ 1,395,579	\$ 1,129,581	\$ 265,998	\$ 333,071
Jan-13	\$ 1,222,566	\$ 1,483,751	\$ (261,185)	\$ 71,885
Feb-13	\$ 1,038,448	\$ 1,306,719	\$ (268,271)	\$ (196,386)

Cumulative 6-months (Over)/Under Recovery	\$ 333,071
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Monthly Recovery (per month for six months)	\$ 55,512
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Clark Energy Coop - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 382,076	\$ 406,742	\$ (24,666)	\$ (24,666)
Aug-12	\$ 408,872	\$ 397,805	\$ 11,067	\$ (13,599)
Sep-12	\$ 337,896	\$ 341,317	\$ (3,421)	\$ (17,019)
Oct-12	\$ 278,092	\$ 257,624	\$ 20,468	\$ 3,448
Nov-12	\$ 319,559	\$ 341,890	\$ (22,331)	\$ (18,882)
Dec-12	\$ 448,063	\$ 434,791	\$ 13,272	\$ (5,610)
Jan-13	\$ 509,117	\$ 514,085	\$ (4,968)	\$ (10,578)
Feb-13	\$ 441,978	\$ 470,270	\$ (28,292)	\$ (38,870)

Cumulative 6-months (Over)/Under Recovery	\$ (5,610)
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Monthly Recovery (per month for six months)	\$ (935)
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Cumberland Valley Electric - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 420,798	\$ 470,482	\$ (49,684)	\$ (49,684)
Aug-12	\$ 365,077	\$ 431,301	\$ (66,224)	\$ (115,908)
Sep-12	\$ 313,345	\$ 308,209	\$ 5,136	\$ (110,772)
Oct-12	\$ 380,211	\$ 309,893	\$ 70,318	\$ (40,454)
Nov-12	\$ 518,613	\$ 462,254	\$ 56,359	\$ 15,905
Dec-12	\$ 559,857	\$ 491,212	\$ 68,645	\$ 84,550
Jan-13	\$ 471,376	\$ 653,915	\$ (182,539)	\$ (97,989)
Feb-13	\$ 393,396	\$ 436,094	\$ (42,698)	\$ (140,687)

Cumulative 6-months (Over)/Under Recovery	\$ 84,550
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Monthly Recovery (per month for six months)	\$ 14,092
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Farmers RECC - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 479,014	\$ 488,013	\$ (8,999)	\$ (8,999)
Aug-12	\$ 391,766	\$ 460,494	\$ (68,728)	\$ (77,727)
Sep-12	\$ 322,028	\$ 366,177	\$ (44,149)	\$ (121,876)
Oct-12	\$ 346,146	\$ 284,662	\$ 61,484	\$ (60,392)
Nov-12	\$ 459,559	\$ 386,756	\$ 72,803	\$ 12,411
Dec-12	\$ 520,408	\$ 444,352	\$ 76,056	\$ 88,467
Jan-13	\$ 455,755	\$ 561,505	\$ (105,750)	\$ (17,283)
Feb-13	\$ 385,984	\$ 479,207	\$ (93,223)	\$ (110,506)

Cumulative 6-months (Over)/Under Recovery	\$ 88,467
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Monthly Recovery (per month for six months)	\$ 14,745
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Fleming-Mason - Calc of (Over)/Under - Sch C + Spec Contracts

Fleming-Mason - Calc of (Over)/Under - All Others

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Jul-12	389,369	389,369	0	0
Aug-12	415,465	415,465	0	0
Sep-12	415,989	415,989	0	0
Oct-12	489,395	489,395	0	0
Nov-12	543,057	543,057	0	0
Dec-12	603,880	603,880	0	0
Jan-13	470,890	470,890	0	0
Feb-13	418,909	418,909	0	0

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under	Fleming-Mason Total (Over)/Under
	370,158	531,599	(161,441)	(161,441)	(161,441)
	316,548	364,277	(47,729)	(209,169)	(209,169)
	262,106	321,504	(59,398)	(268,567)	(268,567)
	309,954	267,957	41,997	(226,571)	(226,571)
	423,741	445,351	(21,610)	(248,180)	(248,180)
	485,523	487,174	(1,651)	(249,832)	(249,832)
	421,500	548,427	(126,927)	(376,758)	(376,758)
	361,984	181,073	180,911	(195,848)	(195,848)

Cumulative 6-months (Over)/Under Recovery \$ -

Cumulative 6-months (Over)/Under Recovery \$ (249,832) \$ (249,832)

Monthly Recovery (per month for six months) \$ -

Monthly Recovery (per month for six months) \$ (41,639) \$ (41,639)

Grayson RECC - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 238,279	\$ 222,282	\$ 15,997	\$ 15,997
Aug-12	\$ 197,923	\$ 184,291	\$ 13,632	\$ 29,629
Sep-12	\$ 167,705	\$ 155,940	\$ 11,765	\$ 41,394
Oct-12	\$ 193,487	\$ 229,455	\$ (35,968)	\$ 5,426
Nov-12	\$ 269,043	\$ 265,479	\$ 3,564	\$ 8,990
Dec-12	\$ 301,360	\$ 346,437	\$ (45,077)	\$ (36,087)
Jan-13	\$ 255,641	\$ 267,698	\$ (12,057)	\$ (48,144)
Feb-13	\$ 218,798	\$ 212,892	\$ 5,906	\$ (42,238)

Cumulative 6-months (Over)/Under Recovery	\$ (36,087)
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Monthly Recovery (per month for six months)	\$ (6,015)
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Inter-County ECC - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 380,888	\$ 422,588	\$ (41,700)	\$ (41,700)
Aug-12	\$ 415,365	\$ 406,658	\$ 8,707	\$ (32,993)
Sep-12	\$ 338,163	\$ 326,625	\$ 11,538	\$ (21,455)
Oct-12	\$ 277,634	\$ 254,820	\$ 22,814	\$ 1,359
Nov-12	\$ 322,093	\$ 345,853	\$ (23,760)	\$ (22,401)
Dec-12	\$ 454,249	\$ 444,215	\$ 10,034	\$ (12,367)
Jan-13	\$ 524,638	\$ 569,706	\$ (45,068)	\$ (57,435)
Feb-13	\$ 462,359	\$ 471,224	\$ (8,865)	\$ (66,300)

Cumulative 6-months (Over)/Under Recovery \$ (12,367)

Monthly Recovery (per month for six months) \$ (2,061)

Jackson Energy Coop - Calculation of (Over)/Under
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	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 806,106	\$ 806,718	\$ (612)	\$ (612)
Aug-12	\$ 675,830	\$ 663,654	\$ 12,176	\$ 11,564
Sep-12	\$ 568,164	\$ 524,334	\$ 43,830	\$ 55,394
Oct-12	\$ 678,064	\$ 753,390	\$ (75,326)	\$ (19,932)
Nov-12	\$ 950,331	\$ 894,450	\$ 55,881	\$ 35,949
Dec-12	\$ 1,069,573	\$ 1,130,415	\$ (60,842)	\$ (24,892)
Jan-13	\$ 932,727	\$ 980,633	\$ (47,906)	\$ (72,799)
Feb-13	\$ 780,847	\$ 796,964	\$ (16,117)	\$ (88,915)

Cumulative 6-months (Over)/Under Recovery	\$ (24,892)
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Monthly Recovery (per month for six months)	\$ (4,149)
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Licking Valley RECC - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 241,025	\$ 232,527	\$ 8,498	\$ 8,498
Aug-12	\$ 201,232	\$ 192,418	\$ 8,814	\$ 17,313
Sep-12	\$ 169,148	\$ 157,336	\$ 11,812	\$ 29,125
Oct-12	\$ 199,211	\$ 219,687	\$ (20,476)	\$ 8,649
Nov-12	\$ 279,468	\$ 265,943	\$ 13,525	\$ 22,174
Dec-12	\$ 308,707	\$ 333,987	\$ (25,280)	\$ (3,106)
Jan-13	\$ 261,392	\$ 281,271	\$ (19,879)	\$ (22,985)
Feb-13	\$ 220,474	\$ 217,823	\$ 2,651	\$ (20,334)

Cumulative 6-months (Over)/Under Recovery	\$ (3,106)
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Monthly Recovery (per month for six months)	\$ (518)
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Nolin RECC - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 707,927	\$ 697,256	\$ 10,671	\$ 10,671
Aug-12	\$ 589,886	\$ 577,829	\$ 12,057	\$ 22,728
Sep-12	\$ 497,172	\$ 460,449	\$ 36,723	\$ 59,451
Oct-12	\$ 536,165	\$ 545,220	\$ (9,055)	\$ 50,396
Nov-12	\$ 702,967	\$ 670,634	\$ 32,333	\$ 82,728
Dec-12	\$ 809,074	\$ 825,543	\$ (16,469)	\$ 66,259
Jan-13	\$ 704,094	\$ 743,319	\$ (39,225)	\$ 27,034
Feb-13	\$ 601,885	\$ 594,290	\$ 7,595	\$ 34,629

Cumulative 6-months (Over)/Under Recovery	\$ 66,259
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Monthly Recovery (per month for six months)	\$ 11,043
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Owen Electric Cooperative - Calculation of (Over)/Under - Gallatin

Gallatin Bill				
Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)
Jul-12	\$ 498,280	\$ 498,280	\$ -	\$ -
Aug-12	\$ 527,282	\$ 527,282	\$ -	\$ -
Sep-12	\$ 386,097	\$ 386,097	\$ -	\$ -
Oct-12	\$ 514,869	\$ 514,869	\$ -	\$ -
Nov-12	\$ 672,764	\$ 672,764	\$ -	\$ -
Dec-12	\$ 526,482	\$ 526,482	\$ -	\$ -
Jan-13	\$ 532,128	\$ 532,128	\$ -	\$ -
Feb-13	\$ 455,694	\$ 455,694	\$ -	\$ -

Cumulative 6-months (Over)/Under Recovery \$ -

Monthly Recovery (per month for six months) \$ -

Owen Electric Cooperative - Calculation of (Over)/Under - Sch B

B				
Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)
Jul-12	\$ 148,663	\$ 157,558	\$ (8,895)	\$ (8,895)
Aug-12	\$ 139,927	\$ 148,663	\$ (8,736)	\$ (17,631)
Sep-12	\$ 133,974	\$ 139,927	\$ (5,953)	\$ (23,584)
Oct-12	\$ 154,307	\$ 133,960	\$ 20,347	\$ (3,237)
Nov-12	\$ 169,019	\$ 154,321	\$ 14,698	\$ 11,461
Dec-12	\$ 166,610	\$ 169,019	\$ (2,409)	\$ 9,052
Jan-13	\$ 141,691	\$ 166,610	\$ (24,919)	\$ (15,867)
Feb-13	\$ 120,080	\$ 141,691	\$ (21,611)	\$ (37,478)

Cumulative 6-months (Over)/Under Recovery \$ 9,052

Monthly Recovery (per month for six months) \$ 1,509

Owen Electric Cooperative - Calculation of (Over)/Under - All Others

E					Owen Total (Over)/Under
Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)	
Jul-12	\$ 1,037,667	\$ 1,196,762	\$ (159,095)	\$ (159,095)	\$ (167,990)
Aug-12	\$ 870,416	\$ 964,923	\$ (94,507)	\$ (253,602)	\$ (271,233)
Sep-12	\$ 704,884	\$ 779,664	\$ (74,780)	\$ (328,382)	\$ (351,966)
Oct-12	\$ 735,066	\$ 549,773	\$ 185,293	\$ (143,090)	\$ (146,327)
Nov-12	\$ 940,777	\$ 946,700	\$ (5,923)	\$ (149,012)	\$ (137,551)
Dec-12	\$ 1,112,738	\$ 1,024,516	\$ 88,222	\$ (60,790)	\$ (51,738)
Jan-13	\$ 948,196	\$ 1,119,182	\$ (170,986)	\$ (231,776)	\$ (247,643)
Feb-13	\$ 819,198	\$ 913,717	\$ (94,519)	\$ (326,296)	\$ (363,774)

Cumulative 6-months (Over)/Under Recovery \$ (60,790)

Monthly Recovery (per month for six months) \$ (10,132)

Salt River RECC - Calculation of (Over)/Under
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	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 1,116,106	\$ 1,197,569	\$ (81,463)	\$ (81,463)
Aug-12	\$ 927,244	\$ 1,010,779	\$ (83,535)	\$ (164,998)
Sep-12	\$ 763,243	\$ 771,557	\$ (8,314)	\$ (173,313)
Oct-12	\$ 773,415	\$ 658,398	\$ 115,017	\$ (58,296)
Nov-12	\$ 1,017,419	\$ 893,368	\$ 124,051	\$ 65,755
Dec-12	\$ 1,171,419	\$ 1,086,684	\$ 84,735	\$ 150,490
Jan-13	\$ 992,980	\$ 1,331,363	\$ (338,383)	\$ (187,893)
Feb-13	\$ 838,638	\$ 983,020	\$ (144,382)	\$ (332,275)

Cumulative 6-months (Over)/Under Recovery	\$ 150,490
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Monthly Recovery (per month for six months)	\$ 25,082
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Shelby Energy Coop - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 417,166	\$ 424,367	\$ (7,201)	\$ (7,201)
Aug-12	\$ 361,411	\$ 377,218	\$ (15,807)	\$ (23,009)
Sep-12	\$ 308,214	\$ 293,775	\$ 14,439	\$ (8,570)
Oct-12	\$ 340,183	\$ 314,763	\$ 25,421	\$ 16,851
Nov-12	\$ 424,407	\$ 388,944	\$ 35,463	\$ 52,313
Dec-12	\$ 481,255	\$ 463,459	\$ 17,796	\$ 70,110
Jan-13	\$ 411,872	\$ 473,496	\$ (61,624)	\$ 8,486
Feb-13	\$ 353,146	\$ 399,395	\$ (46,249)	\$ (37,764)

Cumulative 6-months (Over)/Under Recovery	\$ 70,110
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Monthly Recovery (per month for six months)	\$ 11,685
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South Kentucky RECC - Calculation of (Over)/Under
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	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 1,130,920	\$ 1,225,637	\$ (94,717)	\$ (94,717)
Aug-12	\$ 951,065	\$ 1,148,986	\$ (197,921)	\$ (292,639)
Sep-12	\$ 802,819	\$ 959,478	\$ (156,659)	\$ (449,298)
Oct-12	\$ 917,209	\$ 754,425	\$ 162,784	\$ (286,514)
Nov-12	\$ 1,272,217	\$ 1,032,502	\$ 239,715	\$ (46,799)
Dec-12	\$ 1,442,801	\$ 1,226,635	\$ 216,166	\$ 169,367
Jan-13	\$ 1,269,258	\$ 1,589,913	\$ (320,655)	\$ (151,288)
Feb-13	\$ 1,078,259	\$ 1,329,661	\$ (251,402)	\$ (402,690)

Cumulative 6-months (Over)/Under Recovery	\$ 169,367
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Monthly Recovery (per month for six months)	\$ 28,228
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Taylor County RECC - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-12	\$ 416,039	\$ 397,590	\$ 18,449	\$ 18,449
Aug-12	\$ 447,357	\$ 455,035	\$ (7,678)	\$ 10,771
Sep-12	\$ 366,096	\$ 366,152	\$ (56)	\$ 10,715
Oct-12	\$ 304,470	\$ 302,152	\$ 2,318	\$ 13,033
Nov-12	\$ 333,484	\$ 337,467	\$ (3,983)	\$ 9,050
Dec-12	\$ 461,437	\$ 440,623	\$ 20,814	\$ 29,864
Jan-13	\$ 524,411	\$ 521,366	\$ 3,045	\$ 32,909
Feb-13	\$ 452,069	\$ 475,905	\$ (23,836)	\$ 9,073

Cumulative 6-months (Over)/Under Recovery	\$ 29,864
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Monthly Recovery (per month for six months)	\$ 4,977
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EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2013-00140
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 05/14/13
REQUEST 3

RESPONSIBLE PARTY: Ernest W. Huff
COMPANY: East Kentucky Power Cooperative, Inc.

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

Request 3a. For the sulfur dioxide ("SO₂") emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

Response 3a. No purchases were made during the period of July 1, 2012, through December 31, 2012.

Request 3b. For the nitrogen oxide ("NO_x") emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

Response 3b. No purchases were made during the period of July 1, 2012, through December 31, 2012.

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

Response 3c. No purchases of allowances were made in the expense months covered by the applicable billings periods.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2013-00140
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 05/14/13
REQUEST 4

RESPONSIBLE PARTY: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

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

Response 4. Please see pages 2 through 10 of this response.

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period July - December 2012

501010 - SP03	Fuel Coal Gilbert	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 49,588	\$ 108,840	\$ 114,168	\$ 131,717	\$ 108,175	\$ 101,744	\$ 105,480
	Expense Dollars Change		\$ 59,252	\$ 5,328	\$ 17,549	\$ (23,542)	\$ (6,431)	\$ 3,736
	Percent Change		119.49%	4.90%	15.37%	-17.87%	-5.94%	3.67%

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

501010 - SP04	Fuel Coal Spurlock 4	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 127,512	\$ 122,735	\$ 123,682	\$ 126,550	\$ 88,509	\$ 47,852	\$ 128,934
	Expense Dollars Change		\$ (4,777)	\$ 947	\$ 2,868	\$ (38,041)	\$ (40,657)	\$ 81,082
	Percent Change		-3.75%	0.77%	2.32%	-30.06%	-45.94%	169.44%

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

501010 - CPxx	Fuel Coal Cooper (Unit 2 AQCS)	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars				\$ 75,847	\$ 24,366	\$ 32,841	\$ 16,731
	Expense Dollars Change		\$ -	\$ -	\$ 75,847	\$ (51,481)	\$ 8,475	\$ (16,110)
	Percent Change					-67.87%	34.78%	-49.05%

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

512000 - CPxx	Mtc of Cooper (Unit 2 AQCS)	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars				\$ 51,437	\$ 43,987	\$ 25,825	\$ 23,213
	Expense Dollars Change		\$ -	\$ -	\$ 51,437	\$ (7,450)	\$ (18,162)	\$ (2,612)
	Percent Change					-14.48%	-41.29%	-10.11%

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

512000 - SP01	Mtce of Boiler Plant Spurlock 1	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 193,624	\$ 3,080	\$ 26,874	\$ 13,428	\$ 181,218	\$ 3,110	\$ 11,422
	Expense Dollars Change		\$ (190,544)	\$ 23,794	\$ (13,446)	\$ 167,790	\$ (178,108)	\$ 8,312
	Percent Change		-98.41%	772.53%	-50.03%	1249.55%	-98.28%	267.27%

Project 03330 is for the Spurlock 1 Electrostatic Precipitator and Project 03501 is for Spurlock 1 SCR maintenance.

July - Project 03330 - Decrease in Contractor payments of \$146.6K, Increase in Materials of \$0.3K and a Decrease in EKPC payroll and benefits of \$2.0K.

Labor to inspect and labor and materials to repair unit #1 precipitators

Pillow block shaft protectors

Project 03501 - Decrease in Contractor expenses of \$41.5K and a Decrease in EKPC payroll and benefits of \$0.7K.

Rent, erect and dismantle scaffolding

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2012

August - Project 03330 - Decrease in Contractor expenses of \$0.5K, Decrease in Materials of \$0.3K and an Increase in EKPC payroll and benefits of \$2.7K.
 Project 03501 - Increase in Contractor expenses of \$22.8K and a Decrease in EKPC payroll and benefits of \$0.9K.

September - Project 03330 - Decrease in EKPC payroll and benefits of \$2.2K.
 Project 03501 - Decrease in Contractor expenses of \$14.7K and an Increase in EKPC payroll and benefits of \$3.4K.

October - Project 03330 - Increase in EKPC payroll and benefits of \$0.4K.
 Project 03501 - Decrease in Contractor expenses of \$8.4K and a Decrease in EKPC payroll and benefits of \$4.3K.
 Change in allocation of various charges to SP00 and SP20 from January 2011 through August 2012 Increase of \$180.1K.

November - Project 03330 - Decrease in EKPC payroll and benefits of \$0.6K.
 Project 03501 - Increase in Contractor expenses of \$1.4K and an Increase in EKPC payroll and benefits of \$1.2K.
 Change in allocation of various charges to SP00 and SP20 from January 2011 through August 2012 Decrease of \$180.1K.

December - Project 03330 - Increase in Contractor payments of \$0.4K and an Increase in EKPC payroll and benefits of \$0.6K.
 Project 03501 - Increase in Contractor payments of \$7.5K and a Decrease in EKPC payroll and benefits of \$0.2K.

512000 - SP02	Mtce of Boiler Plant Spurlock 2	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 27,521	\$ 546	\$ 6,430	\$ 49,401	\$ 378,004	\$ 9,932	\$ 47,142
	Expense Dollars Change		\$ (26,975)	\$ 5,884	\$ 42,971	\$ 328,603	\$ (368,072)	\$ 37,210
	Percent Change		-98.02%	1077.66%	668.29%	665.17%	-97.37%	374.65%

Project 03501 is for Spurlock 2 SCR maintenance.

July - Project 03501 - Increase in Contractor expenses of \$0.3K, Decrease in Materials of \$23.3K and a Decrease in EKPC payroll and benefits of \$4.0K.

August - Project 03501 - Increase in Materials of \$5.0K and an Increase in EKPC payroll and benefits of \$0.8K.

September - Project 03501 - Increase in Contractor payments of \$17.8K, Increase in Materials of \$0.6 and an Increase in EKPC payroll and benefits of \$24.6K.

October - Project 03501 - Increase in Contractor payments of \$16.5K, Decrease in Materials of \$5.5K and a Decrease in EKPC payroll and benefits of \$26.1K.
 Change in allocation of various charges to SP00 and SP20 from January 2011 through August 2012 Increase of \$343.7K.

November - Project 03501 - Decrease in Contractor payments of \$25.9, Increase in Materials of \$0.5K and an Increase in EKPC payroll and benefits of \$1.0K.
 Change in allocation of various charges to SP00 and SP20 from January 2011 through August 2012 Decrease of \$343.7K.

December - Project 03501 - Increase in Contractor payments of \$33.1K, Decrease in Materials of \$0.7K and an Increase in EKPC payroll and benefits of \$4.8K.
 SCR AIG tuning and air heater leakage testing

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2012

512000 - SP03	Maintenance of Boiler Plant Gilbert	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	254,006	91,141	67,133	30,770	3,583	84,919	424,883
	Expense Dollars Change		(162,865)	(24,008)	(36,363)	(27,187)	81,336	339,964
	Percent Change		-64.12%	-26.34%	-54.17%	-88.36%	2270.05%	400.34%

Project 03206 is for Spurlock 3 Boiler Pollution Control equipment and Project 03350 is for Spurlock 3 Bag House, SNCR and FDA equipment.

July - Project 03206 - Decrease in Contractor expenses of \$85.3K, Increase in Materials of \$0.9K and an Increase in EKPC payroll and benefits of \$1.7K.

Labor, materials and equipment for refractory repairs
 Rent, erect and disassemble scaffolding
 Vacuum and Hydro-blast Cleaning boilers

Project 03350 - Decrease in Contractor expenses of \$62.2K, Decrease in Materials of \$0.2K and a Decrease in EKPC payroll and benefits of \$17.8K

Labor and materials for welders for FDA punch
 Material: Filter Elements, Reducing Pressure valve and solenoid

August - Project 03206 - Increase in Contractor expenses of \$31.4K, Increase in Materials of \$2.2K and an Increase in EKPC payroll and benefits of \$2.9K

Labor, materials and equipment for refractory repairs
 Rent, erect and disassemble scaffolding
 Vacuum and Hydro-blast Cleaning boilers

Project 03350 - Decrease in Contractor expenses of \$48.1K, Decrease in Materials of \$3.0K and a Decrease in EKPC payroll and benefits of \$9.4K

Labor and materials for welders for FDA punch
 Material: Filter Elements, Reducing Pressure valve and solenoid

September - Project 03206 - Decrease in Contractor expenses of \$37.2K, Decrease in Materials of \$1.3K and a Decrease in EKPC payroll and benefits of \$5.7K

Labor and material to install fresh air vents
 Rental, erect and disassemble scaffolding for boiler tube leak
 Vacuum and Hydro-blast Cleaning boilers
 Material: Ceramic Vortex Finder, Valve Seal Seat

Project 03350 - Increase in Contractor expenses of \$3.5K, Increase in Materials of \$0.2K and an Increase in EKPC payroll and benefits of \$4.1K

Vacuum and Hydro-blast Cleaning baghouse

Oct - Project 03206 - Increase in Contractor expenses of \$5.2K, Increase in Materials of \$15.2K and a Decrease in EKPC payroll and benefits of \$1.7K

Material: Ceramic Vortex Finder, Valve Seal Seat

Project 03350 - Increase in Contractor expenses of \$3.8K, Increase in Materials of \$4.8K and an Increase in EKPC payroll and benefits of \$4.8K

Change in allocation of various charges to SP00 Decrease of \$59.3K.

November - Project 03206 - Increase in Contractor expenses of \$18.5K, Decrease in Materials of \$12.4K and an Increase in EKPC payroll and benefits of \$3.8K

Labor, materials and equipment for refractory repairs
 Rent, erect and disassemble scaffolding
 Vacuum and Hydro-blast Cleaning boilers

Project 03350 - Decrease in Contractor expenses of \$2.1K, Decrease in Materials of \$1.4K and an Increase in EKPC payroll and benefits of \$15.6K

Change in allocation of various charges to SP00 Increase of \$59.3K.

December - Project 03206 - Decrease in Contractor expenses of \$9.8K, Decrease in Materials of \$5.1K and an Increase in EKPC payroll and benefits of \$0.8K

Project 03350 - Increase in Contractor expenses of \$379.0K, Decrease in Materials of \$3.8K and a Decrease in EKPC payroll and benefits of \$21.1K

Rent, erect and disassemble scaffolding

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2012

Repair FBHE Reheat Box Cracks
Metal Repair for A and B J-Ducts
Vac and Hydro-Blast Cleaning

512000 - SP04	Maintenance of Boiler Plant Spurlock 4	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	125,447	75,360	144,814	47,853	327,006	1,092,674	132,841
	Expense Dollars Change		(50,087)	69,454	(96,961)	279,153	765,668	(959,833)
	Percent Change		-39.93%	92.16%	-66.96%	583.36%	234.14%	-87.84%

Project 03206 is for Spurlock 4 Boiler Pollution Control equipment and Project 03350 is for Spurlock 4 Bag House, SNCR and FDA equipment.

July - Project 03206 - Decrease in Contractor expenses of \$38.6K, Decrease in Materials of \$30.2K and an Increase in EKPC payroll and benefits of \$15.1K
Labor, material and equipment to overhaul 8 limestone mills
Material: Seal wear rings, Oil shaft seal and Upper bearing shim set
Project 03350 - Increase in Contractor expenses of \$2.4K, Decrease in Materials of \$3.3K and an Increase in EKPC payroll and benefits of \$4.5K

August - Project 03206 - Decrease in Contractor expenses of \$4.0K, Increase in Materials of \$25.4K and a Decrease in EKPC payroll and benefits of \$17.5K
Project 03350 - Increase in Contractor expenses of \$17.1K, Increase in Materials of \$39.6K and an Increase in EKPC payroll and benefits of \$8.8K
Vacuum and Hydro-blast cleaning baghouse
Material: Diaphragm valve and Thrust bronze washer

September - Project 03206 - Decrease in Contractor expenses of \$3.3K, Decrease in Materials of \$27.4K and an Increase in EKPC payroll and benefits of \$3.8K
Project 03350 - Decrease in Contractor expenses of \$19.1K, Decrease in Materials of \$37.4K and a Decrease in EKPC payroll and benefits of \$13.5K
Vacuum and Hydro-blast cleaning baghouse

October - Project 03206 - Increase in Contractor expenses of \$65.0K, Increase in Materials of \$140.4K and an Increase in EKPC payroll and benefits of \$26.6K
Vacuum and Hydro-blast cleaning boilers
Rent, erect and disassemble scaffolding
Material: Seal wear rings, Oil shaft seal and Upper bearing shim set
Project 03350 - Increase in Contractor expenses of \$41.9K, Increase in Materials of \$57.8K and a Decrease in EKPC payroll and benefits of \$2.6K
Vacuum and Hydro-blast cleaning baghouse
Material: Diaphragm valve and Thrust bronze washer
Change in allocation of various charges to SP00 Decrease of \$50.0K.

November - Project 03206 - Increase in Contractor expenses of \$701.2K, Decrease in Materials of \$45.6K and an Increase in EKPC payroll and benefits of \$12.3K
Project 03350 - Increase in Contractor expenses of \$111.3K, Decrease in Materials of \$71.0K and an Increase in EKPC payroll and benefits of \$7.5K
Vacuum and Hydro-blast cleaning baghouse
Material: Diaphragm valve and Thrust bronze washer
Change in allocation of various charges to SP00 Increase of \$50.0K.

December - Project 03206 - Decrease in Contractor expenses of \$660.6K, Decrease in Materials of \$95.4K and a Decrease in EKPC payroll and benefits of \$42.5K
Vacuum and Hydro-blast cleaning boilers
Rent, erect and disassemble scaffolding
Material: Seal wear rings, Oil shaft seal and Upper bearing shim set
Project 03350 - Decrease in Contractor expenses of \$164.1K, Increase in Materials of \$9.5K and a Decrease in EKPC payroll and benefits of \$6.7K

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period July - December 2012

Vacuum and Hydro-blast cleaning baghouse

512000 - SP21	Mtce of Boiler Plant Scrubber 1	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ 722,129	\$ 57,824	\$ 97,401	\$ (5,012)	\$ 93,483	\$ 51,821	\$ 65,125
	Expense Dollars Change		\$ (664,305)	\$ 39,577	\$ (102,413)	\$ 98,495	\$ (41,662)	\$ 13,304
	Percent Change		-91.99%	68.44%	-105.15%	-1965.18%	-44.57%	25.67%

July - Decrease in Contractor expenses of \$624.1K, Decrease in Materials of \$23.8K and a Decrease in EKPC payroll and benefits of \$16.4K.
 Rental, Erect and Disassembly of Scaffolding
 Labor and material to waterblast unit #1 scrubber ABS (absorbers)
 Labor to remove expansion joints
 Material: Wingjet agitator impeller, throat bushings

August - Increase in Contractor expenses of \$67.6K, Decrease in Materials of \$7.0K and a Decrease in EKPC payroll and benefits of \$21.0K
 Labor and material to install conduit and wiring
 Material: Mechanical single cartridge seal

September - Decrease in Contractor expenses of \$22.3K, Decrease in Materials of \$94.9K and an Increase in EKPC payroll and benefits of \$14.8K

October - Decrease in Contractor expenses of \$2.5K, Increase in Materials of \$97.7K and an Increase in EKPC payroll and benefits of \$21.2K
 Change in allocation of various charges from January 2011 through August 2012 Decrease of \$17.9K.

November - Decrease in Contractor expenses of \$26.1K, Increase in Materials of \$2.3K and a Decrease in EKPC payroll and benefits of \$35.7K
 Labor and material to install conduit and wiring
 Material: Wingjet agitator impeller, throat bushings
 Change in allocation of various charges from January 2011 through August 2012 Increase of \$17.9K.

December - Increase in Contractor expenses of \$30.4K, Decrease in Materials of \$6.7K and a Decrease in EKPC payroll and benefits of \$10.4K

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period July - December 2012

512000 - SP22	Mtce of Boiler Plant Scrubber 2	June	Jul	Aug	Sep	Oct	Nov	Dec
	Expense Dollars	\$ (50,682)	\$ 41,249	\$ 144,683	\$ 307,015	\$ 294,369	\$ 271,235	\$ (95,612)
	Expense Dollars Change		\$ 91,931	\$ 103,434	\$ 162,332	\$ (12,646)	\$ (23,134)	\$ (366,847)
	Percent Change		-181.39%	250.76%	112.20%	-4.12%	-7.86%	-135.25%

July - Decrease in Contractor expenses of \$93.7K, Increase in Materials of \$191.4K and a Decrease in EKPC payroll and benefits of \$5.8K
 Rental, erect and disassemble of scaffolding
 Labor and material to install conduit and wiring
 Labor and material to repair ceramic coating of GSL
 Material: Collecting Electrode Plates 1000MM

August - Increase in Contractor expenses of \$73.8K, Increase in Materials of \$28.1K and an Increase in EKPC payroll and benefits of \$1.5K
 Labor and material to install conduit and wiring
 Vibration monitoring services
 Labor and material to repair ceramic coating of GSL Pump

September - Increase in Contractor expenses of \$233.7K, Decrease in Materials of \$79.9K and an Increase in EKPC payroll and benefits of \$8.6K
 Rental, erect and disassemble of scaffolding
 Labor and material to install conduit and wiring
 Labor and material to repair ceramic coating of GSL

December - Decrease in Contractor expenses of \$345.6K, Decrease in Materials of \$2.8K and a Decrease in EKPC payroll and benefits of \$18.4K
 Rental, erect and disassemble of scaffolding
 Labor and material to install conduit and wiring
 Labor and material to repair ceramic coating of GSL
 Material: Collecting Electrode Plates 1000MM

Air Permit Fees		June	Jul	Aug	Sep	Oct	Nov	Dec
50621	Misc Stm Pwr Env - Dale							
	Expense Dollars	\$ -	\$ -	\$ -	\$ -	\$ 49,890	\$ -	\$ 281,095
	Expense Dollars Change		\$ -	\$ -	\$ -	\$ 49,890	\$ (49,890)	\$ 281,095
	Percent Change		-100.00%					
50631	Misc Stm Pwr Env - Cooper							
	Expense Dollars	\$ -	\$ -	\$ -	\$ -	\$ 25,729	\$ -	\$ 405,870
	Expense Dollars Change		\$ -	\$ -	\$ -	\$ 25,729	\$ (25,729)	\$ 405,870
	Percent Change		-100.00%					
50645	Misc Stm Pwr Env - Spurlock							
	Expense Dollars	\$ -	\$ -	\$ -	\$ -	\$ 177,524	\$ -	\$ 429,514
	Expense Dollars Change		\$ -	\$ -	\$ -	\$ 177,524	\$ (177,524)	\$ 429,514
	Percent Change		-100.00%					

Air permit fees paid in December for Dale, Cooper and Spurlock for calendar 2012 emissions.

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Operating and Expense Month over Month Analysis
 For the Expense Period July - December 2012

Operating Expense- Ammonia		June	Jul	Aug	Sep	Oct	Nov	Dec
506001 - CPxx	Misc Stm Pwr Exp - Cooper							
	Expense Dollars				\$ 145,346	\$ 82,235	\$ 101,630	\$ 84,361
	Expense Dollars Change		\$ -	\$ -	\$ 145,346	\$ (63,111)	\$ 19,395	\$ (17,269)
	Percent Change					-43.42%	23.58%	-16.99%

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

Operating Expense- Ammonia		June	Jul	Aug	Sep	Oct	Nov	Dec
506001 - CP22	Misc Stm Pwr Exp - Cooper Unit #2 AQCS							
	Expense Dollars			\$ 883,538	\$ 639,793	\$ 591,751	\$ 605,802	\$ 196,931
	Expense Dollars Change		\$ -	\$ 883,538	\$ (243,745)	\$ (48,042)	\$ 14,051	\$ (408,871)
	Percent Change				-27.59%	-7.51%	2.37%	-67.49%

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

Operating Expense- Ammonia		June	Jul	Aug	Sep	Oct	Nov	Dec
506001 - SP01	Misc Stm Pwr Exp - Spurlock 1							
	Expense Dollars	\$ 57,409	\$ 81,344	\$ 96,740	\$ 101,299	\$ 112,971	\$ 122,331	\$ 96,087
	Expense Dollars Change		\$ 23,935	\$ 15,396	\$ 4,559	\$ 11,672	\$ 9,360	\$ (26,244)
	Percent Change		41.69%	18.93%	4.71%	11.52%	8.29%	-21.45%

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

Operating Expense- Ammonia		June	Jul	Aug	Sep	Oct	Nov	Dec
506001 - SP02	Misc Steam Power Exp - Spurlock 2							
	Expense Dollars	\$ 65,145	\$ 86,809	\$ 99,672	\$ -	\$ 22,129	\$ 93,629	\$ 97,221
	Expense Dollars Change		\$ 21,664	\$ 12,863	\$ (99,672)	\$ 22,129	\$ 71,500	\$ 3,592
	Percent Change		33.26%	14.82%	-100.00%		323.11%	3.84%

The monthly change in expense is due to the increase or decrease in payments for Ammonia receipts.
 Unit outage from 8/25/12 - 11/9/12

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2012

Operating Expense- Ammonia and Limestone

506001 - SP03	Misc Steam Power Expense- Gilbert	June	Jul	Aug	Sep	Oct	Nov	Dec
	Ammonia Expense	\$ 61,814	\$ 53,526	\$ 61,458	\$ 61,109	\$ 145,989	\$ 10,460	\$ (214,755)
	Limestone Expense	\$ 87,767	\$ 317,117	\$ 280,291	\$ 294,523	\$ 222,583	\$ 219,749	\$ 267,170
	Limestone Tons Used	7,428	27,111	24,173	25,371	28,463	18,675	22,686
	Total Expense Dollars	\$ 149,581	\$ 370,643	\$ 341,749	\$ 355,632	\$ 368,572	\$ 230,209	\$ 52,415
	Expense Dollars Change		\$ 221,062	\$ (28,894)	\$ 13,883	\$ 12,940	\$ (138,363)	\$ (177,794)
	Percent Change		147.79%	-7.80%	4.06%	3.64%	-37.54%	-77.23%

Limestone is stockpiled throughout the year and taken from the stockpile for usage. There may be slight variances in the cost according to fluctuations in contract prices and freight cost per shipment of limestone.

July - Limestone expenses Increased by \$229.4K and Ammonia expenses Decreased by \$8.3K.

November - Limestone expenses Decreased by \$2.8K and Ammonia expenses Decreased by \$135.5K
Unit outage from 11/11/12 - 11/24/12

December - Limestone expenses Increased by \$47.4K and Ammonia expenses Decreased by \$225.2K

Operating Expense- Limestone and Magnesium

506001 - SP21	Misc Stm Pwr Exp- Spurlock 1	June	Jul	Aug	Sep	Oct	Nov	Dec
	Magnesium Expense	\$ 19,411	\$ 20,420	\$ 14,015	\$ 21,509	\$ 28,082	\$ 31,546	\$ (80,888)
	Limestone Expense	\$ 86,334	\$ 109,482	\$ 101,443	\$ 122,103	\$ 119,211	\$ 104,842	\$ 94,928
	Limestone Tons Used	7,225	9,172	8,537	9,865	9,759	8,364	8,285
	Expense Dollars	\$ 105,745	\$ 129,902	\$ 115,458	\$ 143,612	\$ 147,293	\$ 136,388	\$ 14,040
	Expense Dollars Change		\$ 24,157	\$ (14,444)	\$ 28,154	\$ 3,681	\$ (10,905)	\$ (122,348)
	Percent Change		22.84%	-11.12%	24.38%	2.56%	-7.40%	-89.71%

July - Limestone expenses Increased by \$23.1K and Magnesium expenses Increased by \$1.0K.

August - Limestone expenses Decreased by \$8.0K and Magnesium expenses Decreased by \$6.4K.

September - Limestone expenses Increased by \$20.7K and Magnesium expenses Increased by \$7.5K

December - Limestone expenses Decreased by \$9.9K and Magnesium expenses Decreased by \$112.4K

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Operating and Expense Month over Month Analysis
For the Expense Period July - December 2012

Operating Expense-Limestone and Magnesium

506001 - SP22	Misc Stm Pwr Exp- Spurlock 2	June	Jul	Aug	Sep	Oct	Nov	Dec
	Magnesium Expense	\$ 36,965	\$ 30,850	\$ 13,913	\$ 7,427	\$ 16,703	\$ 22,538	\$ (170,166)
	Limestone Expense	\$ 167,590	\$ 123,459	\$ 123,986	\$ -	\$ -	\$ 133,435	\$ 192,732
	Limestone Tons Used	14,204	10,342	10,433	-	-	10,644	16,821
	Expense Dollars	\$ 204,555	\$ 154,309	\$ 137,899	\$ 7,427	\$ 16,703	\$ 155,973	\$ 22,566
	Expense Dollars Change		\$ (50,246)	\$ (16,410)	\$ (130,472)	\$ 9,276	\$ 139,270	\$ (133,407)
	Percent Change		-24.56%	-10.63%	-94.61%	124.90%	833.80%	-85.53%

July - Limestone expenses Decreased by \$44.1K and Magnesium expenses Decreased by \$6.1K.

August - Limestone expenses Increased by \$0.5K and Magnesium expenses Decreased by \$16.9K.

September- Limestone expenses Decreased by \$124.0K and Magnesium expenses Decreased by \$6.5K.
Unit outage from 8/25/12 - 11/9/12

October - Magnesium expenses Increased by \$9.3K.

November - Limestone expenses Increased by \$133.4K and Magnesium expenses Increased by \$5.8K.

December - Limestone expenses Increased by \$59.3K and Magnesium expenses Decreased by \$192.7K.

Operating Expense- Ammonia and Limestone

506001 - SP04	Misc Stm Pwr Exp- Spurlock 4	June	Jul	Aug	Sep	Oct	Nov	Dec
	Ammonia Expense	\$ 59,545	\$ 51,061	\$ 58,526	\$ 57,150	\$ 32,112	\$ 17,677	\$ (301,545)
	Limestone Expense	\$ 378,983	\$ 368,475	\$ 370,462	\$ 346,568	\$ 104,750	\$ 232,822	\$ 345,552
	Limestone Tons Used	32,022	31,499	31,953	29,854	8,965	19,769	29,344
	Expense Dollars	\$ 438,528	\$ 419,536	\$ 428,988	\$ 403,718	\$ 136,862	\$ 250,499	\$ 44,007
	Expense Dollars Change		\$ (18,992)	\$ 9,452	\$ (25,270)	\$ (266,856)	\$ 113,637	\$ (206,492)
	Percent Change		-4.33%	2.25%	-5.89%	-66.10%	83.03%	-82.43%

October - Limestone expenses Decreased by \$241.8K and Magnesium expenses Decreased by \$25.0K.
Unit outage from 10/13/12 - 11/09/12

November - Limestone expenses Increased by \$128.1K and Magnesium expenses Decreased by \$14.4K.
Unit outage from 10/13/12 - 11/09/12

December - Limestone expenses Increased by \$112.7K and Magnesium expenses Decreased by \$319.2K.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2013-00140
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 05/14/13
REQUEST 5

RESPONSIBLE PARTY: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. This question is addressed to EKPC. The Settlement Agreement approved in Case No. 2004-00321 provides that EKPC's rate of return on compliance-related capital expenditures will be updated to reflect current average debt cost at the conclusion of the surcharge review period. Provide the following information as June 30, 2012:

- a. The debt issuances directly related to projects in the approved compliance plan and corresponding outstanding balances of each debt issuance.
- b. The debt cost for each debt issuance directly related to the projects in the approved compliance plan.
- c. EKPC's calculation of the weighted average debt cost and the rate of return resulting from multiplying the weighted average debt cost by a 1.50 Times Interest Earned Ratio ("TIER"). Include all supporting calculations showing how the weighted average debt cost was determined.

Response 5a-c. Please see pages 3 through 6 of this response for the average debt cost information as of June 30, 2012, as originally requested. In addition, please see pages 7 through 10 of this response for the average debt cost information as of December 31, 2012.

As noted in Mr. Scott's Direct Testimony, the current review covers the six-month billing period ending December 31, 2012. EKPC is providing the average debt cost information as of December 31, 2012, consistent with the provisions of the Settlement Agreement in Case No. 2004-00321. EKPC proposes that the rate of return approved in this proceeding reflect the average debt cost as of December 31, 2012.

Weighted Average Cost of Debt - As of June 30, 2012

Proj. No.	Compliance Project	Loan Source (1)	CWIP	NBV or CWIP 6/30/2012 (2)	Cost (3)	Weights (4)=(2)*(3)	Rate of Return (5) = (4)* 1.5
1	Gilbert (Environmental Portion)	Z-8		\$56,315,960	4.71%	0.344%	
2	Spurlock 1 - Precipitator	Y-8		\$17,395,160	4.92%	0.111%	
3	Spurlock 1 - SCR	Y-8		\$58,017,465	4.92%	0.370%	
4	Spurlock 2 - SCR	Y-8		\$28,970,217	4.92%	0.185%	
5	Dale 1&2 - Low Nox Burners	AH-8		\$1,190,625	4.40%	0.007%	
7	Spurlock #2 Scrubber	AG-8		\$184,890,675	4.39%	1.053%	
8	Spurlock #1 Scrubber	AG-8		\$136,899,415	4.32%	0.767%	
9	Spurlock #4 (Environmental Portion)	AD-8		\$77,952,795	4.49%	0.454%	
11	Air Quality Control System (CRP)	AL-8		<u>\$209,416,662</u>	3.02%	0.820%	
				<u>\$771,048,974</u>		4.111%	6.167%

NOTES:

Project #6 No advances as of 6/30/2012.

Project #9 \$11,313,706.31 NBV for Spur. Ash Silos not included in above.
Transferred to Plant in March 2012; however, not advanced against until 10/1/2012.

Project #10 CEMS WO OS 281, 282,284 & OP277 transferred to plant in March 2012; however, no advances against as of 6/30/2012.

Project #12 Spurlock Landfill Expansion WOs OS314 and OS315 were funded with general funds.

Project #13 Spurlock 2 Ductwork Replacement WO OS312 was funded with general funds.

<u>Y-8 30 year</u>	<u>Note Number</u>	<u>Current liability 06-30-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H0720	21,082,977	4.460%	940,301
	H0725	21,259,632	4.819%	1,024,502
	H0730	21,152,105	4.950%	1,047,029
	H0750	21,389,713	5.091%	1,088,950
	H0755	21,417,032	5.149%	1,102,763
	H0760	21,377,419	5.065%	1,082,766
	H0765	21,351,791	5.011%	1,069,938
	H0770	23,130,394	5.149%	1,190,984
	H0885	5,667,251	4.890%	277,129
	H0960	9,900,048	4.338%	429,464
	H1005	3,845,867	4.306%	165,603
	11	191,574,228	4.917%	9,419,429

<u>Z-8 30 year</u>	<u>Note Number</u>	<u>Current liability 06-30-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H0810	45,311,394	4.744%	2,149,573
	H0815	45,375,521	4.825%	2,189,369
	H0820	45,470,068	4.946%	2,248,950
	H0825	22,621,287	4.658%	1,053,700
	H0830	22,555,848	4.497%	1,014,336
	H0835	22,640,140	4.705%	1,065,219
	H0840	22,487,394	4.332%	974,154
	H0845	17,087,870	4.324%	738,879
	H0855	27,052,702	4.468%	1,208,715
	H0860	27,053,691	4.470%	1,209,300
	H0870	27,198,755	4.769%	1,297,109
	H0890	13,820,233	5.345%	738,691
	H0895	9,211,830	5.333%	491,267
	H0915	21,262,173	4.776%	1,015,481
	H0920	21,500,142	4.812%	1,034,587
	H1025	3,404,962	3.801%	129,423
	16	<u>394,054,010</u>	4.710%	18,558,752

<u>AD-8 30 year</u>	<u>Note Number</u>	<u>Current liability 06-30-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H0925	47,807,749.32	4.821%	2,304,812
	H0930	23,886,800.15	4.736%	1,131,279
	H0935	47,746,397.54	4.669%	2,229,279
	H0940	23,813,924.48	4.384%	1,044,002
	H0945	47,737,819.38	4.648%	2,218,854
	H0955	47,720,176.96	4.605%	2,197,514
	H0965	7,621,269.43	4.396%	335,031
	H0975	19,046,210.75	4.355%	829,462
	H0980	19,048,422.56	4.368%	832,035
	H0985	23,843,953.80	4.527%	1,079,416
	H0990	23,890,432.74	4.754%	1,135,751
	H0995	23,863,787.41	4.623%	1,103,223
	H1000	7,519,404.38	4.298%	323,184
	H1010	23,806,059.52	4.347%	1,034,849
	H1015	23,818,371.02	4.405%	1,049,199
	H1020	6,942,107.49	2.846%	197,572
	H1030	23,614,470.61	3.651%	862,164
	H1065	13,942,631.54	4.252%	592,841
	H1215	1,788,268.00	3.954%	70,708
	H1275	1,679,000.00	2.369%	39,776
	20	459,137,257	4.489%	20,610,952

<u>AG-8 30 year Spurlock #2 Scrubber</u>	<u>Note Number</u>	<u>Current liability 06-30-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H1035	33,918,716	3.988%	1,352,678
	H1040	24,278,674	4.374%	1,061,949
	H1045	24,280,862	4.391%	1,066,173
	H1050	24,307,975	4.605%	1,119,382
	H1055	38,892,761	4.605%	1,791,012
	H1060	24,307,351	4.600%	1,118,138
Split between Spur 1 & 2	H1070	11,019,607	4.262%	469,656
Split between Spur 1 & 2	H1115	1,592,781	4.175%	66,499
	H1130	5,814,702	3.990%	232,007
Split between Spur 1 & 2	H1170	10,460,306	4.508%	471,551
	H1190	883,558	3.922%	34,653
Split between Spur 1 & 2	H1220	3,232,855	3.954%	127,827
	12	202,990,148	4.390%	8,911,524

<u>AG-8 30 year</u> <u>Spurlock #1 Scrubber</u>	<u>Note</u> <u>Number</u>	<u>Current</u> <u>liability</u> <u>06-30-12</u>	<u>Interest</u> <u>Rate</u>	<u>Yearly</u> <u>Interest</u>
Split between Spur 1 & 2	H1070	13,244,046	4.262%	564,461
	H1075	24,242,726	4.100%	993,952
	H1085	24,290,199	4.464%	1,084,314
	H1100	24,303,469	4.569%	1,110,425
	H1095	24,280,733	4.390%	1,065,924
Split between Spur 1	H1105	7,041,460	4.142%	291,657
Split between Spur 1	H1110	572,151	4.194%	23,996
Split between Spur 1 & 2	H1115	17,809,375	4.175%	743,541
Split between Spur 1 & 2	H1170	3,588,707	4.508%	161,779
Split between Spur 1 & 2	H1220	4,641,463	3.954%	183,523
	10	144,014,329	4.321%	6,223,574

<u>AH-8 30 year</u> <u>Dale Low Nox Burner</u>	<u>Note</u> <u>Number</u>	<u>Current</u> <u>liability</u> <u>06-30-12</u>	<u>Interest</u> <u>Rate</u>	<u>Yearly</u> <u>Interest</u>
	H1090	1,951,322	4.396%	85,780
	1	1,951,322	4.396%	\$ 85,780.10

<u>AL-8 30 year</u>	<u>Note</u> <u>Number</u>	<u>Current</u> <u>liability</u> <u>06/30/2012</u>	<u>Interest</u> <u>Rate</u>	<u>Yearly</u> <u>Interest</u>
	H1210	23,744,440	4.067%	965,686
	H1245	30,000,000	2.791%	837,300
	H1250	30,000,000	2.916%	874,800
	H1255	30,000,000	3.094%	928,200
	H1265	18,962,000	2.928%	555,207
	H1270	29,588,000	2.495%	738,221
	6	162,294,440	3.019%	4,899,414.35

Weighted Average Cost of Debt - As of December 31, 2012

Proj. #	Compliance Project	Loan Source (1)	CWIP	NBV 12/31/2012 (2)	Cost (3)	Weights (4)=(2)*(3)	Rate of Return (5) = (4)* 1.5
1	Gilbert (Environmental Portion)	Z-8		\$55,462,688	4.71%	0.336%	
2	Spurlock 1 - Precipitator	Y-8		\$17,084,532	4.92%	0.108%	
3	Spurlock 1 - SCR	Y-8		\$56,981,439	4.92%	0.360%	
4	Spurlock 2 - SCR	Y-8		\$28,487,380	4.92%	0.180%	
5	Dale 1&2 - Low Nox Burners	AH-8		\$1,105,580	2.43%	0.003%	
6	Spurlock 1 - Low Nox Burners	AH-8		\$2,762,137	2.43%	0.009%	
7	Spurlock #2 Scrubber	AG-8		\$181,865,182	4.39%	1.027%	
8	Spurlock #1 Scrubber	AG-8		\$134,534,181	4.32%	0.748%	
9	Spurlock #4 (Environmental Portion)	AD-8		\$76,899,379	4.49%	0.444%	
9	Spurlock #4 (Ash Silos)	AH-8		\$11,160,818	2.43%	0.035%	
11	Air Quality Control System (CRP)	AL-8		<u>\$210,883,808</u>	2.98%	<u>0.807%</u>	
				<u>\$777,227,124</u>		<u>4.057%</u>	6.086%

NOTES:

Project #10 CEMS WO OS 281, 282, 284 & OP277 transferred to plant; however, no advances against as of 12/31/2012.

Project #12 Spurlock Landfill Expansion WOs OS314 and OS315 were funded with general funds.

Project #13 Spurlock 2 Ductwork Replacement WO OS312 was funded with general funds.

<u>Y-8 30 year</u>	<u>Note Number</u>	<u>Current liability 12-31-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H0720	20,600,436	4.460%	918,779
	H0725	20,792,221	4.819%	1,001,977
	H0730	20,693,868	4.950%	1,024,346
	H0750	20,933,650	5.091%	1,065,732
	H0755	20,963,374	5.149%	1,079,404
	H0760	20,920,276	5.065%	1,059,612
	H0765	20,892,401	5.011%	1,046,918
	H0770	22,640,444	5.149%	1,165,756
	H0885	5,543,643	4.890%	271,084
	H0960	9,670,359	4.338%	419,500
	H1005	3,756,323	4.306%	161,747
	11	187,406,993	4.92%	9,214,857

<u>Z-8 30 year</u>	<u>Note Number</u>	<u>Current liability 12-31-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H0810	44,646,026	4.744%	2,118,007
	H0815	44,717,287	4.825%	2,157,609
	H0820	44,822,401	4.946%	2,216,916
	H0825	22,284,789	4.658%	1,038,025
	H0830	22,212,136	4.497%	998,880
	H0835	22,305,729	4.705%	1,049,485
	H0840	22,136,192	4.332%	958,940
	H0845	16,820,678	4.324%	727,326
	H0855	26,638,677	4.468%	1,190,216
	H0860	26,639,774	4.470%	1,190,798
	H0870	26,800,858	4.769%	1,278,133
	H0890	13,634,958	5.345%	728,789
	H0895	9,088,109	5.333%	484,669
	H0915	20,951,452	4.776%	1,000,641
	H0920	21,187,642	4.812%	1,019,549
	H1025	3,347,447	3.801%	127,236
	16	388,234,158	4.71%	18,285,220

<u>AD-8 30 year</u>	<u>Note Number</u>	<u>Current liability 12-31-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H0925	47,196,470.86	4.821%	2,275,342
	H0930	23,577,102.41	4.736%	1,116,612
	H0935	47,120,545.78	4.669%	2,200,058
	H0940	23,486,979.97	4.384%	1,029,669
	H0945	47,109,933.46	4.648%	2,189,670
	H0955	47,088,110.11	4.605%	2,168,407
	H0965	7,516,839.09	4.396%	330,440
	H0975	18,783,493.11	4.355%	818,021
	H0980	18,786,226.29	4.368%	820,582
	H0985	23,524,101.36	4.527%	1,064,936
	H0990	23,581,597.88	4.754%	1,121,069
	H0995	23,548,630.36	4.623%	1,088,653
	H1000	7,414,724.28	4.298%	318,685
	H1010	23,477,260.89	4.347%	1,020,557
	H1015	23,492,475.38	4.405%	1,034,844
	H1020	6,820,556.50	2.846%	194,113
	H1030	23,249,887.21	3.651%	848,853
	H1065	13,747,085.57	4.252%	584,526
	H1215	1,761,958.38	3.954%	69,668
	H1275	1,658,434.32	2.369%	39,288
	20	452,942,413	4.49%	20,333,994

<u>AG-8 30 year Spurlock #2 Scrubber</u>	<u>Note Number</u>	<u>Current liability 12-31-12</u>	<u>Interest Rate</u>	<u>Yearly Interest</u>
	H1035	33,422,398	3.988%	1,332,885
	H1040	23,944,809	4.374%	1,047,346
	H1045	23,947,884	4.391%	1,051,552
	H1050	23,986,010	4.605%	1,104,556
	H1055	38,377,615	4.605%	1,767,289
	H1060	23,985,131	4.600%	1,103,316
Split between Spur 1 & 2	H1070	10,865,305	4.262%	463,079
Split between Spur 1 & 2	H1115	1,570,164	4.175%	65,554
	H1130	5,729,645	3.990%	228,613
Split between Spur 1 & 2	H1170	10,319,554	4.508%	465,205
	H1190	870,492	3.922%	34,141
Split between Spur 1 & 2	H1220	3,185,662	3.954%	125,961
	12	200,204,669	4.39%	8,789,497

<u>AG-8 30 year</u> <u>Spurlock #1 Scrubber</u>	<u>Note</u> <u>Number</u>	<u>Current</u> <u>liability</u> <u>12-31-12</u>	<u>Interest</u> <u>Rate</u>	<u>Yearly</u> <u>Interest</u>
Split between Spur 1 &2	H1070	13,058,597	4.262%	556,557
	H1075	23,894,303	4.100%	979,666
	H1085	23,961,010	4.464%	1,069,620
	H1100	23,979,671	4.569%	1,095,631
	H1095	23,947,704	4.390%	1,051,304
Split between Spur 1	H1105	6,940,939	4.142%	287,494
Split between Spur 1	H1110	564,051	4.194%	23,656
Split between Spur 1 & 2	H1115	17,556,481	4.175%	732,983
Split between Spur 1 & 2	H1170	3,540,418	4.508%	159,602
Split between Spur 1 & 2	H1220	4,573,176	3.954%	180,823
	10	142,016,350	4.32%	6,137,337

<u>AH-8 30 year</u>	<u>Note</u> <u>Number</u>	<u>Current</u> <u>liability</u> <u>12-31-12</u>	<u>Interest</u> <u>Rate</u>	<u>Yearly</u> <u>Interest</u>
	H1090	1,923,193	4.396%	84,544
	H1200	412,946	3.913%	16,159
	H1280	24,830,650	2.302%	571,602
	F1285	24,000,000	2.338%	561,120
	E-KEN20-005	13,000,000	2.510%	326,300
	5	64,208,063	2.43%	1,559,724

<u>AL-8 30 year</u>	<u>Note</u> <u>Number</u>	<u>Current</u> <u>liability</u> <u>12-31-12</u>	<u>Interest</u> <u>Rate</u>	<u>Yearly</u> <u>Interest</u>
	H1210	23,469,500	4.067%	954,505
	H1245	29,561,611	2.791%	825,065
	H1250	29,616,082	2.916%	863,605
	H1255	29,599,080	3.094%	915,796
	H1265	18,780,257	2.928%	549,886
	H1270	29,294,971	2.495%	730,910
	F1290	27,000,000	2.724%	735,480
	6	187,362,774	2.98%	5,575,245.05

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2013-00140
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 05/14/13
REQUEST 6

RESPONSIBLE PARTY: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. This question is addressed to EKPC. Provide the percentage of EKPC's debt issuances directly related to projects in the approved compliance plan that has a variable interest rate as of the June 2012 expense month.

Response 6. As originally requested, the percentage as of the June 2012 expense month is 0%. In addition, the percentage as of the December 2012 expense month is 0%. For both time periods, the debt issuances directly related to projects in the approved compliance plan are at fixed interest rates.