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DEC 17 2004

PUBLIC SERVICE  
COMMISSION

December 16, 2004

Beth A. O'Donnell, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602


**Re: Case No. 2004-00321**

Dear Ms. O'Donnell:

Please find enclosed the original and twelve (12) copies of the Direct Testimony and Exhibits of Lane Kollen filed on behalf of Gallatin Steel Company filed in the above-referenced matter.

By copy of this letter, all parties listed on the attached Certificate of Service have been served. Please place these documents of file.

Very Truly Yours,



Michael L. Kurtz, Esq.  
**BOEHM, KURTZ & LOWRY**


**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by overnight mail and electronic mail to all parties on this 16<sup>th</sup> day of December, 2004.

Charles Lyle, Esq.  
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P. O. Box 707  
Winchester, KY 40392-0707

Mr. Bill Bosta, Manager of Pricing Process  
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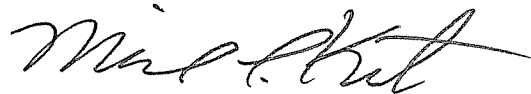
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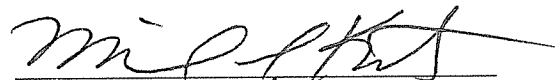
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Michael L. Kurtz, Esq.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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DEC 17 2004

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC., FOR APPROVAL )  
OF AN ENVIRONMENTAL COMPLIANCE PLAN )  
AND AUTHORITY TO IMPLEMENT AN )  
ENVIRONMENTAL SURCHARGE )

CASE NO.  
2004-00321

APPLICATION OF BIG SANDY RECC, BLUE )  
GRASS ENERGY COOPERATIVE CORPORATION, )  
CLARK ENERGY COOPERATIVE, CUMBERLAND )  
VALLEY ELECTRIC, FARMERS RECC, )  
FLEMING-MASON ENERGY, GRAYSON RECC, )  
INTER-COUNTY ENERGY COOPERATIVE, )  
JACKSON ENERGY COOPERATIVE. LICKING )  
VALLEY RECC, NOLIN RECC, OWEN ELECTRIC )  
COOPERATIVE, SALT RIVER ELECTRIC, SHELBY )  
ENERGY COOPERATIVE, SOUTH KENTUCKY )  
RECC AND TAYLOR COUNTY RECC FOR )  
AUTHORITY TO PASS THROUGH THE )  
ENVIRONMENTAL SURCHARGE OF EAST )  
KENTUCKY POWER COOPERATIVE, INC. )

CASE NO.  
2004-00372

DIRECT TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF

GALLATIN STEEL COMPANY

J. KENNEDY AND ASSOCIATES, INC.  
ROSWELL, GEORGIA

DECEMBER 2004

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC., FOR APPROVAL ) CASE NO.  
OF AN ENVIRONMENTAL COMPLIANCE PLAN ) 2004-00321  
AND AUTHORITY TO IMPLEMENT AN )  
ENVIRONMENTAL SURCHARGE )

APPLICATION OF BIG SANDY RECC, BLUE )  
GRASS ENERGY COOPERATIVE CORPORATION, )  
CLARK ENERGY COOPERATIVE, CUMBERLAND )  
VALLEY ELECTRIC, FARMERS RECC, )  
FLEMING-MASON ENERGY, GRAYSON RECC, )  
INTER-COUNTY ENERGY COOPERATIVE, ) CASE NO.  
JACKSON ENERGY COOPERATIVE. LICKING ) 2004-00072  
VALLEY RECC, NOLIN RECC, OWEN ELECTRIC )  
COOPERATIVE, SALT RIVER ELECTRIC, SHELBY )  
ENERGY COOPERATIVE, SOUTH KENTUCKY )  
RECC AND TAYLOR COUNTY RECC FOR )  
AUTHORITY TO PASS THROUGH THE )  
ENVIRONMENTAL SURCHARGE OF EAST )  
KENTUCKY POWER COOPERATIVE, INC. )

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

**IN THE MATTER OF:**

<b>THE APPLICATION OF EAST KENTUCKY</b>	)	
<b>POWER COOPERATIVE, INC., FOR APPROVAL</b>	)	<b>CASE NO.</b>
<b>OF AN ENVIRONMENTAL COMPLIANCE PLAN</b>	)	<b>2004-00321</b>
<b>AND AUTHORITY TO IMPLEMENT AN</b>	)	
<b>ENVIRONMENTAL SURCHARGE</b>	)	

<b>APPLICATION OF BIG SANDY RECC, BLUE</b>	)	
<b>GRASS ENERGY COOPERATIVE CORPORATION,</b>	)	
<b>CLARK ENERGY COOPERATIVE, CUMBERLAND</b>	)	
<b>VALLEY ELECTRIC, FARMERS RECC,</b>	)	
<b>FLEMING-MASON ENERGY, GRAYSON RECC,</b>	)	
<b>INTER-COUNTY ENERGY COOPERATIVE,</b>	)	<b>CASE NO.</b>
<b>JACKSON ENERGY COOPERATIVE. LICKING</b>	)	<b>2004-00072</b>
<b>VALLEY RECC, NOLIN RECC, OWEN ELECTRIC</b>	)	
<b>COOPERATIVE, SALT RIVER ELECTRIC, SHELBY</b>	)	
<b>ENERGY COOPERATIVE, SOUTH KENTUCKY</b>	)	
<b>RECC AND TAYLOR COUNTY RECC FOR</b>	)	
<b>AUTHORITY TO PASS THROUGH THE</b>	)	
<b>ENVIRONMENTAL SURCHARGE OF EAST</b>	)	
<b>KENTUCKY POWER COOPERATIVE, INC.</b>	)	

**DIRECT TESTIMONY OF LANE KOLLEN**

**I. QUALIFICATIONS AND SUMMARY**

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

2

3   **A.**    My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc.

4           ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia

5           30075.

6

1 **Q. What is your occupation and by whom are you employed?**

2 A. I am a utility rate and planning consultant holding the position of Vice President and  
3 Principal with the firm of Kennedy and Associates.

4

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

6

7 A. I earned a Bachelor of Business Administration in Accounting degree from the  
8 University of Toledo. I also earned a Master of Business Administration degree from  
9 the University of Toledo. I am a Certified Public Accountant, with a practice license,  
10 and a Certified Management Accountant.

11

12 I have been an active participant in the utility industry for more than twenty-five years,  
13 both as an employee and as a consultant. Since 1986, I have been a consultant with  
14 Kennedy and Associates, providing services to state government agencies and large  
15 consumers of utility services in the ratemaking, financial, tax, accounting, and  
16 management areas. From 1983 to 1986, I was a consultant with Energy Management  
17 Associates, providing services to investor and consumer owned utility companies. From  
18 1976 to 1983, I was employed by The Toledo Edison Company in a series of positions  
19 encompassing accounting, tax, financial, and planning functions.

20

21 I have appeared as an expert witness on accounting, finance, ratemaking, and planning  
22 issues before regulatory commissions and courts at the federal and state levels on more



1 than one hundred occasions. I have developed and presented papers at industry  
2 conferences on ratemaking, accounting, and tax issues.

3 I have testified before the Kentucky Public Service Commission on numerous occasions,  
4 including environmental cost recovery (“ECR”) proceedings. I have testified in the  
5 following ECR proceedings: Case Nos. 96-327 (Big Rivers Electric Corporation), 96-  
6 489 (Kentucky Power Company), 2000-107 (Kentucky Power Company), 2000-386  
7 (Louisville Gas and Electric Company), 2000-439 (Kentucky Utilities Company), 2002-  
8 146 (Louisville Gas and Electric Company), 2002-147 (Kentucky Utilities Company),  
9 and 2002-169 (Kentucky Power Company). My qualifications and regulatory  
10 appearances are further detailed in my Exhibit \_\_\_(LK-1).

11  
12 **Q. On whose behalf are you testifying?**

13  
14 A. I am testifying on behalf of Gallatin Steel Company, a large user taking firm and  
15 interruptible electric service pursuant to the terms of a special contract approved by the  
16 Commission.

17  
18 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to address the Compliance Plan and ECR methodology  
2 and tariff proposed by East Kentucky Power Cooperative, Inc. (“EKPC” or “Company”)  
3 and to make recommendations that will provide EKPC recovery of qualifying costs and  
4 conform the Company’s proposed methodology and tariffs to prior Commission  
5 decisions and my recommendations.  
6

7 **Q. Please summarize your testimony.**  
8

9 A. In its determination of qualifying projects and the related costs, the Commission should  
10 apply the general principles it has established in prior ECR cases involving other  
11 utilities. In prior cases, based on the ECR statute (KRS 278.183) and the Kentucky  
12 Supreme Court Opinion interpreting the statute, the Commission has only approved  
13 compliance plans that applied to “coal combustion wastes and by-products from  
14 facilities utilized for production of energy from coal.” The Commission has only  
15 approved recovery of “just” and “reasonable” costs, “current” costs, “actual” costs, costs  
16 that are not already recovered in base rates, and costs related to capital expenditures  
17 subsequent to 1992 after the ECR statute was adopted.  
18

19 The Company’s Compliance Plan and the related costs include projects and costs that  
20 should be rejected in light of the Commission’s application of these general principles.

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20

First, the Commission should reject the Company's request to include Projects 3 through 7 in its Compliance Plan and the related recovery through the ECR. Projects 3 through 7 are NOx compliance projects at the JK Smith 1-7 gas combustion turbine units, which do not qualify as coal-fired facilities for purposes of a Compliance Plan. If the projects do not qualify for purposes of a Compliance Plan, then the costs of these projects do not qualify for ECR surcharge recovery. The effect of this recommendation is to reduce the Company's projected annual ECR revenue requirement by \$827,541.

Second, the Commission should reject the Company's request for recovery of certain operating expenses that are not related to any of the projects for which its seeks approval in its Compliance Plan. If the projects are not included in an approved Compliance Plan, then the costs are not recoverable.

Third, the Commission should reject all costs for recovery through the ECR surcharge related to plant assets that are retired in conjunction with an approved project and that already are included in base rates in accordance with its general principles. The Company failed to remove property tax expense and insurance expense related to the operation and maintenance of these plant assets that are retired.

1 Fourth, the Commission should reject any costs that are not “just” and “reasonable” or  
2 “actual” in accordance with its general principles. The Company has included several  
3 expenses that are estimated or imputed, rather than the actual amounts. These include  
4 the proposal to prematurely include property tax expense in advance of the actual  
5 incurrence of the expense and the proposal to impute interest expense that it does not  
6 incur through the use of a 1.15 times interest earned ratio (“TIER”). The effect of this  
7 recommendation is to reduce the Company’s projected annual ECR revenue requirement  
8 by at least \$1,600,952.

9  
10 Fifth, the Commission should limit depreciation expense on new plant additions to the  
11 number of days the underlying projects were in service during the current month. The  
12 Commission should reject the Company’s proposal to include a full month of  
13 depreciation expense on new plant additions in the month an addition is closed to plant  
14 unless the closing takes place on the first day of the month.

15  
16 Once the qualifying projects and the qualifying costs have been determined, then the  
17 Commission should reflect these changes in the proposed ECR methodology and tariff.  
18 In addition, the Commission should adopt the Company’s proposal to use gross revenues  
19 to develop the surcharge factor both for the ECR surcharge from the Company to the  
20 member distribution cooperatives and from the member cooperatives to their customers.

1           However, gross revenues for this purpose should include the revenues from the sale of  
2           steam to Inland Container, exclude revenues from the resale of purchased power to  
3           Tennessee Gas Pipeline and Gallatin Steel Company, and include all other revenues  
4           from Tennessee Gas Pipeline.

5

1       **II. ECR COST RECOVERY SHOULD BE LIMITED TO QUALIFYING COSTS**  
2

3       **General Principles for Recovery through ECR**  
4

5       **Q.    What are the general principles that the Commission has followed for**  
6       **environmental cost recovery through an ECR surcharge?**

7  
8       A.    The Commission’s general principles are based on its interpretation of the ECR Statute,  
9       informed by the Kentucky Supreme Court Opinion precluding recovery of pre-1993  
10       costs. The Commission historically has applied these general principles first to  
11       determine whether the cost is a qualifying cost pursuant to an approved Compliance  
12       Plan and then to determine the level of the qualifying cost that is recoverable through the  
13       ECR surcharge. These general principles are as follows:

- 14  
15       •    Qualifying costs must be incurred in accordance with an approved Compliance Plan.  
16  
17       •    Qualifying costs are those incurred pursuant to an approved Compliance Plan  
18       necessary to comply with the “Federal Clean Air Act as amended and those federal,  
19       state, or local environmental requirements which apply to coal combustion wastes  
20       and by-products from facilities utilized for production of energy from coal.”  
21  
22       •    Qualifying costs must be “just” and “reasonable.”  
23  
24       •    Qualifying costs must be “current” costs.  
25  
26       •    Qualifying costs must be “actual” costs.  
27

- 1           • Qualifying costs that already are recovered in existing rates are not eligible for  
2           recovery through the ECR surcharge.  
3  
4           • Costs incurred prior to 1993 are not eligible for recovery through the ECR  
5           surcharge.  
6

7    **Exclusion of Costs Related to Gas-Fired Generating Units**

8  
9    **Q.    Has the Company included environmental projects for its gas generating units in**  
10   **its proposed Compliance Plan?**

11  
12   A.    Yes. Project 3 is for NOx control at the J.K. Smith 1-3 units. Project 4 is for NOx  
13   control at the J.K. Smith 4 unit. Projects 5, 6, and 7 are for NOx control at the J.K.  
14   Smith 5, 6, and 7 units, respectively. All the J.K. Smith units are gas-fired.  
15

16   **Q.    Does the ECR Statute apply to environmental compliance costs at gas generating**  
17   **units?**

18  
19   A.    No. There is no provision of the ECR Statute that provides recovery for environmental  
20   costs incurred at gas generating units. The ECR Statute states that “a utility shall be  
21   entitled to the current recovery of its costs of complying with the Federal Clean Air Act  
22   as amended and those federal, state, or local environmental requirements which apply to  
23   coal combustion wastes and by-products from facilities utilized for the production of

1 energy from coal in accordance with the utility's compliance plan as designated in  
2 subsection (2) of this section.”

3  
4 **Q. Has the Commission previously approved environmental projects associated with**  
5 **gas generating facilities in an ECR Compliance Plan for any other utility or**  
6 **authorized recovery of environmental costs for gas generating facilities through an**  
7 **ECR surcharge for any other utility?**

8  
9 A. No.

10  
11 **Q. What is the effect on the Company's proposed ECR surcharge of Projects 3**  
12 **through 7?**

13  
14 A. The annualized revenue requirement of these five projects for March 2005 is \$827,541,  
15 based on Bosta Exhibit 4 and Wood Exhibit 2. This quantification consists of the  
16 amounts in column 7 for Projects 3 through 7 on Bosta Exhibit 4 plus the O&M expense  
17 for the CTs on Wood Exhibit 2 plus one-eighth of the O&M expense from Wood  
18 Exhibit 2 times 5.635% for the return on cash working capital reflected in column 3 line  
19 12 on Bosta Exhibit 4. This quantification does not include any allowance expense,



1 property tax expense, or insurance expense because these expenses are not separately  
2 identified on Bosta Exhibit 4 or Wood Exhibit 2.

3  
4 **Q. Has the Company included in its proposed inventory allowances and allowance**  
5 **expense the costs of emission allowances for its gas generating units?**

6  
7 A. Yes. Although these will be small amounts, they nevertheless should be excluded  
8 because compliance costs for gas generating units are not qualifying costs. In 2003, the  
9 Company utilized 10.9 emission allowances at the J.K. Smith 1-5 generating units,  
10 according to its 2003 Annual Report. In 2005, the J.K. Smith 6-7 units will enter  
11 commercial operation, which likely will result in additional utilization of allowances.

12  
13 **Exclusion of Costs Included in Existing Rates Based on 1993 Test Year**

14  
15 **Q. Does the Company's proposal properly remove all operating expenses associated**  
16 **with retired plant that already are recovered in base rates?**

17  
18 A. No. The Company has proposed the removal of depreciation and O&M expenses  
19 included in the 1993 test year in Case No. 94-336 as detailed on Wood Exhibit 2.

1           However, the Company has not proposed the removal of property tax expense or  
2           insurance expense included in the 1993 test year.

3  
4   **Q.    Has the Commission previously required that property tax expense, insurance**  
5           **expense, and O&M expense associated with retired plant be removed from**  
6           **qualifying costs recoverable through the ECR for other utilities?**

7  
8   **A.    Yes. For example, the Commission made the following determination in Case No. 94-**  
9           **332, the first Louisville Gas & Electric ECR proceeding:**

10                           **The operating expenses should also be adjusted to reflect costs of the**  
11                           **compliance plan included in existing rates. LG&E has identified test-year**  
12                           **compliance plan costs for depreciation expenses of \$437,790, taxes of**  
13                           **\$14,000, and insurance of \$2,700.**

14  
15  
16  
17           The Commission again confirmed this general principle in Case No. 2002-00147,  
18           another LG&E ECR proceeding as follows:

19  
20  
21                           **The Commission further finds LG&E's proposal concerning the recovery of**  
22                           **depreciation expense, property taxes, and insurance expense associated**  
23                           **with the 2003 Plan to be reasonable and it should be approved. However, to**  
24                           **the extent that retirements or replacements of PC plant in service already**  
25                           **included in base rates impact the determination of these expenses, LG&E**  
26                           **should include the necessary adjustment to the expense reported for the**  
27                           **current expense month.**

28  
29           In addition, the Commission found in that same Order specifically that LG&E had a

1 “continuing obligation” to review and remove O&M expenses already included in  
2 existing rates from the recoverable ECR expenses as follows:

3 **LG&E is reminded that it has a continuing obligation to review O&M**  
4 **expenses that are already included in existing rates and to the extent those**  
5 **expenses are impacted by the 2003 Plan projects, that impact must be**  
6 **recognized in the surcharge calculations.**  
7  
8

9 Thus, there is no question that all operating expenses, including depreciation expense,  
10 property tax expense, insurance expense, and O&M expense already recovered in  
11 existing rates must be removed from qualifying costs for ECR recovery.

12  
13 **Q. Has the Company quantified the amount of environmental property tax expense,**  
14 **insurance expense, and O&M expense related to its proposed Compliance Plan that**  
15 **already are included in existing rates?**

16  
17 A. Yes. The Company quantified \$402,427 in such expenses included in the 1993 test year  
18 utilized for its existing base rates as detailed in Wood Exhibit 2 and reflected as a  
19 reduction to recoverable costs in Bosta Exhibit 4. However, the Company’s  
20 quantification does not include any amounts for property tax expense or insurance  
21 expense. The Company quantified the amount of property tax expense at \$15,052 in  
22 response to Gallatin Steel 1-9 and has quantified the amount of insurance expense at  
23 \$11,203 in response to Gallatin Steel 1-10. These amounts for property tax expense and

1 insurance expense are not qualifying costs recoverable through the ECR surcharge.

2

3 **Exclusion of TIER-Related Costs that have Not been and Will Not be Incurred**

4

5 **Q. Please describe the Company's request for TIER-related costs.**

6

7 A. The Company has proposed that it be allowed a TIER of 1.15 X. In other words, it has  
8 requested that the Commission recognize as a qualifying cost an explicit adder of 15% in  
9 addition to the computed interest on its environmental rate base. Mechanically, it has  
10 proposed that it multiply its actual average debt rate by the TIER factor of 1.15 to  
11 develop the interest rate to apply to its environmental rate base.

12

13 **Q. What is the effect on the Company's proposed ECR surcharge of the 15% TIER**  
14 **adder?**

15

16 A. The annualized revenue requirement of the 15% TIER adder for March 2005 is  
17 \$1,545,358 for all nine projects and \$1,496,534 for Project 1-2 and 8-9.

18

19 **Q. Is a 15% TIER adder a qualifying cost appropriate for ECR recovery?**

20

1 A. No. First, a TIER adder of any amount is not a “reasonable cost” of compliance. EKPC  
2 is limited to recovery of a “reasonable return on construction and other capital  
3 expenditures” in accordance with KRS 278.183(1) and “just and reasonable ” costs in  
4 accordance with KRS 278.183(3). To be “reasonable,” a cost must be incurred. The  
5 TIER adder is not an incurred cost, but rather an imputed margin above cost at best. To  
6 be “reasonable,” the cost must be an “actual” and “current” cost of compliance. The  
7 TIER adder is neither.

8  
9 Second, the Commission previously determined for Big Rivers Electric Corporation that  
10 the return on environmental rate base for purposes of the ECR surcharge was its cost of  
11 pollution control debt, with no increment for a TIER adder. In the Commission’s 94-  
12 032 Order authorizing an ECR surcharge for Big Rivers, the Commission stated the  
13 following:

14  
15 **As part of its Environmental Surcharge Tariff, Big Rivers proposes to**  
16 **establish its rate of return as the weighted average cost of its outstanding**  
17 **debt. The return would be calculated monthly in determining the revenue**  
18 **requirement for the demand surcharge component. No other party**  
19 **suggested an alternative return and Big Rivers’ proposal to base its return**  
20 **on its debt cost is reasonable.**  
21

22 Third, a TIER of even 1.0 X is excessive compared to the actual interest the Company  
23 incurs on environmental rate base. The Company’s capitalization includes both debt and  
24 members’ equity (patronage capital). This capitalization finances the entirety of the

1 Company's assets, net of other liabilities, including environmental rate base. At October  
2 31, 2004, the Company's capitalization consisted of 88.0% long term debt and 12.0%  
3 members' equity. Thus, if the environmental rate base is assumed to be financed by  
4 100% debt for ECR purposes when it actually is financed with only 88% debt, the  
5 Company will earn a TIER of 1.14 X without any additional explicit TIER adder.  
6 Alternatively, if the Company is authorized a TIER of 1.15 X, it effectively will earn a  
7 TIER of 1.31 X.

8  
9 Fourth, a TIER of greater than 1.0 X is unreasonable because it will result in higher  
10 costs to ratepayers on construction work in progress ("CWIP"). Currently, the Company  
11 capitalizes an "allowance for interest on borrowed funds used during construction" that  
12 does not include a TIER adder. The Company's ECR proposal first will eliminate any  
13 allowance on borrowed funds and replace it with current recovery of the return on  
14 environmental CWIP, effectively accelerating the recovery of the return on CWIP from  
15 30 or more years to one month. In addition, the Company's ECR proposal will increase  
16 the return on CWIP from the weighted cost of debt to the weighted cost of debt plus a  
17 15% adder. The proposed 15% adder is in no way justified or reasonable.

18  
19 Fifth, a TIER adder is inconsistent with the concept of dollar for dollar recovery through  
20 the ECR, nothing more and nothing less. There is no provision in the ECR Statute nor is

1           there any Commission precedent to provide a utility a margin in excess of its actual and  
2           current costs. The TIER adder is used in base rate cases to allow the utility to recover a  
3           margin and to build members' equity to partially finance additional plant investment.  
4           That circumstance does not exist in the ECR because all qualifying costs are recovered  
5           on a current basis.

6  
7   **Q.    In the previous response, you cited the Case No. 94-032 Order for the Big Rivers**  
8   **ECR that utilized Big Rivers' weighted average cost of pollution control debt as the**  
9   **return on environmental rate base with no TIER adder. What was Big Rivers'**  
10 **capital structure and financial situation at year-end 1993 and 1994?**

11  
12  A.    Big Rivers had substantially negative members' equity at year-end 1993 and 1994, based  
13       on its 1994 FERC Form 1 filing. I have attached a copy of the relevant page as my  
14       Exhibit\_\_(LK-2). There was no members' equity to finance new plant additions,  
15       environmental or otherwise. Consequently, all incremental financing of environmental  
16       costs necessarily was 100% debt, unlike the situation with the Company. Big Rivers  
17       was under substantial financial duress at that time and subject to the same RUS TIER  
18       coverage ratios as the Company is today, yet it sought no TIER adder and the  
19       Commission provided none.

20

1 **Q. Although the Company has requested a 15% TIER adder, it cites the RUS**  
2 **mortgage requirements of a 5% TIER adder. Is the RUS mortgage requirement a**  
3 **relevant factor for the ECR?**

4  
5 A. No. First, the RUS mortgage requirements do not control ratemaking or supercede the  
6 statutory requirements for or the limitations of the ECR surcharge. As noted previously,  
7 the ECR surcharge is an exception to the normal ratemaking process, providing dollar  
8 for dollar incremental recovery of environmental costs between base rate proceedings.  
9 The RUS mortgage requirements cannot impose a TIER adder or margin requirement  
10 upon the statute or the Commission's implementation of the statute.

11  
12 Second, the RUS requirement of a 1.05 TIER is measured on a total Company basis, not  
13 on subsets of income and expense such as ECR revenues and environmental costs  
14 incurred pursuant to an approved Compliance Plan. The Company confirmed that "The  
15 RUS applies the TIER requirements to the entire company" in response to Gallatin 1-6.  
16 All else equal, any ECR recovery obtained by the Company necessarily will increase its  
17 earned TIER as measured on a total Company basis compared to no ECR and no base  
18 rate increase.

19  
20 Third, as previously noted, if the Company is not authorized a TIER adder and the



1 Commission assumes that the environmental rate base is financed 100% by debt instead  
2 of the actual 88% debt and 12% members' equity, then the Company will earn a TIER of  
3 1.14 X. Such a TIER exceeds the RUS mortgage requirement.  
4

5 **Exclusion of Property Tax Expense Until Actually Incurred**

6  
7 **Q. Please describe the Company's proposal to include property tax expense on**  
8 **environmental projects.**

9  
10 A. The Company has proposed to compute the current month property tax expense by  
11 applying the state property tax rate to the net plant included in environmental rate base.  
12 (Wood Direct at 6).  
13

14 **Q. Does the Company's proposed methodology for computing property tax expense**  
15 **comport with its recognition of property tax expense on those environmental costs**  
16 **for accounting purposes?**

17  
18 A. No. The Company's proposal overstates the actual property tax expense. There is no  
19 assessment and therefore no property tax expense recognized by the Company on  
20 property additions in one year until the following year, according to its response to

1 Gallatin 1-12. Thus, the Company's proposal improperly includes an imputed property  
2 tax expense that it does not incur on plant additions during the current calendar year.

3  
4 **Q. Should the Commission include an imputed property tax expense that the**  
5 **Company does not incur in the ECR surcharge?**

6  
7 A. No. An imputed property tax expense that the Company does not incur is not a  
8 qualifying cost for ECR surcharge recovery. The Commission should require the  
9 Company to exclude imputed property tax expense on plant additions in any calendar  
10 year until the following calendar year when it actually incurs property tax expense on  
11 those plant additions.

12  
13 **Q. Have you been to quantify the effect of this recommendation on the Company's**  
14 **projected March 2005 revenue requirement reflected on Bosta Exhibit 4?**

15  
16 A. Yes. The primary effect of this recommendation initially would be on Project 1 given  
17 that property tax expense on the entire project actually will not be recognized until  
18 January 2006, according to the Company's response to Gallatin 1-14. This  
19 recommendation also would affect the amounts added to plant in service for other  
20 projects in each year, but that will not incur property tax expense on those plant

1 additions until the following year. The effect on the revenue requirement for Project 1 is  
2 \$104,418 (\$69,612,000 estimated plant addition in 2005 times .0015 property tax rate).  
3

4 **Exclusion of Excessive Depreciation Expense in In-Service Month of Plant Additions**

5  
6 **Q. Please describe the Company's computation of depreciation expense on plant**  
7 **additions in the month such additions are placed in-service.**

8  
9 A. Regardless of the in-service date during the month, the Company computes depreciation  
10 expense for the entire month, according to its response to Gallatin 1-15. Even if the  
11 addition is placed in service on the last day of the month, the Company's computation  
12 assumes that it was in service for the entire month.

13  
14 **Q. Should the Commission authorize a full month of depreciation expense in the ECR**  
15 **surcharge as a qualifying cost in the month of a plant addition?**

16  
17 A. No. The Commission should direct the Company to prorate the depreciation expense  
18 for the number of days the plant addition was in-service during the month.



1 **Q. Is the Company opposed to the use of the base-current methodology?**

2

3 A. No. The Company stated that it “is not opposed to utilizing the base-current method,” in  
4 response to Staff 1-18d.

5

6 **Q. Would the use of a base-current methodology properly recognize the amount of**  
7 **recovery in existing rates given the significant growth in the Company’s sales?**

8

9 A. Yes. The base-current methodology properly recognizes recovery in existing rates due  
10 to sales growth since the test year used to establish those existing rates. Under the base-  
11 current methodology, the 1993 dollar amounts would be unitized on the basis of  
12 revenues to derive a percentage factor. This base year factor then would be subtracted  
13 from the current month factor to determine the ECR surcharge percentage.

14

15 **Q. Did the Commission utilize the base-current methodology for Big Rivers in Case**  
16 **No. 94-032?**

17

18 A. Yes. In that Order, the Commission described this methodology as follows:

19

20 **A surcharge factor will be calculated by taking the difference between the**  
21 **total monthly environmental compliance costs for the current and base**  
22 **periods, and dividing the result by total company revenues in the**

1                    **corresponding period.**  
2

3                    A similar method would be appropriate in this proceeding.  
4

5    **Q.    Has the Company provided a computation of the BESF factor based on the 1993**  
6                    **test year used for existing rates?**  
7

8    A.    Yes. The Company computed a BESF factor of 0.57% using 1993 costs and revenues in  
9                    response to Gallatin 1-3. This factor includes the 1993 property tax and insurance  
10                    expense related to retirements of 1993 plant that I previously addressed, although these  
11                    reductions were not reflected in the Company's filing. I have attached a copy of this  
12                    response to my testimony as Exhibit \_\_\_(LK-3).  
13

14   **Q.    Should the Commission utilize the base-current methodology instead of the**  
15                    **incremental methodology proposed by the Company?**  
16

17   A.    Yes. Only the base-current methodology properly quantifies the recovery in existing  
18                    rates to ensure that the ECR surcharge does not provide EKPC excessive recovery. As  
19                    noted previously, the Company is not opposed to the base-current methodology.  
20

1 **Total Revenues is the Proper Basis for the EKPC ECR and for the Members' ECR**

2

3 **Q. Do you agree with the Company's proposal to use total revenues as the basis for**  
4 **the CESF ("current environmental surcharge factor") and BESF ("base**  
5 **environmental surcharge factor") for EKPC and the ES(m) ("current month**  
6 **environmental surcharge calculation") and BESF ("base environmental surcharge**  
7 **factor") for the member cooperatives?**

8

9 **A.** Yes. First, this methodology is consistent with Commission precedent. Second, such an  
10 approach provides a reasonable allocation of these environmental costs in the absence of  
11 a comprehensive cost of service study.

12

13 **Revenues Should Include Steam Revenues from Inland Container**

14

15 **Q. Please describe the steam service provided by the Company to Inland Container.**

16

17 **A.** The Company provides steam service from the Spurlock Power Station to an adjacent  
18 paper mill that recycles container board. The paper mill is owned by Inland Container.  
19 Steam revenues were \$6,693,326, or 1.64% of the Company's combined electric and  
20 steam revenues for the ten month ending October 2004, based on the Company's Form

1 12 for October 2004. I have attached a copy of the relevant page from the Form 12 for  
2 October 2004 as my Exhibit\_\_\_(LK-4).

3  
4 **Q. Is the steam provided to the Inland Container mill generated from the burning of**  
5 **coal at Spurlock?**

6  
7 A. Yes. As such, steam sales are similar to electric sales off-system or to non-Kentucky  
8 jurisdictions.

9  
10 **Q. Should the Commission include steam revenues in the R(m) revenues for the**  
11 **current month to properly reflect the fact that the provision of steam service causes**  
12 **environmental costs in the same manner as the provision of electric service?**

13  
14 A. Yes. Otherwise, the Kentucky wholesale and retail electric ratepayer will subsidize the  
15 Company's steam service.

16  
17 **Revenues Should Exclude Certain Revenues from Tennessee Gas Pipeline and Gallatin**  
18 **Steel Under Existing Contracts for Off-System Purchases Used to Supply Their Loads**  
19

20 **Q. Should the R(m) revenues exclude certain revenues from Tennessee Gas Pipeline**  
21 **and Gallatin Steel Under Existing Contracts?**



1

2 A. Yes. The R(m) revenues should exclude certain revenues from these two customers  
3 consistent with the terms of their contracts previously approved by the Commission. For  
4 Tennessee Gas Pipeline, the R(m) revenues should exclude the revenues from the  
5 Company's resale of market based purchased power to Tennessee Gas Pipeline during  
6 on-peak hours. These purchases are at market prices from other suppliers and are priced  
7 based on the "into Cinergy" market index.

8

9 For Gallatin Steel, the R(m) revenues should exclude the revenues from the Company's  
10 resale to Gallatin Steel of power purchased from LG&E. The Gallatin Steel contract  
11 expires at May 31, 2005.

12

13 In both these instances, the source of these revenues is the resale of purchased power,  
14 which does not cause environmental costs on the Company's system.

15

16 **Q. Has the Commission previously found that "brokerage sales" and resales of**  
17 **purchased power should be excluded from the revenues included in R(m) for other**  
18 **utilities?**

19

20 A. Yes. The Commission has excluded such revenues for LG&E, Kentucky Utilities

1 Company, and Kentucky Power Company. Thus, the exclusion of the revenues due to  
2 the resale of purchased power for both Tennessee Gas Pipeline and Gallatin Steel is  
3 consistent with Commission precedent.

4  
5 **Q. Does the Company agree that the R(m) revenue should exclude the revenues from**  
6 **these two customers due to the resale of market purchases or LG&E purchases?**

7  
8 **A. Yes. The Company stated in response to AG 2-2c the following:**

9  
10 **As shown in the documents provided in response to 2b, the TGP contracts are, in**  
11 **part, based on market purchases and EKPC incurs a limited level of environmental**  
12 **costs to serve that customer. To the extent that any such costs are incurred,**  
13 **EKPC's environmental surcharge factor will reflect such costs.**

14  
15 **The purchase power agreement between LG&E and EKPC to serve part of the**  
16 **Owen/Gallatin load is sourced from LG&E and EKPC does not incur its own**  
17 **environmental costs on that portion of the load.**

18  
19 **Q. In response to Staff 1-1c in Case No. 2004-00372, the Company stated that the**  
20 **Tennessee Gas Pipeline special contracts will not be charged the ECR surcharge**  
21 **because the contracts do not provide for a change in rates. Should the revenues**  
22 **from these contracts be excluded from R(m) in their entirety?**

23  
24 **A. No. Only the revenues from the resale of purchased power should be excluded,**  
25 **consistent with Commission precedent. However, Tennessee Gas Pipeline also**

1 purchases from the Company's generation during the off-peak hours. The revenue from  
2 these off-peak sales to Tennessee Gas Pipeline should be included in R(m) in their  
3 entirety because the sales cause environmental costs to be incurred.  
4

5 In addition, the Tennessee Gas Pipeline contract does in fact provide for a change in  
6 rates. The price of these purchases is based on the Company's highest "incremental  
7 cost" during each hour. There is no stated definition of the components of "incremental  
8 cost" in the contract itself, although the Company provided its working definition of  
9 incremental cost as "fuel cost, variable O&M expense and emission allowance expense"  
10 in response to Gallatin 1-22. There does not appear to be a prohibition in the contract  
11 against the inclusion of an allocation of environmental costs as determined by the  
12 Commission in the ECR surcharge proceedings.  
13

14 Regardless of the ability to recover such an allocation, the Commission previously has  
15 found that R(m) should include revenues from off-system sales, and in so doing, ensured  
16 that such allocated costs would not be charged to jurisdictional ratepayers.  
17

18 **Summary of Modifications Required to Company's Methodology and ECR Tariff**  
19

1 **Q. Please summarize your recommendations to modify the Company's proposed**  
2 **methodology and ECR tariff.**

3

4 A. The Company's proposed methodology and ECR tariff should be modified as follows:

5

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- Utilize the base-current rather than the incremental methodology.
- Exclude the rate base and expenses associated with gas generating units and all environmental activities that are not directly related to a project included in an approved Compliance Plan.
- Include interest expense computed by multiplying the weighted average interest rate of the Company's debt times the ECR rate base with no TIER adder.
- Remove property tax expense on retired plant that is included in base rates.
- Remove insurance expense on retired plant that is included in base rates.
- Include only actual property tax expense on approved projects consistent with the actual timing of property tax expense when incurred.
- Include depreciation expense for the current month based on the number of days the plant additions during the month were in service.
- Include gross revenues from steam sales to Inland Container in the computation of the ECR percentage factor.
- Exclude the revenues from Tennessee Gas Pipeline and Gallatin under existing contracts for off-system purchases used to supply their loads consistent with the terms of their contracts previously approved by the Commission
- Include other gross revenues from Tennessee Gas Pipeline.

1

2 **Q. Does this complete your testimony?**

3

4 A. Yes.

5

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC., FOR APPROVAL )  
OF AN ENVIRONMENTAL COMPLIANCE PLAN )  
AND AUTHORITY TO IMPLEMENT AN )  
ENVIRONMENTAL SURCHARGE )

CASE NO.  
2004-00321

APPLICATION OF BIG SANDY RECC, BLUE )  
GRASS ENERGY COOPERATIVE CORPORATION, )  
CLARK ENERGY COOPERATIVE, CUMBERLAND )  
VALLEY ELECTRIC, FARMERS RECC, )  
FLEMING-MASON ENERGY, GRAYSON RECC, )  
INTER-COUNTY ENERGY COOPERATIVE, )  
JACKSON ENERGY COOPERATIVE. LICKING )  
VALLEY RECC, NOLIN RECC, OWEN ELECTRIC )  
COOPERATIVE, SALT RIVER ELECTRIC, SHELBY )  
ENERGY COOPERATIVE, SOUTH KENTUCKY )  
RECC AND TAYLOR COUNTY RECC FOR )  
AUTHORITY TO PASS THROUGH THE )  
ENVIRONMENTAL SURCHARGE OF EAST )  
KENTUCKY POWER COOPERATIVE, INC. )

CASE NO.  
2004-00072

EXHIBITS  
OF  
LANE KOLLEN

ON BEHALF OF  
GALLATIN STEEL COMPANY

J. KENNEDY AND ASSOCIATES, INC.  
ROSWELL, GEORGIA

DECEMBER 2004

**EXHIBIT \_\_\_\_ (LK-1)**

## **RESUME OF LANE KOLLEN, VICE PRESIDENT**

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### **EDUCATION**

**University of Toledo, BBA**  
Accounting

**University of Toledo, MBA**

### **PROFESSIONAL CERTIFICATIONS**

**Certified Public Accountant (CPA)**

**Certified Management Accountant (CMA)**

### **PROFESSIONAL AFFILIATIONS**

**American Institute of Certified Public Accountants**

**Georgia Society of Certified Public Accountants**

**Institute of Management Accountants**

More than twenty-five years of utility industry experience in the financial, rate, tax, and planning areas. Specialization in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition diversification. Expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.



## RESUME OF LANE KOLLEN, VICE PRESIDENT

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### EXPERIENCE

1986 to

Present:

**J. Kennedy and Associates, Inc.:** Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Minnesota, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and West Virginia state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to

1986:

**Energy Management Associates:** Lead Consultant.

Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to

1983:

**The Toledo Edison Company:** Planning Supervisor.

Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.  
Construction project cancellations and write-offs.  
Construction project delays.  
Capacity swaps.  
Financing alternatives.  
Competitive pricing for off-system sales.  
Sale/leasebacks.

## RESUME OF LANE KOLLEN, VICE PRESIDENT

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### **CLIENTS SERVED**

#### **Industrial Companies and Groups**

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
Connecticut Industrial Energy Consumers	Occidental Chemical Corporation
ELCON	Ohio Energy Group
Enron Gas Pipeline Company	Ohio Industrial Energy Consumers
Florida Industrial Power Users Group	Ohio Manufacturers Association
General Electric Company	Philadelphia Area Industrial Energy
GPU Industrial Intervenors	Users Group
Indiana Industrial Group	PSI Industrial Group
Industrial Consumers for	Smith Cogeneration
Fair Utility Rates - Indiana	Taconite Intervenors (Minnesota)
Industrial Energy Consumers - Ohio	West Penn Power Industrial Intervenors
Kentucky Industrial Utility Customers, Inc.	West Virginia Energy Users Group
Kimberly-Clark Company	Westvaco Corporation

#### **Regulatory Commissions and Government Agencies**

Georgia Public Service Commission Staff  
Kentucky Attorney General's Office, Division of Consumer Protection  
Louisiana Public Service Commission Staff  
Maine Office of Public Advocate  
New York State Energy Office  
Office of Public Utility Counsel (Texas)

## RESUME OF LANE KOLLEN, VICE PRESIDENT

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### Utilities

Allegheny Power System  
Atlantic City Electric Company  
Carolina Power & Light Company  
Cleveland Electric Illuminating Company  
Delmarva Power & Light Company  
Duquesne Light Company  
General Public Utilities  
Georgia Power Company  
Middle South Services  
Nevada Power Company  
Niagara Mohawk Power Corporation

Otter Tail Power Company  
Pacific Gas & Electric Company  
Public Service Electric & Gas  
Public Service of Oklahoma  
Rochester Gas and Electric  
Savannah Electric & Power Company  
Seminole Electric Cooperative  
Southern California Edison  
Talquin Electric Cooperative  
Tampa Electric  
Texas Utilities  
Toledo Edison Company

**Expert Testimony Appearances  
of  
Lane Kollen  
As of December 2004**

<b>Date</b>	<b>Case</b>	<b>Jurisdiction</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements. Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.

**Expert Testimony Appearances  
of  
Lane Kollen  
As of December 2004**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR- 87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan. Corp.
5/88	M-87017 -1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017 -2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.

**Expert Testimony Appearances  
of  
Lane Kollen  
As of December 2004**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170- EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171- EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial Considerations, working capital.
10/88	8800 355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71)
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.

**Expert Testimony Appearances  
of  
Lane Kollen  
As of December 2004**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements detailed investigation.

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1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 <sup>th</sup> Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231 -E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue require- ments.



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12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.

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12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
3/93	93-01 EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
4/93	92-1464- EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.

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9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.

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11/94	U-19904 Initial Post- Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				

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1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co. The Cleveland Electric Illuminating Co.	Competition, asset writeoffs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC No. 14967	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.

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6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. and Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.

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11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.

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3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.



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3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers mechanisms.	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery
4/99	99-02-05	CT	Connecticut Industrial Utility Customers mechanisms.	Connecticut Light and Power Co.	Regulatory assets and liabilities stranded costs, recovery
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co.	Louisville Gas and Electric Co. and Kentucky Utilities Co.	Alternative regulation.

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6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, and American Electric Power Co.	Merger Settlement Stipulation.
7/99	97-596 (Surrebuttal)	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 (Surrebuttal)	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 (Rebuttal)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
8/99	98-474 98-083 (Rebuttal)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co.	Louisville Gas and Electric Co. and	Alternative forms of regulation.
8/99	98-0452-E-GI (Rebuttal)	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.

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10/99	U-24182 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	21527	TX	Dallas-Ft. Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
04/00	99-1212-EL-ETPOH 99-1213-EL-ATA 99-1214-EL-AAM		Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
01/00	U-24182 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
05/00	2000-107	KY	Kentucky Industrial Utility Customers	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147 PA		Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
07/00	22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
05.00	99-1658- EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	

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07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	PUC 22350 SOAH 473-00-1015	TX	The Dallas-Ft. Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 (Affidavit)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009		Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, U-20925, U-22092 (Subdocket C) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 (Direct)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925 and U-22092 (Subdocket B) (Surrebuttal)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.

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02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. and Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution (Rebuttal)	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, Separations methodology.
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Review requirements, Rate Plan, fuel clause recovery.
11/01 (Direct)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.

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11/01 (Direct)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	25230	TX	Dallas Ft.-Worth Hospital Council & the Coalition of Independent Colleges & Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02 (Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02 (Rebuttal)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02 (Supplemental Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 and U-22092 (Subdocket C)		Louisiana Public Service Commission Staff	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and The Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.

**Expert Testimony Appearances  
of  
Lane Kollen  
As of December 2004**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
04/04	2002-00429 2002-00430	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KU	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, FERC ER03-583-001, and ER03-583-002  ER03-681-000, ER03-681-001  ER03-682-000, ER03-682-001, and ER03-682-002  ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc.	Unit power purchase and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.

**Expert Testimony Appearances  
of  
Lane Kollen  
As of December 2004**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post test year Adjustments.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, Earnings Sharing Mechanism, and System Sales Clause.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, Earnings Sharing Mechanism, and System Sales Clause.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459, PUC Docket 29206	TX	Cities Served by Texas- New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.



**Expert Testimony Appearances  
of  
Lane Kollen  
As of December 2004**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
08/04	SOAH Docket 473-04-4556 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	Docket No. U-23327 Subdocket B	LA	Louisiana Public Service Commission	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	Docket No. U-23327 Subdocket A	LA	Louisiana Public Service Commission	SWEPCO	Revenue requirements.

**EXHIBIT \_\_\_\_ (LK-2)**

Name of Respondent Big Rivers Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/1994	Year/Period of Report End of 1994/Q4
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	100	100
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	4,444,502	4,444,502
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	-189,850,167	-253,502,150
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)		-185,405,565	-249,057,548
15	<b>LONG-TERM DEBT</b>			
16	Bonds (221)	256-257	0	0
17	(Less) Reaquired Bonds (222)	256-257	0	0
18	Advances from Associated Companies (223)	256-257	0	0
19	Other Long-Term Debt (224)	256-257	1,226,571,419	1,229,301,978
20	Unamortized Premium on Long-Term Debt (225)		0	0
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
22	TOTAL Long-Term Debt (Enter Total of lines 16 thru 21)		1,226,571,419	1,229,301,978
23	<b>OTHER NONCURRENT LIABILITIES</b>			
24	Obligations Under Capital Leases - Noncurrent (227)		20,725,000	19,500,000
25	Accumulated Provision for Property Insurance (228.1)		0	0
26	Accumulated Provision for Injuries and Damages (228.2)		0	0
27	Accumulated Provision for Pensions and Benefits (228.3)		3,170,811	4,359,543
28	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
29	Accumulated Provision for Rate Refunds (229)		0	0
30	TOTAL OTHER Noncurrent Liabilities (Enter Total of lines 24 thru 29)		23,895,811	23,859,543
31	<b>CURRENT AND ACCRUED LIABILITIES</b>			
32	Notes Payable (231)		0	0
33	Accounts Payable (232)		21,350,592	27,784,944
34	Notes Payable to Associated Companies (233)		0	0
35	Accounts Payable to Associated Companies (234)		0	0
36	Customer Deposits (235)		0	0
37	Taxes Accrued (236)	262-263	225,136	695,660
38	Interest Accrued (237)		537,852	832,367
39	Dividends Declared (238)		0	0
40	Matured Long-Term Debt (239)		0	0
41	Matured Interest (240)		0	0
42	Tax Collections Payable (241)		246,893	305,217
43	Miscellaneous Current and Accrued Liabilities (242)		2,909,035	15,920,808
44	Obligations Under Capital Leases-Current (243)		2,875,000	2,900,000
45	TOTAL Current & Accrued Liabilities (Enter Total of lines 32 thru 44)		28,144,508	48,438,996

**EXHIBIT \_\_\_\_ (LK-3)**

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2004-00321**

**ENVIRONMENTAL SURCHARGE**

**GALLATIN STEEL'S FIRST DATA REQUEST DATED 11/19/04**

**REQUEST 3**

**RESPONSIBLE PARTY: William A. Bosta/Ann F. Wood**

**REQUEST 3.** Refer to the Company's response to PSC Request 18. Please provide a computation of a BESF factor based on the costs included in the 1993 test year as a percentage of revenues from that test year including the annualized rate increase allowed. Provide all computations, assumptions, data, and workpapers, including electronic spreadsheets with formulas intact.

**RESPONSE 3.** The calculated BESF factor is .57%. Attachment 1 provides the basis and support for the calculation. Please note that Attachment 1 is also included on the CD provided in response to Items 23 and 25.

Workpaper for Gallatin Steel's Data Request  
Question #3

	<u>\$ Amount</u>	<u>Total \$</u>	<u>Source</u>
1. Depreciation Expense	501,570		Staff 8, p. 3 of 3, 1st Request
	70,778		Staff 8, p. 3 of 3, 1st Request
	<u>30,960</u>		Staff 8, p. 3 of 3, 1st Request
Total		603,308	
2. Oper & Mtce	213,791		Wood Exhibit 2, p. 1 of 1
Air Permit Fees	<u>188,636</u>		Wood Exhibit 2, p. 1 of 1
Total O & M		402,427	
3. Property Tax	12,217		Staff 8, p. 3 of 3, 1st Request
	1,974		Staff 8, p. 3 of 3, 1st Request
	<u>861</u>		Staff 8, p. 3 of 3, 1st Request
		15,052	
4. Insurance	<u>11,203</u>		Gallatin 10, 1st Request
		11,203	

Return on Rate Base

5. Rate Base			
Precip	8,144,692		Wood Exhibit 1, p. 1 of 11
Preheater	1,315,867		Wood Exhibit 1, p. 9 of 11
Fans	<u>573,729</u>		Wood Exhibit 1, p. 10 of 11
		10,034,288	
6. Cash Working Capital (1/8 of O&M)		<u>50,303</u>	
Total Rate Base	<span style="border: 1px solid black; padding: 2px;">10,084,591</span>		
Apply Rate of Return		7.58%	Page 2, this response
7. Total Return on Rate Base		<u>764,412</u>	
8. Total Costs		1,796,402	Line 1+2+3+4+7
9. Calculation of % of Member System Revenues to total revenues including off-system sales.			
Member Sys Rev	240,629,490	76.29%	Page 3, this response
Off System Sales Revenue	<u>74,774,167</u>	23.71%	Page 4, this response
	315,403,657	100.00%	
Total Costs Incl Rate of Return	1,796,402		
Exclusion of Off-System Sales	<u>76.29%</u>		
Revenue Requirement	1,370,475		
Member Sys Revenue	240,629,490		
Rev Req / Mbr Sys Revenues	<span style="border: 1px solid black; padding: 2px;">0.57%</span>		

**EKPC Schedule of Long Term Debt  
as of 12/31/1993**

<u>Loan</u>	<u>Principal Outstanding</u>	<u>Composite Rate</u>	<u>Annualized Interest</u>
EKPC REA	\$ 71,301,603	3.75%	\$ 2,673,810
CB REA	21,232,621	2.00%	424,652
CFC			
P12	7,794,097	4.25%	331,249
CB	10,883,485	7.00%	761,844
FFB			
L8	184,949,662	7.48%	13,834,235
M9	46,492,173	9.31%	4,328,421
N8	182,991,403	10.23%	18,720,021
P12	2,088,323	8.72%	182,102
Pollution Control			
Cooper (Solid Waste)	11,800,000	2.45%	289,100
Dale	4,210,000	6.92%	291,332
Smith	40,165,000	2.60%	1,044,290
Spurlock	131,300,000	2.43%	3,190,590
CB Bonds	55,161,649	8.50%	4,688,740
	<u>770,370,016</u>		<u>50,760,386</u>
<b>Weighted Average Rate</b>			<u><u>6.59%</u></u>
Times Tier			<u>1.15</u>
Return			<u><u>7.58%</u></u>

East Kentucky Power Cooperative  
Case No. 94 - 336

Revenue by Rate Class Under PSC Approved Wholesale Rates

	Demand	Excess Demand	Total Demand Revenue	ETS Energy	1st Step Energy	2nd Step Energy	Total Energy Revenue	Load Centers	Meter Point Charge	Total Revenue
<b>Schedule E</b>										
kW/kWh	13,614,973			7,347,456	5,575,998,065	271,440,587		2,569	2,569	
Rates	7.06			0.01892	0.02008	0.01982			125	
Revenue \$	96,121,709		96,121,709	139,014	111,966,041	5,380,495	117,485,550	(64,233)	321,125	\$ 213,864,152
<b>Schedule B</b>										
kW/kWh	509,745	38,345			287,009,605					
Rates	5.39	7.82			0.020127					
Revenue \$	2,747,526	299,858	3,047,383		5,776,642		5,776,642			8,824,026
<b>Schedule C</b>										
kW/kWh	533,271				296,994,865					
Rates	5.39				0.020127					
Revenue \$	2,874,331	-	2,874,331		5,977,616		5,977,616			8,851,946
<b>Inland - Electric</b>										
kW/kWh	292,539				184,671,308					
Rates*	3.23				0.01802					
Revenue \$	946,071		946,071		3,327,777		3,327,777			4,273,848
<b>Inland - Steam</b>										
Equiv kW/kWh	392,755				213,755,659					
Rates*	2.12				0.01863					
Revenue \$	833,077		833,077		3,982,441		3,982,441			4,815,518
<b>Total</b>										
kW/kWh	15,343,283	38,345	-	7,347,456	6,558,429,502	271,440,587	-	2,569	2,569	
Rates*	6.75	7.82		0.01892	0.01998	0.01982				
Revenue \$	\$ 103,522,714	\$ 299,858	\$ 103,822,572	\$ 139,014	\$ 131,030,517	\$ 5,380,495	\$ 136,550,026	\$ (64,233)	\$ 321,125	\$ 240,629,490
										\$33,493,802**
* 40% EDR Discount on Demand Rate										
** Annualized revenue decrease per 94-336 Order										



USDA - REA OPERATING REPORT - SALES OF ELECTRICITY		BORROWER DESIGNATION	YEAR ENDING		REA USE ONLY		
PURCHASER (a)		Kentucky 59 & 63 GT Payette	NO. OF PURCHASERS (b)	ANNUAL PEAK DEMAND (KW) (c)	December 31, 1993 MWh BILLED (d)	AMOUNT BILLED (\$) (e)	MILLS PER kWh (f)
SALES FOR RESALE - SPECIAL SALES TO REA BORROWERS (List separately)							
40.	Alabama Electric				512,818	9,218,472	17.98
41.	Oglethorpe Power Corp				750,098	15,492,031	20.65
42.	South Mississippi Electric Power Association				58,270	1,216,850	20.88
43.	Big Rivers Electric Corp				2,800	45,550	16.27
44.	Associated Electric Cooperative Inc.				332,655	6,944,162	20.87
45.	Arkansas Electric Cooperative				157,100	3,138,250	19.98
46.							
47.							
48.							
49.							
50.							
51.	TOTAL SPECIAL SALES TO REA BORROWERS (Sum of lines 40 thru 50)		6	1,545,133	1,813,741	36,055,315	19.88
52.	TOTAL SALES TO REA BORROWERS (Sum of lines 39 + 51)		25		8,652,757	304,946,399	35.24
SALES FOR RESALE TO OTHER THAN REA BORROWERS (List separately)							
53.	Tennessee Valley Authority				1,641,683	30,848,445	18.79
54.	Cincinnati Gas & Electric				237,944	4,336,504	18.22
55.	KY Power				179,608	3,253,587	18.11
56.	Louisville Gas & Electric				12,347	221,244	17.92
57.	Southeastern Power Administration				4,544	59,072	13.00
58.							
59.							
60.							
61.							
62.							
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67.							
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71.							
72.							
73.							
74.							
75.	TOTAL SALES TO OTHER THAN REA BORROWERS (Sum of lines 53 thru 74)		5		2,076,126	38,718,852	18.65
76.	TOTAL SALES FOR RESALE (Sum of lines 52 + 75)		30	1,545,133	10,728,883	343,665,251	32.03
77.	TOTAL SALES (Sum of lines 1 + 76)		30	1,545,133	10,728,883	343,665,251	32.03

Off Sys Sales Revenue	
Sales to REA Borrowers	36,055,315
Sales to Non-REA	38,718,852
	<u>74,774,167</u>

REA FORM 12b (Rev. 12-93) \*This is a computer-generated form.

**EXHIBIT \_\_\_\_ (LK-4)**

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE OPERATING REPORT SALES OF ELECTRICITY										BORROWER DESIGNATION Kentucky 59 & 3 GT Fayette East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707			
										PERIOD ENDED: October 2004			
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.										This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. Seq.) and may be confidential.			
Name of Company or Public Authority (Footnote Affiliations)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)		Average Monthly CP Demand (f)	Mega watt hours Sold (g)	REVENUE			Total (\$) (h+i+j)		
				Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)			Demand Charges (\$) (h)	Energy Charges (i)	Other Charges (j)			
1. Big Sandy RECC	RQ	P.S.C. #24/25	48,353		48,353	219,566	2,524,031	5,794,172	1,284,854	9,603,057			
2. Blue Grass	RQ	P.S.C. #24/25	207,679		207,679	964,511	10,795,976	24,814,626	5,592,939	41,203,541			
3. Clark REC	RQ	P.S.C. #24/25	77,284		77,284	349,794	4,034,217	9,243,562	2,166,711	15,444,490			
4. Cumberland Valley RECC	RQ	P.S.C. #24/25	84,625		84,625	395,253	4,418,537	10,434,286	2,347,888	17,200,711			
5. Farmers RECC	RQ	P.S.C. #24/25	87,507		87,507	424,397	4,583,107	11,011,573	2,409,982	18,004,662			
6. Fleming Mason RECC	RQ	P.S.C. #24/25	151,460		151,460	778,245	7,129,126	20,136,325	3,686,216	30,951,667			
7. Grayson RECC	RQ	P.S.C. #24/25	47,379		47,379	213,293	2,480,081	5,583,252	1,377,566	9,440,899			
8. Inter-County RECC	RQ	P.S.C. #24/25	82,158		82,158	351,788	4,214,761	9,199,152	2,072,305	15,486,218			
9. Jackson County RECC	RQ	P.S.C. #24/25	171,866		171,866	769,392	8,996,716	20,038,230	4,529,879	33,564,825			
10. Licking Valley RECC	RQ	P.S.C. #24/25	48,078		48,078	217,300	2,509,650	5,739,788	1,325,731	9,575,169			
11. Nolin RECC	RQ	P.S.C. #24/25	122,989		122,989	594,003	6,032,077	15,198,562	3,422,738	24,653,377			
12. Owen EC	RQ	P.S.C. #24/25	310,707		310,707	1,716,698	19,237,449	45,812,150	4,734,543	69,784,142			
13. Salt River RECC	RQ	P.S.C. #24/25	163,467		163,467	743,064	8,551,948	19,458,284	4,288,789	32,299,021			
14. Shelby RECC	RQ	P.S.C. #24/25	73,096		73,096	367,424	3,870,412	9,192,870	2,131,795	15,195,077			
15. South Kentucky RECC	RQ	P.S.C. #24/25	206,915		206,915	928,896	10,787,666	24,131,558	5,422,379	40,341,603			
16. Taylor County RECC	RQ	P.S.C. #24/25	94,383		94,383	440,731	4,452,175	12,634,084	2,126,337	19,212,596			
17.													
18. Fleming Mason RECC**			35,708		35,708	217,730	1,228,416	4,461,993	1,002,917	6,693,326			
19.													
20. Green Power ***								56,377		56,377			
21.													
22.													
23.													
24.													
25.													
26.													
27. SUBTOTAL			2,013,652		2,013,652	9,692,085	105,846,345	252,940,844	49,923,569	408,710,758			

RUS FORM 12b SE (Rev. 12-02)  
\*\* Includes equivalent kWh for steam sold to Fleming Mason RECC for Inland Container  
\*\*\* Includes Green Power from various Co-Ops  
(d) represents monthly average of actual KW demand (YTD @ current month)