

January 24, 2007

HAND DELIVERED

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

RECEIVED

JAN 24 2007

Re: PSC Case No. 2006-00455

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case an original and eight copies of the responses of East Kentucky Power Cooperative, Inc., to the Commission Staff's Data Request in this case, dated January 3, 2007.

Very truly yours,



Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**RESPONSES TO COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED JANUARY 3, 2007**

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07

East Kentucky Power Cooperative, Inc. (EKPC) hereby submits responses to the Commission Staff's Supplemental Data Request dated January 3, 2007. Each response with its associated supportive reference materials is individually tabbed.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00455
SUPPLEMENTAL DATA REQUEST RESPONSE

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 1

RESPONSIBLE PERSON: Ann F. Wood/Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. As soon as they are completed, produce a copy of any uncertified financial information for the 12-month period ending December 31, 2006, including:

- a. Financial statements.
- b. Cash flow statements.
- c. Balance sheets.
- d. Documents reflecting EKPC's net margin on a month-by-month and year-end basis.
- e. Determination of EKPC's year-end Times Interest Earned Ratio ("TIER").
- f. Determination of EKPC's year-end Debt Service Coverage Ratio ("DSC Ratio").
- g. Determination of EKPC's year-end equity-to-assets ratio and equity-to-capitalization ratio.
- h. An updated schedule of all draws on the unsecured credit facility.
- i. An updated statement of the undrawn balance on the unsecured credit facility.
- j. An updated schedule of all pending loan applications submitted by EKPC to the Rural Utilities Service ("RUS").

k. An updated schedule of all EKPC's outstanding loans, notes, guarantees or other evidences of indebtedness.

Response 1 (a-d). As soon as they are completed, EKPC will product a copy of the following uncertified information for the 12-month period ending December 31, 2006: financial statements, cash flow statements, balance sheets, and documents reflecting EKPC's net margin on a month-by-month and year-end basis.

Response 1 (e-g). Not determinable as of 1/24/2007

Response 1 (h-i). Please see page 3.

Response 1 (j). Please see page 4.

Response 1 (k). Please see pages 5 through 9.

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

1(h)				
<u>Amount Advance</u>	<u>Date of Initial Advance</u>	<u>Date of Rollover/ Maturity</u>	<u>Interest Rate</u>	<u>Amount Repaid</u>
\$ 30,000,000.00	09/02/2005	09/08/2005	6.5000%	
	09/08/2005	10/11/2005	4.5275%	\$(30,000,000.00)
40,000,000.00	09/02/2005	09/08/2005	6.5000%	
	09/08/2005	10/11/2005	4.5275%	
	10/11/2005	11/14/2005	4.7604%	
	11/14/2005	02/14/2006	5.1550%	
	02/14/2006	05/15/2006	5.5657%	
	05/15/2006	11/15/2006	6.1050%	
	11/15/2006	05/15/2007	6.2625%	
40,000,000.00	09/02/2005	09/08/2005	6.5000%	
	09/08/2005	10/11/2005	4.5275%	
	10/11/2005	12/12/2005	4.8350%	
	12/12/2005	06/12/2006	5.4744%	
	06/12/2006	09/12/2006	6.1250%	
	09/12/2006	03/12/2007	6.2625%	
50,000,000.00	02/16/2006	08/16/2006	5.7550%	
	08/16/2006	02/16/2007	6.3250%	
50,000,000.00	04/13/2006	10/13/2006	6.0294%	
	10/13/2006	04/13/2007	6.2625%	
25,000,000.00	05/24/2006	07/24/2006	5.9757%	
	07/24/2006	01/24/2007	6.4500%	
75,000,000.00	06/20/2006	12/20/2006	6.3550%	
25,000,000.00	06/29/2006	09/29/2006	6.3250%	
	09/29/2006	03/27/2007	6.2000%	
50,000,000.00	11/02/2006	05/02/2007	6.2625%	
50,000,000.00	12/12/2006	06/12/2007	6.2000%	
<u>\$ 435,000,000.00</u>	Total Drawn		Total Repaid	<u>\$(30,000,000.00)</u>

\$ 405,000,000.00 Amount Outstanding 12/31/2006

1(i) \$ 295,000,000.00 Current Amount Available to be Drawn

All Pending Loan applications Submitted by EKPC to the Rural Utilities Service

Report Period: #####

Loan Applications Submitted and Approved					
Loan Application	Loan Amounts	Loan Purposes	Loan Approval	Loan Amounts	Loan Funds Available
<u>Date</u>	<u>Applied</u>		<u>Date</u>	<u>Approved</u>	<u>Date</u> ^(a)
12/21/2004	\$ 75,813,000	Construction of Transmission Facilities	08/09/2005	\$ 64,240,000	04/30/2007
04/26/2005	\$ 481,388,000	Construction of Spurlock 4 Unit	03/02/2006	\$ 481,388,000	04/30/2007
Total	\$ 557,201,000			\$ 545,628,000	

New Loan Applications Submitted					
Loan Application	Loan Amounts	Loan Purposes ^(a)	Loan Approval	Loan Amounts	Loan Funds Available
<u>Date</u>	<u>Applied</u>		<u>Date</u>	<u>Approved</u>	<u>Date</u> ^(a)
05/24/2005	\$ 906,973,000	Construction of Smith 1 and CT's 8-12	8/31/2007 & 05/31/2008	\$ 906,973,000	5/31/2008 & 12/31/2008
Total	\$ 906,973,000			\$ 906,973,000	

^(a) EKPC estimates.

EAST KENTUCKY POWER COOPERATIVE

CASE NO. 2006-00455

INTEREST ON LONG-TERM DEBT

INDEBTEDNESS

<u>Type of Debt Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Outstanding 12/31/2006</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Normalized Interest Expense</u>
A. Bonds						
Spurlock Pollution Control Bonds Issuer: County of Mason	11/15/1984	10-15-2014	82,100,000.00	141,300,000.00	3.763%	3,089,423.00
Smith Pollution Control Bonds Issuer: County of Clark	11/15/1984	10-15-2014	18,260,000.00	59,650,000.00	3.680%	671,968.00
Cooper Solid Waste Disposal Bond Issuer: County of Pulaski	12/15/1993	08-15-2023	8,800,000.00	11,800,000.00	3.420%	300,960.00
Total Bonds			109,160,000.00			4,062,351.00

.. NotesNational Rural Utilities Cooperative Finance Corporation ("CFC")

CFC # 9001	08-20-1974	02-28-2014	5,337,030.47	13,150,000.00	3.800%	202,807.16
CFC # 9033	08-29-1984	05-31-2019	4,986,273.48	8,530,000.00	3.800%	189,478.39
CFC # 9034	06-12-1995	11-30-2024	5,651,699.40	6,734,000.00	3.800%	214,764.58
CFC # 9038	03-02-1998	02-28-2024	4,464,579.95	5,251,000.00	3.800%	169,654.04
CFC - Unsecured Credit Facility	02-16-2006	09-02-2010	50,000,000.00	50,000,000.00	6.325%	3,162,500.00
CFC - Unsecured Credit Facility	04-13-2006	09-02-2010	50,000,000.00	50,000,000.00	6.263%	3,131,250.00
CFC - Unsecured Credit Facility	10-11-2005	09-02-2010	40,000,000.00	40,000,000.00	6.263%	2,505,000.00
CFC - Unsecured Credit Facility	05-24-2006	09-02-2010	25,000,000.00	25,000,000.00	6.450%	1,612,500.00
CFC - Unsecured Credit Facility	10-11-2005	09-02-2010	40,000,000.00	40,000,000.00	6.263%	2,505,000.00
CFC - Unsecured Credit Facility	06-20-2006	09-02-2010	75,000,000.00	75,000,000.00	6.200%	4,650,000.00
CFC - Unsecured Credit Facility	06-29-2006	09-02-2010	25,000,000.00	25,000,000.00	6.200%	1,550,000.00
CFC - Unsecured Credit Facility	11-02-2006	09-02-2010	50,000,000.00	50,000,000.00	6.263%	3,131,250.00
CFC - Unsecured Credit Facility	12-12-2006	09-02-2010	50,000,000.00	50,000,000.00	6.200%	3,100,000.00
National Cooperative Services Corporation	07-18-1995	09-29-2006	8,400,000.00	18,000,000.00	7.700%	646,800.00
Total CFC			433,839,583.30			26,771,004.17

Rural Utilities Service Notes

REA 4490	03-01-1973	03-01-2008	330,789.75	6,000,000.00	2.000%	6,615.80
REA 4520	06-20-1974	06-01-2009	581,614.61	5,368,000.00	2.000%	11,632.29
CB-4500	06-12-1973	06-12-2008	1,645,584.03	25,000,000.00	2.000%	32,911.68
CB-4510	03-01-1974	03-01-2009	1,223,347.31	12,500,000.00	2.000%	24,466.95
K4-14530	06-02-1975	06-02-2010	1,005,810.44	5,000,000.00	5.000%	50,290.52

PSC Request 1 (k)

<u>Type of Debt Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Normalized</u>
			<u>Outstanding 12/31/2006</u>			<u>Interest Expense</u>
K4-14540	06-01-1976	06-02-2011	1,513,351.31	6,000,000.00	5.000%	75,667.57
K4-14570	06-01-1977	07-01-2012	2,103,749.20	7,000,000.00	5.000%	105,187.46
K4-14580	03-01-1978	03-01-2013	2,420,087.86	7,200,000.00	5.000%	121,004.39
M9-14590	10-31-1979	10-31-2014	2,282,006.02	5,734,294.72	5.000%	114,100.30
M9-14591	10-31-1979	10-31-2014	642,141.11	1,536,705.28	5.000%	32,107.06
SRDA 14610	03-01-1977	03-01-2012	57,084.55	188,718.00	5.000%	2,854.23
P12-1-B620	08-29-1984	06-30-2019	3,674,014.12	6,401,000.00	5.000%	183,700.71
P12-1-B621	08-29-1984	06-30-2019	1,801,769.33	3,053,000.00	5.000%	90,088.47
P12-1-B624	08-20-1990	08-31-2021	5,092,281.33	7,598,272.97	5.000%	254,614.07
P12-1-B625	08-20-1990	08-31-2022	1,299,252.75	1,855,727.03	5.000%	64,962.64
R12-1-B642	03-31-1995	12-31-2024	6,639,789.18	7,856,000.00	5.000%	331,989.46
R12-1-B647	03-31-1995	12-31-2024	6,639,789.18	7,856,000.00	5.000%	331,989.46
T62-1-B650	03-02-1998	12-31-2024	5,277,187.40	6,125,500.00	5.125%	270,455.85
T62-1-B655	03-02-1998	12-31-2024	5,277,187.40	6,125,500.00	5.125%	270,455.85
Total RUS			49,506,836.88			2,375,094.76

Federal Financing Bank Notes

HO-010	03-04-1977	12-31-2011	7,941,892.60	23,603,000.00	5.452%	432,991.98
HO-015	04-08-1977	12-31-2011	841,519.90	2,494,000.00	5.452%	45,879.66
HO-020	04-25-1977	12-31-2011	980,557.35	2,908,000.00	5.452%	53,459.99
HO-025	05-25-1977	12-31-2011	1,147,097.37	3,400,000.00	5.452%	62,539.75
HO-030	06-22-1977	12-31-2011	2,916,665.39	8,665,000.00	5.452%	159,016.60
HO-035	07-25-1977	12-31-2011	2,505,750.68	7,422,000.00	5.452%	136,613.53
HO-040	08-31-1977	12-31-2011	2,017,763.23	5,984,000.00	5.452%	110,008.45
HO-045	09-30-1977	12-31-2011	2,015,991.99	5,950,000.00	5.452%	109,911.88
HO-050	11-28-1977	12-31-2011	1,711,089.47	5,037,000.00	5.452%	93,288.60
HO-055	12-01-1977	12-31-2011	1,645,557.63	4,843,000.00	5.452%	89,715.80
HO-060	12-27-1977	12-31-2011	1,376,901.11	4,038,000.00	5.452%	75,068.65
HO-065	03-01-1978	12-31-2012	1,039,088.67	2,649,000.00	5.484%	56,983.62
HO-070	04-25-1978	12-31-2012	1,612,388.87	4,092,000.00	5.484%	88,423.41
HO-075	05-25-1978	12-31-2012	2,327,993.65	5,897,000.00	5.484%	127,667.17
HO-080	08-24-1978	12-31-2015	3,651,149.13	5,782,000.00	10.372%	378,697.19
HO-086	10-30-1978	12-31-2012	8,432,547.48	19,184,000.00	7.444%	627,718.83
HO-091	11-22-1978	12-31-2012	3,169,098.35	7,243,000.00	7.444%	235,907.68
HO-096	12-27-1978	12-31-2012	2,209,064.79	5,040,000.00	7.444%	164,442.78
HO-111	03-16-1979	12-31-2013	3,087,939.17	6,344,000.00	7.470%	230,669.06
HO-116	04-19-1979	12-31-2013	3,382,252.20	6,949,000.00	7.470%	252,654.24
HO-121	05-21-1979	12-31-2013	4,772,706.07	9,777,000.00	7.470%	356,521.14
HO-150	11-15-1979	12-31-2015	4,316,985.35	6,790,000.00	10.144%	437,914.99
HO-156	12-06-1979	12-31-2013	4,609,387.36	9,480,000.00	7.470%	344,321.24
HO-160	12-26-1979	12-31-2015	3,750,782.92	6,237,000.00	9.352%	350,773.22
HO-165	01-15-1980	12-31-2015	4,817,734.31	8,746,000.00	7.690%	370,483.77
HO-210	04-29-1981	12-31-2015	2,051,242.50	3,676,542.00	6.248%	128,161.63
HO-215	05-15-1981	12-31-2015	3,795,340.68	6,805,000.00	6.248%	237,132.89
HO-220	05-15-1981	12-31-2015	2,756,292.98	4,942,000.00	6.248%	172,213.19
HO-235	06-16-1981	12-31-2015	4,189,195.37	7,484,000.00	6.248%	261,740.93
HO-245	07-20-1981	12-31-2015	771,838.76	1,193,000.00	10.572%	81,598.79
HO-255	09-15-1981	12-31-2015	3,051,701.59	4,700,000.00	10.657%	325,219.84
HO-265	10-15-1981	12-31-2015	2,088,787.60	3,700,000.00	6.248%	130,507.45
HO-275	10-19-1981	12-31-2015	564,317.11	1,000,000.00	6.248%	35,258.53
HO-285	11-17-1981	12-31-2015	1,593,644.79	2,500,000.00	10.204%	162,615.51
HO-295	01-18-1982	12-31-2016	2,364,987.14	3,732,000.00	7.991%	188,986.12
HO-300	01-20-1982	12-31-2015	165,255.08	300,000.00	7.690%	12,708.12

PSC Request 1 (k)

<u>Type of Debt Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Outstanding 12/31/2006</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Normalized Interest Expense</u>
HO-305	01-22-1982	12-31-2016	228,267.31	360,000.00	7.991%	18,240.84
HO-310	02-17-1982	12-31-2016	303,984.11	506,000.00	6.591%	20,035.59
HO-315	02-18-1982	12-31-2016	3,711,861.83	6,181,000.00	6.591%	244,648.81
HO-320	02-19-1982	12-31-2015	275,424.56	500,000.00	7.690%	21,180.15
HO-325	03-15-1982	12-31-2016	5,525,029.52	9,307,000.00	6.591%	364,154.70
HO-330	03-22-1982	12-31-2016	314,792.74	530,000.00	6.591%	20,747.99
HO-335	04-19-1982	12-31-2016	355,624.94	560,000.00	7.991%	28,417.99
HO-340	05-17-1982	12-31-2016	190,513.70	300,000.00	7.991%	15,223.95
HO-345	05-24-1982	12-31-2016	2,553,256.21	4,000,000.00	7.991%	204,030.70
HO-350	06-14-1982	12-31-2016	4,467,206.22	7,000,000.00	7.991%	356,974.45
HO-355	06-15-1982	12-31-2016	1,004,149.85	1,570,000.00	7.991%	80,241.61
HO-360	07-14-1982	12-31-2016	3,928,222.64	6,131,000.00	7.991%	313,904.27
HO-365	07-16-1982	12-31-2016	576,643.46	900,000.00	7.991%	46,079.58
HO-370	08-16-1982	12-31-2016	276,020.75	430,000.00	7.991%	22,056.82
HO-375	08-16-1982	12-31-2016	2,611,922.16	4,069,000.00	7.991%	208,718.70
HO-380	09-15-1982	12-31-2015	305,293.21	500,000.00	10.381%	31,692.49
HO-385	09-13-1982	12-31-2016	5,216,141.63	8,126,000.00	7.991%	416,821.88
HO-390	09-14-1982	12-31-2016	385,144.83	600,000.00	7.991%	30,776.92
HO-395	10-14-1982	12-31-2016	1,287,335.30	2,000,000.00	7.991%	102,870.96
HO-400	10-14-1982	12-31-2016	772,401.35	1,200,000.00	7.991%	61,722.59
HO-405	10-14-1982	12-31-2016	2,882,987.92	4,479,000.00	7.991%	230,379.56
HO-410	11-10-1982	12-31-2016	578,426.44	900,000.00	7.991%	46,222.06
HO-415	11-10-1982	12-31-2016	385,617.34	600,000.00	7.991%	30,814.68
HO-420	11-10-1982	12-31-2016	3,534,825.64	5,500,000.00	7.991%	282,467.92
HO-425	12-13-1982	12-31-2016	900,972.89	1,400,000.00	7.991%	71,996.74
HO-430	12-13-1982	12-31-2016	4,440,507.76	6,900,000.00	7.991%	354,840.98
HO-435	01-17-1983	12-31-2017	759,291.38	1,200,000.00	5.913%	44,896.90
HO-440	02-14-1983	12-31-2017	3,048,225.31	4,800,000.00	5.913%	180,241.56
HO-445	03-16-1983	12-31-2017	316,731.28	500,000.00	5.913%	18,728.32
HO-450	03-16-1983	12-31-2017	4,117,508.48	6,500,000.00	5.913%	243,468.28
HO-455	04-14-1983	12-31-2017	1,585,247.55	2,500,000.00	5.913%	93,735.69
HO-460	04-14-1983	12-31-2017	2,980,265.56	4,700,000.00	5.913%	176,223.10
HO-465	05-16-1983	12-31-2017	601,949.92	950,000.00	5.913%	35,593.30
HO-470	06-15-1983	12-31-2017	445,398.72	700,000.00	5.913%	26,336.43
HO-475	06-15-1983	12-31-2017	4,453,984.84	7,000,000.00	5.913%	263,364.12
HO-480	07-14-1983	12-31-2017	2,858,003.58	4,500,000.00	5.913%	168,993.75
HO-485	08-16-1983	12-31-2017	635,982.13	1,000,000.00	5.913%	37,605.62
HO-490	09-27-1983	12-31-2017	508,338.53	800,000.00	5.913%	30,058.06
HO-495	09-27-1983	12-31-2017	1,270,845.63	2,000,000.00	5.913%	75,145.10
HO-500	10-24-1983	12-31-2017	640,862.30	1,000,000.00	5.913%	37,894.19
HO-505	10-24-1983	12-31-2017	640,862.30	1,000,000.00	5.913%	37,894.19
HO-510	05-09-1984	12-31-2018	11,253,054.28	16,500,000.00	6.665%	750,016.07
HO-515	01-17-1985	12-31-2019	4,181,730.31	5,900,000.00	5.991%	250,527.46
HO-520	04-16-1985	12-31-2015	379,076.23	600,000.00	10.377%	39,336.74
HO-525	05-20-1985	12-31-2019	802,283.85	1,130,000.00	5.991%	48,064.83
HO-530	06-24-1985	12-31-2019	512,151.23	720,000.00	5.991%	30,682.98
HO-535	06-24-1985	12-31-2015	139,206.75	215,000.00	10.590%	14,741.99
HO-540	12-23-1985	12-31-2015	1,947,178.54	3,165,291.00	9.385%	182,742.71
HO-545	03-18-1986	12-31-2020	1,346,866.35	1,897,000.00	5.177%	69,727.27
HO-550	03-18-1986	12-31-2015	432,854.01	751,000.00	8.058%	34,879.38
HO-555	04-16-1986	12-31-2020	132,807.37	188,000.00	5.177%	6,875.44
HO-560	04-16-1986	12-31-2015	393,370.19	706,000.00	7.413%	29,160.53
HO-565	10-14-1986	12-31-2020	1,766,575.56	2,480,000.00	5.177%	91,455.62
HO-570	10-30-1986	12-31-2020	3,588,615.50	5,035,000.00	5.177%	185,782.62

PSC Request 1 (k)

<u>Type of Debt Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Outstanding 12/31/2006</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Normalized Interest Expense</u>
HO-575	11-06-1995	12-31-2023	11,785,567.86	14,895,000.00	6.301%	742,608.63
HO-580	11-06-1995	12-31-2024	23,222,469.41	28,812,000.00	6.306%	1,464,408.92
HO-585	11-06-1995	12-31-2024	23,222,469.41	28,812,000.00	6.306%	1,464,408.92
HO-590	11-06-1995	12-31-2024	23,222,469.41	28,812,000.00	6.306%	1,464,408.92
HO-595	01-26-1996	12-31-2024	4,736,736.59	5,836,000.00	6.123%	290,030.38
HO-600	06-25-1997	12-31-2023	2,941,826.82	3,607,000.00	6.297%	185,246.83
HO-605	09-14-2000	12-31-2024	5,278,894.69	6,082,000.00	6.005%	316,997.63
HO-610	09-15-2000	12-31-2024	5,769,779.35	6,626,000.00	6.067%	350,052.51
HO-615	04-10-2001	12-31-2024	8,425,493.00	9,681,000.00	5.451%	459,273.62
HO-620	06-05-2001	12-31-2024	7,142,392.96	8,119,000.00	5.726%	408,973.42
HO-625	07-10-2001	12-31-2024	7,149,784.72	8,119,000.00	5.729%	409,611.17
HO-630	08-10-2001	12-31-2024	7,122,972.22	8,119,000.00	5.488%	390,908.72
HO-635	09-06-2001	12-31-2024	7,142,082.42	8,119,000.00	5.426%	387,529.39
HO-640	10-03-2001	12-31-2024	9,646,170.76	11,000,000.00	5.104%	492,340.56
HO-645	11-08-2001	12-31-2024	11,639,810.54	13,357,000.00	4.709%	548,118.68
HO-650	12-10-2001	12-31-2024	7,069,268.12	7,970,000.00	5.644%	398,989.49
HO-655	01-15-2002	12-31-2030	18,500,020.92	20,000,000.00	5.447%	1,007,696.14
HO-660	06-04-2002	12-31-2030	5,606,638.85	6,000,000.00	5.678%	318,344.95
HO-665	07-02-2002	12-31-2030	5,598,027.33	6,000,000.00	5.538%	310,018.75
HO-670	08-15-2002	12-31-2024	13,751,723.27	15,000,000.00	4.695%	645,643.41
HO-675	08-22-2002	12-31-2024	9,177,283.70	10,000,000.00	4.802%	440,693.16
HO-680	09-24-2002	12-31-2024	13,707,321.46	15,000,000.00	4.366%	598,461.65
HO-685	10-03-2002	12-31-2024	9,139,033.93	10,000,000.00	4.375%	399,832.73
HO-690	11-05-2002	12-31-2024	13,754,652.85	15,000,000.00	4.717%	648,806.97
HO-695	12-10-2002	12-31-2024	9,163,275.12	10,000,000.00	4.644%	425,542.50
HO-700	01-23-2003	12-31-2024	3,142,758.30	3,500,000.00	4.557%	143,215.50
HO-705	01-23-2003	12-31-2030	6,064,986.32	6,500,000.00	4.790%	290,512.84
HO-710	02-27-2003	12-31-2030	2,980,470.48	3,200,000.00	4.624%	137,816.95
HO-715	05-06-2003	12-31-2024	3,932,400.68	4,300,000.00	4.442%	174,677.24
HO-720	07-03-2003	12-31-2032	24,159,206.13	25,000,000.00	4.460%	1,077,500.59
HO-725	07-17-2003	12-31-2032	24,204,852.18	25,000,000.00	4.819%	1,166,431.83
HO-730	07-24-2003	12-31-2032	24,027,236.28	24,800,000.00	4.950%	1,189,348.20
HO-735	08-26-2003	12-31-2024	3,603,289.16	3,938,000.00	5.055%	182,146.27
HO-740	10-02-2003	12-31-2030	2,410,770.03	2,550,000.00	4.753%	114,583.90
HO-745	10-02-2003	12-31-2024	2,434,019.72	2,660,000.00	4.501%	109,555.23
HO-750	10-23-2003	12-31-2032	24,238,091.77	25,000,000.00	5.091%	1,233,961.25
HO-755	11-04-2003	12-31-2032	24,245,031.73	25,000,000.00	5.149%	1,248,376.68
HO-760	11-14-2003	12-31-2032	24,234,963.96	25,000,000.00	5.065%	1,227,500.92
HO-765	11-25-2003	12-31-2032	24,228,434.46	25,000,000.00	5.011%	1,214,086.85
HO-770	12-04-2003	12-31-2032	26,184,634.26	27,000,000.00	5.149%	1,348,246.82
HO-775	02-05-2004	12-31-2030	6,179,309.50	6,500,000.00	4.854%	299,943.68
HO-780	05-06-2004	12-31-2030	2,164,453.84	2,260,000.00	5.240%	113,417.38
HO-785	05-06-2004	12-31-2024	3,851,949.68	4,130,000.00	5.020%	193,367.87
HO-790	08-26-2004	12-31-2030	16,226,227.23	16,900,000.00	4.921%	798,492.64
HO-795	11-01-2004	12-31-2030	6,452,307.12	6,700,000.00	4.672%	301,451.79
HO-800	11-16-2004	12-31-2030	3,122,302.22	3,240,000.00	4.795%	149,714.39
HO-805	11-16-2004	12-31-2024	5,323,595.76	5,644,000.00	4.577%	243,660.98
HO-810	12-16-2004	12-31-2038	49,495,741.92	50,000,000.00	4.744%	2,348,078.00
HO-815	12-22-2004	12-31-2038	49,503,453.04	50,000,000.00	4.825%	2,388,541.61
HO-820	12-29-2004	12-31-2038	49,514,779.67	50,000,000.00	4.946%	2,449,001.00
HO-825	02-02-2005	12-31-2038	24,743,720.38	25,000,000.00	4.658%	1,152,562.50
HO-830	02-08-2005	12-31-2038	24,735,790.52	25,000,000.00	4.497%	1,112,368.50
HO-835	05-10-2005	12-31-2038	24,745,996.02	25,000,000.00	4.705%	1,164,299.11
HO-840	06-02-2005	12-31-2038	24,727,445.12	25,000,000.00	4.332%	1,071,192.92

PSC Request 1 (k)

Type of Debt Issue	Date of Issue	Date of Maturity	Amount Outstanding 12/31/2006	Amount Issued	Interest Rate	Normalized Interest Expense
HO-845	06-07-2005	12-31-2038	18,792,546.45	19,000,000.00	4.324%	812,589.71
HO-850	06-09-2005	12-31-2030	12,815,926.21	13,192,000.00	4.353%	557,877.27
HO-855	08-26-2005	12-31-2038	29,681,207.85	30,000,000.00	4.468%	1,326,156.37
HO-860	08-30-2005	12-31-2038	29,681,328.16	30,000,000.00	4.470%	1,326,755.37
HO-865	08-19-2005	12-31-2030	3,593,978.72	3,675,000.00	4.485%	161,189.95
HO-870	10-14-2005	12-31-2038	29,698,879.80	30,000,000.00	4.769%	1,416,339.58
HO-875	11-09-2005	12-31-2030	2,041,298.92	2,075,000.00	4.858%	99,166.30
HO-880	11-09-2005	12-31-2024	551,704.52	566,000.00	4.789%	26,421.13
HO-885	03-27-2006	12-31-2032	6,444,322.81	500,000.00	4.890%	315,127.39
HO-890	05-03-2006	12-31-2038	14,961,317.10	15,000,000.00	5.345%	799,682.40
HO-895	05-09-2006	12-31-2038	9,974,130.35	10,000,000.00	5.333%	531,920.37
FO-900	08-23-2006	12-31-2034	15,000,000.00	15,000,000.00	5.070%	760,500.00
FO-905	08-25-2006	12-31-2034	15,000,000.00	15,000,000.00	5.061%	759,150.00
FO-910	08-29-2006	12-31-2034	23,000,000.00	23,000,000.00	5.053%	1,162,190.00

Total FFB 1,184,455,374.71 63,225,318.74

RUS - Cushion of Credit
9J990

(75,874,776.83)

Sick Leave Reserve 1,944,945.42 (11/30/06)

Total Indebtedness \$ 1,703,031,963.48 \$ 96,433,768.67

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00455
SUPPLEMENTAL DATA REQUEST RESPONSE

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 2

RESPONSIBLE PERSON: Ann F. Wood/Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. As soon as they are certified by your staff or independent auditors, produce a copy of all certified financial information for the 12-month period ending December 31, 2006, including:

- a. Financial statements.
- b. Cash flow statements.
- c. Balance sheets.
- d. Documents reflecting EKPC's net margin on a month-by-month and year-end basis.
- e. Determination of EKPC's year-end TIER.
- f. Determination of EKPC's year-end DSC Ratio.
- g. Determination of EKPC's year-end equity-to-asset ratio and equity to-capitalization ratio.
- h. An updated schedule of all draws on the unsecured credit facility.
- i. An updated statement of the undrawn balance on the unsecured credit facility.
- j. An updated schedule of all pending loan applications submitted by EKPC to the RUS.

k. An updated schedule of all EKPC's outstanding loans, notes, guarantees, or other evidences of indebtedness.

Response 2(a-k). As soon as they are certified by our independent auditors, EKPC will produce a copy of all certified financial information for the 12-month period ending December 31, 2006 including: financial statements, cash flow statements, balance sheets, and documents reflecting EKPC's net margin on a month-by-month and year-end basis, TIER, DSC Ratio, equity-to-asset and equity-to-capitalization ratios, updated statements of draws from the credit facility, updated schedule of pending loan applications and updated schedules of all forms of indebtedness.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00455
SUPPLEMENTAL DATA REQUEST RESPONSE**

**COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 3**

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 3. Within three days of receipt, provide a copy of any and all reports from EKPC's auditors relating to EKPC's financial condition in 2006.

Response 3. Within three days of receipt, EKPC will provide a copy of any and all reports from Crowe Chizek and Company LLC, EKPC's external auditors, relating to EKPC's financial condition in 2006.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SUPPLEMENTAL DATA REQUEST RESPONSE

**COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 4**

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Provide a copy of all notices which EKPC has issued in association with its planned filing of an application for rate relief.

Response 4. The attached notices were distributed to newspapers of general circulation in the service areas of EKPC's Member Cooperatives. The notices are being published during the week of January 22, 2007. These notices reflect the pass-through of EKPC's proposed wholesale rate increase, to be filed by EKPC on January 29, 2007. EKPC will mail written notices of the proposed wholesale rate increase to its Member Systems, in compliance with 807 KAR 5:001, Section 10(3), no later than the date of filing of its rate application.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Big Sandy Rural Electric Cooperative Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00473. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Big Sandy Rural Electric Cooperative Corporation. The amount and percent of increase by rate class are listed below:

<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
Sch A-1 Farm & Home	\$704,526	4.90%
Sch A-1 Off-Peak Energy Charge	\$143	6.37%
Sch A-2 Commercial & Small Pwr	\$53,704	4.07%
Sch LP Large Pwr Service	\$124,057	5.33%
Sch LPR Large Pwr Service	\$97,640	5.68%
Sch YL-1	\$29,996	4.65%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Sch A-1 Farm & Home	\$4.92	4.90%
Sch A-1 Off-Peak Energy Charge	\$2.38	6.37%
Sch A-2 Commercial & Small Pwr	\$4.72	4.07%
Sch LP Large Pwr Service	\$75.00	5.33%
Sch LPR Large Pwr Service	\$8,137.00	5.68%
Sch YL-1	\$0.33	4.65%

The present and proposed rates structures of Big Sandy Rural Electric Cooperative Corporation are listed below:

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
Sch A-1 Farm & Home		
Customer charge per month	\$7.00	\$7.00
Energy charge per kWh	\$0.06163	\$0.06556
Sch A-1 Off-Peak Energy Charge		
Off-peak energy charge per kWh	\$0.03698	\$0.03934
Sch A-2 Commercial & Small Pwr		
Customer charge per month	\$15.00	\$15.00
Energy charge per kWh	\$0.05510	\$0.05903
Demand charge per kW	\$4.00	\$4.00

Sch LP Large Pwr Service

Demand charge	\$5.10	\$5.10
Secondary meter energy charge per kWh	\$0.04248	\$0.04641
Primary meter energy charge per kWh	\$0.04179	\$0.04572
Customer charge per month	\$50.00	\$50.00

Sch LPR Large Pwr Service

Demand charge	\$5.10	\$5.10
Secondary meter energy charge per kWh	\$0.04020	\$0.04413
Primary meter energy charge per kWh	\$0.03954	\$0.04347
Customer charge per month	\$75.00	\$75.00

Sch YL-1

175 Watt Mercury Vapor	\$6.57	\$6.85
400 Watt Mercury Vapor	\$9.40	\$10.01
500 Watt Mercury Vapor	\$10.78	\$11.61
1,500 Watt Mercury Vapor	\$23.67	\$26.15
400 Watt Flood	\$13.24	\$13.85

Sch IND 1

Demand Charge	\$5.39	\$7.29
Secondary Meter Energy Charge per kWh	\$0.03563	\$0.03563
Primary Meter Energy Charge per kWh	\$0.03506	\$0.03506
Customer charge per month	\$150.00	\$150.00

Sch IND 2

Demand Charge	\$5.39	\$7.29
Secondary Meter Energy Charge per kWh	\$0.03063	\$0.03063
Primary Meter Energy Charge per kWh	\$0.03018	\$0.03018
Customer charge per month	\$1,069.00	\$1,069.00

The rates contained in this notice are the rates proposed by Big Sandy Rural Electric Cooperative Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Big Sandy Rural Electric Cooperative Corporation at the following address:

Big Sandy Rural Electric Cooperative Corporation
504 Eleventh Street
Paintsville, KY 41240-1422
(606) 789-4095
bigsandyrecc.com

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Blue Grass Energy Cooperative Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00475. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Blue Grass Energy Cooperative Corporation. The amount and percent of increase by rate class are listed below.

For Nicholasville & Madison Districts

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent</u>
GS-1 (Residential, Farm & Non-farm)	\$1,553,560	4.96%
GS-2 (Off-Peak Marketing Rate - ETS)	\$1,669	4.81%
C-1 Commercial & Industrial Lighting & Pwr	\$124,221	3.88%
LP-1 Large Power	\$161,544	5.36%
LP-2 Large Power	\$239,556	6.11%
Large Industrial Rate B-2	\$582,261	6.90%

For the Fox Creek District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent</u>
Sch R Residential	\$651,034	4.64%
Sch R2 Residential Marketing Rate	\$398	4.62%
Sch C Commercial & Small Pwr	\$33,595	4.12%
Sch L Large Pwr Service (50-200 kW)	\$9,172	4.37%
Sch N Industrial & Lrg Commercial (Over 500 kW)	\$9,009	5.32%
Sch B1 Large Industrial Rate	\$67,139	5.52%

For the Harrison District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent</u>
Farm & Home Sch A (Rate 1)	\$704,745	4.34%
Farm & Home Off-Peak Mkt. Rate (Rate 1 ETS)	\$4,911	4.46%
Commercial & Small Pwr 0-50 Demand (Rate 2)	\$22,937	3.92%
Large Power Service 50-500 kW (Rate 8)	\$27,428	4.76%
Large Power Service Over 500 kW (LPR 1, Rate 8)	\$17,278	5.30%
Large Power Service 5,000 – 9,999 kW (LPR, Rate 8)	\$184,361	5.92%

For All Territories Served

<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
Security, Street, and Outdoor Lighting	\$37,576	3.02%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

For the Nicholasville & Madison Districts

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
GS-1 (Residential, Farm & Non-farm)	\$5.22	4.96%
GS-2 (Off-Peak Marketing Rate - ETS)	\$1.21	4.81%
C-1 Commercial & Industrial Lighting & Pwr	\$8.28	3.88%
LP-1 Large Power	\$162.00	5.36%
LP - 2 Large Power	\$1,470.00	6.11%

Large Industrial Rate B-2	\$9,704.00	6.90%
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For the Fox Creek District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Sch R Residential	\$4.63	4.64%
Sch R2 Residential Marketing Rate	\$1.35	4.62%
Sch C Commercial & Small Pwr	\$6.86	4.12%
Sch L Large Pwr Service (50-200 kW)	\$76.00	4.37%
Sch N Industrial & Lrg Commercial (Over 500 kw)	\$360.00	5.32%
Sch B1 Large Industrial Rate	\$5,595.00	5.52%

For the Harrison District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Farm & Home Sch A (Rate 1)	\$4.18	4.34%
Farm & Home Off-Peak Mkt. Rate (Rate 1 ETS)	\$1.71	4.46%
Commercial & Small Pwr 0-50 Demand (Rate 2)	\$5.95	3.92%
Large Power Service 50-500 kW (Rate 8)	\$118.00	4.76%
Large Power Service Over 500 kW (LPR 1, Rate 8)	\$720.00	5.30%
Large Power Service 5,000 – 9,999 kW (LPR, Rate 8)	\$15,363.00	5.92%

For All Territories Served

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Security, Street, and Outdoor Lighting	\$0.20	3.02%

The present and proposed rates structures of Blue Grass Energy are listed below:

For the Nicholasville & Madison Districts

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>GS-1 (Residential, Farm & Non-farm)</i>		
Customer Charge per Month	\$5.30	\$5.30
Energy Charge per kWh	\$0.06028	\$0.06414
<i>GS-2 (Off-Peak Marketing Rate - ETS)</i>		
Energy Charge per kWh	\$0.03617	\$0.03849
<i>GS-3 (Residential, Farm & Non-Farm TOD)</i>		
Customer Charge per Month	\$10.48	\$10.48
Energy Charge per kWh		
On-peak	\$0.07543	\$0.07929
Off-peak	\$0.03793	\$0.04179
<i>C-1 Commercial & Industrial Lighting & Pwr</i>		
Demand Charge per kW		
First 10 kW of billing demand	No charge	No charge
Over 10 kW of billing demand per kW	\$6.23	\$6.23
Energy Charge		
First 3,000 kWh	\$0.06453	\$0.06839
All over 3,000 kWh	\$0.05973	\$0.06359
Customer Charge per Month	\$6.95	\$6.95
<i>LP-1 Large Power</i>		
Demand Charge per kW per month	\$6.23	\$6.23
Energy Charge (51-500 kW)		
First 10,000 kWh	\$0.04945	\$0.05331
Next 15,000 kWh	\$0.04275	\$0.04661
Next 50,000 kWh	\$0.03715	\$0.04101

Next 75,000 kWh	\$0.03485	\$0.03871
All over 150,000	\$0.03315	\$0.03701
Customer Charge per month	\$24.00	\$24.00
<i>LP –2 Large Power</i>		
Demand Charge per kW per month	\$6.23	\$6.23
Energy Charge (over 500 kW)		
First 3,500 kWh	\$0.05028	\$0.05414
Next 6,500 kWh	\$0.04201	\$0.04587
Next 140,000 kWh	\$0.03688	\$0.04074
Next 200,000 kWh	\$0.03533	\$0.03919
Next 400,000 kWh	\$0.03441	\$0.03827
Next 550,000 kWh	\$0.03349	\$0.03735
All over 1,300,000 kWh	\$0.02822	\$0.03208
Customer Charge per month	\$24.00	\$24.00
<i>Security Lights – Rate per Light per Month</i>		
175 w Mercury Vapor	\$ 5.06	\$5.33
400 w Mercy Vapor	\$ 7.69	\$8.30
100 w High Pressure Sodium	\$ 5.13	\$5.27
250 w High Pressure Sodium	\$ 7.51	\$7.90
400 w Metal Halide-Directional Flood	\$11.41	\$12.02
400 w High Pressure Sodium Directional Flood	\$12.44	\$13.05
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium – Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
400 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$18.87	\$19.48
<i>Street Lighting</i>		
70 w High Pressure Sodium (Ornamental)	\$ 5.21	\$5.30
100 w High Pressure Sodium (Ornamental)	\$ 6.74	\$6.88
250 w High Pressure Sodium (Ornamental)	\$ 9.25	\$9.64
70 w High Pressure (Colonial) (15-foot mounting height)	\$ 7.99	\$8.08
200 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.37	\$11.69
100 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.47	\$8.61
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
400 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$18.87	\$19.48
<i>Large Industrial Rate C-1</i>		
Consumer Charge per Month	\$535.00	\$535.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.03556	\$0.03556
<i>Large Industrial Rate C-2</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.03056	\$0.03056
<i>Large Industrial Rate C-3</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.02956	\$0.02956
<i>Large Industrial Rate B-1</i>		
Consumer Charge per Month	\$535.00	\$535.00
Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03577	\$0.03577
<i>Large Industrial Rate B-2</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00

Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03077	\$0.03077

For the Fox Creek District

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>Sch R Residential</i>		
Customer Charge per month	\$5.39	\$5.39
All kWh over 30 per month	\$0.06467	\$0.06853
<i>Sch R2 Residential Marketing Rate</i>		
All kWh	\$0.03880	\$0.04112
<i>Sch C Commercial & Small Pwr</i>		
Over 10 kW of Billing Demand Per Month	\$3.18	\$3.18
Minimum Bill First 30 kWh per month	\$5.39	\$5.39
All kWh over 30 kWh per month	\$0.06899	\$0.07285
<i>Sch L Large Pwr Service (50-200 kW)</i>		
Demand charge per kW per month	\$3.18	\$3.18
First 50 kWh/kW of billing demand	\$0.07200	\$0.07586
Next 100 kWh/kW of billing demand	\$0.06800	\$0.07186
Over 150 kWh/kW of billing demand	\$0.05810	\$0.06196
<i>Sch C1 Large Industrial Rate (1,000-4,999 kW)</i>		
Consumer Charge per month	\$535.00	\$535.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.03537	\$0.03537
<i>Sch C2 Large Industrial (5,000-9,999 kW)</i>		
Consumer Charge per month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.03037	\$0.03037
<i>Sch C3 Large Industrial (Over 10,000 kW)</i>		
Consumer Charge per month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.02937	\$0.02937
<i>Sch M Commercial & Industrial (201-500 kW)</i>		
Consumer Charge	\$135.00	\$135.00
Demand Charge per kW	\$4.34	\$4.34
Energy Charge		
First 425 kWh/kW of billing demand	\$0.04676	\$0.05062
All over 425 kWh/kW of billing demand	\$0.03887	\$0.04273
<i>Sch N Industrial & Lrg Commercial (Over 500 kw)</i>		
Consumer Charge	\$270.00	\$270.00
Demand Charge per kW	\$4.34	\$4.34
Energy Charge		
First 425 kWh/kW	\$0.04276	\$0.04662
All over 425 kWh/kW	\$0.03487	\$0.03873
<i>Sch B1 Large Industrial Rate</i>		
Consumer Charge	\$565.00	\$565.00
Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03537	\$0.03537

For the Harrison District

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>Farm & Home Sch A (Rate 1)</i>		
Consumer Charge per month	\$8.86	\$8.86
All kWh used	\$0.06628	\$0.07016
<i>Farm & Home Off-Peak Mkt. Rate (Rate 1, ETS)</i>		

All kWh used	\$0.03977	\$0.04209
<i>Commercial & Small Pwr 0-50 Demand (Rate 2)</i>		
Consumer Charge per month	\$23.87	\$23.87
All kWh used	\$0.06789	\$0.07175
<i>Large Power Service 50-500 kW (Rate 8)</i>		
Consumer Charge per month	\$28.68	\$28.68
All kWh	\$0.04329	\$0.04715
Demand Charge per kW	\$7.82	\$7.82
<i>Large Power Service Over 500 kW (LPR 1, Rate 8)</i>		
Consumer Charge per month	\$40.16	\$40.16
All kWh	\$0.04077	\$0.04463
Demand charge per kW	\$7.82	\$7.82
<i>Large Power Service 1,000 – 4,999 kW (LPR 2, Rate8)</i>		
Consumer Charge per month	\$40.16	\$40.16
All kWh	\$0.03992	\$0.03992
Demand charge per kW	\$5.39	\$7.29
<i>Large Power Service 5,000 – 9,999 kW (LPR 2, Rate8)</i>		
Consumer Charge per month	\$2,373.00	\$2,373.00
Energy Charge		
First 425 kWh per kW of billing demand	\$0.03735	\$0.03735
All remaining kWh	\$0.02983	\$0.02983
Demand charge per kW	\$5.39	\$7.29
<i>Outdoor Lighting Service (monthly charge)</i>		
175 watt	\$ 8.81	\$9.09
400 watt	\$14.02	\$14.61
200 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.37	\$11.69
100 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.47	\$8.61
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
Lights Requiring Separate Transformer (in addition to monthly chg.)	\$1.00	\$1.00

The rates contained in this notice are the rates proposed by Blue Grass Energy Cooperative Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Blue Grass Energy Cooperative Corporation at the following address:

Blue Grass Energy Cooperative Corporation
P.O. Box 990, 1201 Lexington Road
Nicholasville, KY 40356
859-885-4191
www.bgenergy.com

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Clark Energy Cooperative, Inc. of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00476. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Clark Energy Cooperative, Inc. The amount and percent of increase by rate class are listed below.

<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
Sch R: Residential	\$1,214,397	4.59%
Sch D: Time of Use Marketing	\$7,336	7.50%
Sch T: Outdoor Lighting Facilities	\$5,125	5.07%
Sch S: Outdoor Lighting Facilities	\$28,615	4.20%
Sch E: Public Facilities	\$14,875	4.20%
Sch A: General Power Service	\$53,154	3.64%
Sch B: General Power Service	\$50,180	4.05%
Sch L: General Power Service	\$217,667	4.68%
Sch P: General Power Service	\$36,376	5.43%
Sch M: General Power Service	\$41,917	5.36%
Sch J: Industrial HLF	\$10,171	7.41%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Sch R: Residential	\$4.28	4.59%
Sch D: Time of Use Marketing	\$2.60	7.50%
Sch T: Outdoor Lighting Facilities	\$0.61	5.07%
Sch S: Outdoor Lighting Facilities	\$0.28	4.20%
Sch E: Public Facilities	\$4.23	4.20%
Sch A: General Power Service	\$3.25	3.64%
Sch B: General Power Service	\$26.93	4.05%
Sch L: General Power Service	\$158.00	4.68%
Sch P: General Power Service	\$957.00	5.43%
Sch M: General Power Service	\$3,493.00	5.36%
Sch J: Industrial HLF	\$2,034.00	7.41%

The present and proposed rates structures of Clark Energy Cooperative, Inc. are listed below:

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
Sch R: Residential		
Customer Charge per month	\$5.35	\$5.35
Energy charge per kWh	\$0.06783	\$0.07180
Sch R – TOD		
On Peak Service Charge per Month	\$3.13	\$3.13
On Peak per kWh	\$0.07012	\$0.07409
Off-Peak per kWh	\$0.04062	\$0.04459
Sch D: Time of Use Marketing		
Per kWh for all energy	\$0.04389	\$0.04786
Sch T: Outdoor Lighting Facilities (annual rate)		
200 watt	\$66.12	\$69.32
300 watt	\$85.15	\$89.92
400 watt	\$128.19	\$135.53
Sch S: Outdoor Lighting Facilities (per month)		
175 watt	\$6.00	\$6.28
Sch E: Public Facilities		
Customer Charge per month	\$5.40	\$5.40
Energy charge per kWh	\$0.07522	\$0.07919
Sch A & B: General Power Service		
Demand charge first 10 kW	\$0.00	\$0.00
Demand charge per kW over 10 kW	\$5.40	\$5.40
Customer charge – Schedule A	\$5.27	\$5.27
Customer charge – Schedule B	\$4.83	\$4.83
Per kWh charge – Schedule A	\$0.08793	\$0.09190
Per kWh charge – Schedule B	\$0.06912	\$0.07309
Sch L: General Power Service		
Demand charge per kW	\$5.40	\$5.40
Energy charge per kWh	\$0.05126	\$0.05523
Sch P: General Power Service		
Demand charge per kW	\$5.40	\$5.40
Energy charge per kWh	\$0.04312	\$0.04709
Sch H: General Power Service		
Demand charge per kW	\$7.82	\$7.82
Energy charge per kWh	\$0.04405	\$0.04802
Sch G: General Power Service		
Demand charge per kW	\$7.82	\$7.82
Energy charge per kWh	\$0.04702	\$0.05099
Sch M: General Power Service		
Demand charge per kW	\$8.23	\$8.23
Energy charge per kWh	\$0.04702	\$0.05099
Sch J: Industrial HLF		
Demand charge per kW	\$5.80	\$7.84
Energy charge per kWh	\$0.03598	\$0.03598

The rates contained in this notice are the rates proposed by Clark Energy Cooperative, Inc. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Clark Energy Cooperative, Inc at the following address:

Clark Energy Cooperative, Inc.
2640 Iron Works Road
Winchester, KY 40391
(859) 744-4251
www.clarkenergy.com

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Cumberland Valley Electric, Inc. of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00477. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Cumberland Valley Electric, Inc. The amount and percent of increase by rate class are listed below.

<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
Sch I: Residential, Schools & Churches	\$1,209,209	4.82%
Sch II: Small Commercial & Small Power	\$88,903	4.26%
Sch III: All Three Phase Schools & Churches	\$51,008	5.55%
Sch IV: Large Power – Industrial	\$175,028	6.45%
Sch IV-A: Lrg Pwr Rate 50 kW to 2,500 kW	\$406,131	5.75%
Sch VI: Outdoor Lighting – Security Lights	\$41,616	4.33%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent</u>
Sch I: Residential, Schools & Churches	\$4.60	4.82%
Sch II: Small Commercial & Small Power	\$5.59	4.26%
Sch III: All Three Phase Schools & Churches	\$128.16	5.55%
Sch IV: Large Power – Industrial	\$7,292.84	6.45%
Sch IV-A: Lrg Pwr Rate 50 kW to 2,500 kW	\$16,922.14	5.75%
Sch VI: Outdoor Lighting – Security Lights	\$0.32	4.33%

The present and proposed rates structures of Cumberland Valley Electric, Inc are listed below:

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
Sch I: Residential, Schools & Churches		
Customer charge per month	\$5.00	\$5.00
All kWh	\$0.06447	\$0.06845
Off-peak marketing rate	\$0.03868	\$0.04266
Sch II: Small Commercial & Small Power		
Single phase customer charge per month	\$5.00	\$5.00
Single phase energy charge – First 3,000 kWh	\$0.07280	\$0.07678
Single phase energy charge – Over 3,000 kWh	\$0.06723	\$0.07121
Three phase customer charge per month	\$5.00	\$5.00
Three phase demand charge per kW	\$3.68	\$3.68
Three phase energy charge – First 3,000 kWh	\$0.07280	\$0.07678
Three phase energy charge – Over 3,000 kWh	\$0.06723	\$0.07121
Sch III: All Three Phase Schools & Churches		
All kWh	\$0.05883	\$0.06281

Sch IV: Large Power – Industrial		
Demand charge per kW	\$5.71	\$5.71
All energy per kWh	\$0.03395	\$0.03793
Sch IV-A: Lrg Pwr Rate 50 kW to 2,500 kW		
Demand charge per kW	\$3.68	\$3.68
Energy charge per kWh	\$0.04283	\$0.04681
Sch V: 1,000 to 2,500 kW		
Consumer charge	\$535.00	\$535.00
Demand charge per kW - Contract	\$5.39	\$7.29
Demand charge per kW – Excess	\$7.82	\$9.72
Energy charge per kWh	\$0.03902	\$0.03902
Sch V-A: Large Power – Industrial		
Consumer charge	\$1,069.00	\$1,069.00
Demand charge per kW - Contract	\$5.39	\$7.29
Demand charge per kW – Excess	\$7.82	\$9.72
Energy charge per kWh	\$0.03266	\$0.03266
Sch VI: Outdoor Lighting – Security Lights (rate per month)		
Mercury Vapor Lamps		
175 watt	\$6.50	\$6.78
400 watt	\$8.87	\$9.25
Other Lamps (rate per month)		
100 watt Open Bottom	\$6.50	\$6.73
100 watt Colonial Flood	\$7.42	\$7.68
100 watt Directional Flood	\$8.03	\$8.31
400 watt Directional Flood	\$12.47	\$13.03
400 watt Cobra Head	\$12.47	\$13.03

The rates contained in this notice are the rates proposed by Cumberland Valley Electric, Inc. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Cumberland Valley Electric, Inc. at the following address:

Cumberland Valley Electric, Inc
Highway 25E
Gray, KY 40734
(606) 589-4421

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Farmers Rural Electric Cooperative Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00478. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Farmers Rural Electric Cooperative Corporation. The amount and percent of increase by rate class are listed below.

<u>Rate Class</u>	<u>Increase</u>	<u>Increase</u>
Sch R – Residential Service	\$1,208,463	5.19%
Sch C – Commercial & Industrial Service	\$443,601	5.23%
Sch D – Large Commercial & Industrial Optional Time of Day	\$23,715	5.36%
Sch OL – Outdoor Lighting Service	\$28,023	4.50%
Sch SL – Street Lighting Service	\$1,771	7.47%
Sch E – Large Industrial Rate	\$208,639	5.80%
Sch RM – Residential Off – Peak Marketing	\$5,632	5.00%
Sch CM – Small Commercial Off – Peak Marketing	\$11	4.86%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Rate Class</u>	<u>\$ Increase</u>	<u>% Increase</u>
Sch R – Residential Service	\$4.69	5.19%
Sch C – Commercial & Industrial Service	\$23.11	5.23%
Sch D – Large Commercial & Industrial Optional Time of Day	\$282.32	5.36%
Sch OL – Outdoor Lighting Service	\$0.30	4.50%
Sch SL – Street Lighting Service	\$16.40	7.47%
Sch E – Large Industrial Rate	\$5,795.53	5.80%
Sch RM – Residential Off-Peak Marketing	\$2.80	5.00%
Sch CM – Small Commercial Off – Peak Marketing	\$2.12	4.86%

The present and proposed rates structures of Farmers Rural Electric Cooperative Corporation are listed below:

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
Schedule R – Residential Service		
First 50 kWh	\$0.13929	\$0.14335
All Remaining kWh	\$0.06120	\$0.06526

Schedule C – Commercial & Industrial Service		
For Consumers With Less Than 50 kW:		
Demand Charge per kW	N/A	N/A
First 50 kWh	\$0.13929	\$0.14335
All Remaining kWh	\$0.06437	\$0.06843
For Consumers With 50 kW or More		
Demand Charge per kW	\$4.93	\$4.93
Energy Charge per kWh	\$0.04902	\$0.05309
Schedule OL – Outdoor Lighting Service		
Mercury Vapor 175 Watts	\$6.35	\$6.63
Mercury Vapor 250 Watts	\$7.12	\$7.52
Mercury Vapor 400 Watts	\$10.76	\$11.39
Mercury Vapor 1000 Watts	\$18.14	\$19.68
Sodium Vapor 100 Watts	\$6.85	\$7.02
Sodium Vapor 150 Watts	\$7.85	\$8.11
Sodium Vapor 250 Watts	\$10.52	\$10.95
Sodium Vapor 400 Watts	\$13.31	\$13.98
Sodium Vapor 1000 Watts	\$28.60	\$30.17
Schedule SL – Street Lighting Service		
Energy Charge per Rated kWh	\$0.03859	\$0.04266
Schedule D – Large Commercial/ Industrial Optional Time-of-Day Rate		
Demand / kW	\$4.93	\$4.93
Energy Charge / kWh	\$0.04902	\$0.05309
Schedule E – Large Industrial Rate		
Consumer Charge / Month	\$535.00	\$535.00
Demand Charge / kW	\$5.39	\$7.29
Energy Charge / kWh	\$0.03517	\$0.03517
Schedule RM – Residential Off-Peak Marketing		
Energy Charge / kWh	\$0.03672	\$0.03916
Schedule CM – Small Commercial Off-Peak Marketing		
Energy Charge / kWh	\$0.03862	\$0.04106

The rates contained in this notice are the rates proposed by Farmers Rural Electric Cooperative Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Farmers Rural Electric Cooperative Corporation at the following address:

Farmers Rural Electric Cooperative Corporation
504 South Broadway
Glasgow, KY 42141
(270) 651-2191

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Fleming-Mason Energy Cooperative of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00479. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Fleming-Mason Energy Cooperative. The amount and percent of increase by rate class are listed below.

<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
Residential & Small Power – Sch RSP	\$1,153,496	4.94%
Residential & Small Power – Sch RSP-ETS	\$5,727	7.29%
Small General Service – Sch SGS	\$64,904	4.95%
Large General Service – Sch LGS	\$417,924	6.02%
Outdoor Lighting Service – Sch OLS	\$20,190	3.22%
All Electric School	\$9,614	5.67%
Large Industrial Service – Sch LIS 6	\$382,652	5.81%
Large Industrial Service – Sch LIS 6B	\$228,000	7.73%
Special Contract - Inland Container	\$498,379	4.45%
Special Contract - Inland Steam	\$778,221	6.71%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Residential & Small Power – Sch RSP	\$4.51	4.94%
Residential & Small Power – Sch RSP-ETS	\$6.42	7.29%
Small General Service – Sch SGS	\$32.34	4.95%
Large General Service – Sch LGS	\$282.95	6.02%
Outdoor Lighting Service – Sch OLS	\$0.21	3.22%
All Electric School	\$400.54	5.67%
Large Industrial Service – Sch LIS 6	\$31,887.70	5.81%
Large Industrial Service – Sch LIS 6B	\$19,000.00	7.73%
Special Contract - Inland Container	\$41,531.60	4.45%
Special Contract - Inland Steam	\$64,851.73	6.71%

The present and proposed rates structures of Fleming-Mason Energy Cooperative are listed below:

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
Residential & Small Power – Sch RSP		
Customer charge per month	\$6.26	\$6.26
Energy charge per kWh	\$0.06096	\$0.06497
Residential & Small Power – Sch RSP-ETS		
Energy charge for all kWh	\$0.03657	\$0.03898

Small General Service – Sch SGS		
Customer charge per meter	\$43.07	\$43.07
Demand charge per kW	\$6.49	\$6.49
Energy charge per kWh	\$0.03515	\$0.03915
Large General Service – Sch LGS		
Customer charge per meter	\$57.31	\$57.31
Demand charge per kW	\$6.06	\$6.06
Energy charge per kWh	\$0.03526	\$0.03926
Outdoor Lighting Service – Sch OLS		
Mercury Vapor – 7,000 Lumens – Std Service	\$6.32	\$6.60
Mercury Vapor – 7,000 Lumens – Ornamental Service	\$14.97	\$15.25
Mercury Vapor – 20,000 Lumens – Std Service	\$12.03	\$12.19
Mercury Vapor – 20,000 Lumens – Ornamental Service	\$19.54	\$19.70
High Pressure Sodium – 9,500 Lumens – Std Service	\$6.36	\$6.52
High Pressure Sodium – 9,500 Lumens – Ornamental Service	\$13.84	\$14.00
High Pressure Sodium – 9,500 Lumens – Directional Service	\$6.44	\$6.60
High Pressure Sodium – 22,000 Lumens – Std Service	\$8.85	\$9.17
High Pressure Sodium – 22,000 Lumens – Ornamental Service	\$16.35	\$16.67
High Pressure Sodium – 22,000 Lumens – Directional Service	\$8.67	\$8.99
High Pressure Sodium – 50,000 Lumens – Std Service	\$13.05	\$13.70
High Pressure Sodium – 50,000 Lumens – Ornamental Service	\$20.15	\$20.80
High Pressure Sodium – 50,000 Lumens – Directional Service	\$12.75	\$13.40
All Electric School		
Customer charge	\$56.77	\$56.77
Energy charge per kWh	\$0.05692	\$0.06092
Large Industrial Service – Sch LIS 1		
Customer charge per meter	\$535.00	\$535.00
Demand charge per kW	\$7.82	\$9.72
Energy charge per kWh	\$0.03629	\$0.03629
Large Industrial Service – Sch LIS 2		
Customer charge per meter	\$1,069.00	\$1,069.00
Demand charge per kW	\$7.82	\$9.72
Energy charge per kWh	\$0.03304	\$0.03304
Large Industrial Service – Sch LIS 3		
Customer charge per meter	\$1,069.00	\$1,069.00
Demand charge per kW	\$6.39	\$8.64
Energy charge per kWh	\$0.03198	\$0.03198
Large Industrial Service – Sch LIS 4		
Customer charge per meter	\$535.00	\$535.00
Demand charge per kW	\$5.39	\$7.29
Energy charge per kWh	\$0.03812	\$0.03812
Large Industrial Service – Sch LIS 5		
Customer charge per meter	\$1,069.00	\$1,069.00
Demand charge per kW	\$5.39	\$7.29
Energy charge per kWh	\$0.03487	\$0.03487
Large Industrial Service – Sch LIS 6		
Customer charge per meter	\$1,069.00	\$1,069.00
Demand charge per kW	\$5.39	\$7.29
Energy charge per kWh	\$0.03085	\$0.03085

Large Industrial Service – Sch LIS 4B		
Customer charge per meter	\$535.00	\$535.00
Demand charge per contract kW	\$5.39	\$7.29
Demand charge in excess of contract	\$7.82	\$9.72
Energy charge per kWh	\$0.03812	\$0.03812
Large Industrial Service – Sch LIS 5B		
Customer charge per meter	\$1,069.00	\$1,069.00
Demand charge per contract kW	\$5.39	\$7.29
Demand charge in excess of contract	\$7.82	\$9.72
Energy charge per kWh	\$0.03487	\$0.03487
Large Industrial Service – Sch LIS 6B		
Customer charge per meter	\$1,069.00	\$1,069.00
Demand charge per contract kW	\$5.39	\$7.29
Demand charge in excess of contract	\$7.82	\$9.72
Energy charge per kWh	\$0.03085	\$0.03085
Special Contract – Inland Container		
Customer Charge	\$4,605.00	\$4,605.00
Demand Charge per kW	\$5.39	\$6.92
Energy Charge per kWh	\$0.02756	\$0.02756
Special Contract – Inland Steam		
Demand Charge per MMBTU	\$419.51	\$604.44
Energy Charge per MMBTU	\$2.964	\$2.964
Special Contract – Tennessee Gas		
Customer Charge	\$56.77	\$56.77
Demand Charge per kW	\$1.75	\$1.75
Energy Charge per kWh	\$0.05692	\$0.05692

The rates contained in this notice are the rates proposed by Fleming-Mason Energy Cooperative. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Fleming-Mason Energy Cooperative at the following address:

Fleming-Mason Energy Cooperative
1449 Elizaville Rd., P.O. Drawer 328
Flemingsburg, KY 41041
(606) 845-2661
fmenergy.net

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Grayson RECC of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00480. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Grayson RECC. The amount and percent of increase by rate class are listed below.

<u>Schedule</u>	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
1	Domestic – Farm and Home Service	\$702,539	4.24%
2	Commercial & Small Power less than 50 KVA, Including Public Buildings, Schools, Churches, Etc.	\$65,801	4.28%
3	Off-Peak Marketing Rate	\$1,459	5.51%
4	Large Power Service – Single and Three Phase	\$153,642	4.74%
5	Street Lighting Service	\$320	3.33%
6	Outdoor Lighting Service – Security Lights	\$12,838	4.03%
7	All Electric Schools	\$16,133	6.20%
13a	Large Industrial Service - HLF	\$59,918	6.28%
17	Water Pumping Service	\$83	4.83%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
1	Domestic – Farm and Home Service	\$4.12	4.24%
2	Commercial & Small Power less than 50 KVA, Including Public Buildings, Schools, Churches, Etc.	\$4.61	4.28%
3	Off-Peak Marketing Rate	\$1.29	5.51%
4	Large Power Service – Single and Three Phase	\$184.67	4.74%
5	Street Lighting Service	\$0.24	3.33%
6	Outdoor Lighting Service – Security Lights	\$0.29	4.03%
7	All Electric Schools	\$224.07	6.20%
13a	Large Industrial Service - HLF	\$4,993.20	6.28%
17	Water Pumping Service	\$6.94	4.83%

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

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
1	Domestic – Farm and Home Service		
	Customer Charge / Mo	\$7.98	\$7.98
2	Commercial & Small Power less than 50 KVA, Including Public Buildings, Schools, Churches, Etc.		
	Customer Charge / Mo	\$7.92	\$7.92
3	Off-Peak marketing Rate		
	Customer Charge / Mo	\$7.98	\$7.98
4	Large Power Service – Single and Three Phase		
	Customer Charge / Mo	\$7.98	\$7.98
5	Street Lighting Service		
	Energy Charge / kWh	\$0.07057	\$0.07446
6	Outdoor Lighting Service – Security Lights		
	Energy Charge / kWh	\$0.07057	\$0.07445
7	All Electric Schools		
	Energy Charge / kWh	\$0.07057	\$0.07446
13a	Large Industrial Service - HLF		
	Energy Charge / kWh	\$0.04234	\$0.04467
17	Water Pumping Service		
	Customer Charge / Mo	\$7.98	\$7.98

	Customer Charge / Mo	\$59.56	\$59.56
	Demand Charge / kW	\$7.26	\$7.26
	Energy Charge / kWh	\$0.04565	\$0.04953
5	Street Lighting Service		
	175 Watt 7,000 Lumens Mercury Vapor Lamps	\$7.26	\$7.50
6	Outdoor Lighting Service – Security Lights		
	7,000 Lumens Mercury Vapor Lamp	\$7.17	\$7.46
	10,000 Lumens Mercury Vapor Lamp	\$9.01	\$9.43
7	All Electric Schools		
	Customer Charge / Mo	\$27.28	\$27.28
	Demand Charge / kW	\$4.34	\$4.34
	Energy Charge / kWh	\$0.04628	\$0.05016
12a	Large Industrial Service		
	Customer Charge	\$535.00	\$535.00
	Demand Charge	\$7.82	\$7.82
	Energy Charge	\$0.03583	\$0.03971
12b	Large Industrial Service		
	Customer Charge	\$1,069.00	\$1,069.00
	Demand Charge	\$7.82	\$7.82
	Energy Charge	\$0.03083	\$0.03471
12c	Large Industrial Service		
	Customer Charge	\$1,069.00	\$1,069.00
	Demand Charge	\$7.82	\$7.82
	Energy Charge	\$0.02983	\$0.03371
13a	Large Industrial Service - HLF		
	Customer Charge / Mo	\$535.00	\$535.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03583	\$0.03583
13b	Large Industrial Service - HLF		
	Customer Charge	\$1,069.00	\$1,069.00
	Demand Charge	\$5.39	\$7.29
	Energy Charge	\$0.03083	\$0.03083
13c	Large Industrial Service - HLF		
	Customer Charge	\$1,069.00	\$1,069.00
	Demand Charge	\$5.39	\$7.29
	Energy Charge	\$0.02983	\$0.02983
14a	Large Industrial Service - MLF		
	Customer Charge	\$535.00	\$535.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge over Contract Demand	\$7.82	\$9.72
	Energy Charge	\$0.03583	\$0.03583
14b	Large Industrial Service - MLF		
	Customer Charge	\$1,069.00	\$1,069.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge over Contract Demand	\$7.82	\$9.72
	Energy Charge	\$0.03083	\$0.03083
14c	Large Industrial Service - MLF		
	Customer Charge	\$1,069.00	\$1,069.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge over Contract Demand	\$7.82	\$9.72

17	Energy Charge	\$0.02983	\$0.02983
	Water Pumping Service		
	Customer Charge / Mo	\$17.60	\$17.60
	On-Peak Energy	\$0.07057	\$0.07445
	Off-Peak Energy	\$0.04234	\$0.04467

The rates contained in this notice are the rates proposed by Grayson RECC. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Grayson RECC at the following address:

Grayson RECC
109 Bagby Park
Grayson, Kentucky 41143
(606) 474-5136

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Inter-County Energy Cooperative Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00481. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Inter-County Energy Cooperative Corporation. The amount and percent of increase by rate class are listed below.

<u>Schedule</u>	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
1	Farm and Home Service	\$1,391,269	4.78%
1-A	Firm and Home Marketing Rate (ETS)	\$1,769	4.82%
2	Small Commercial and Small Power	\$27,533	3.92%
4	Large Power Rate	\$86,593	4.49%
5	All Electric Schools	\$13,485	5.87%
6	Outdoor Lighting Service – Security Lights	\$29,187	4.51%
B1	Large Industrial Rate	\$107,825	5.95%
C1	Large Industrial Rate	\$65,881	5.83%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
1	Farm and Home Service	\$4.91	4.78%
1-A	Firm and Home Marketing Rate (ETS)	\$1.29	3.99%
2	Small Commercial and Small Power	\$10.61	3.92%
4	Large Power Rate	\$69.55	4.49%
5	All Electric Schools	\$224.74	5.87%
6	Outdoor Lighting Service – Security Lights	\$0.31	4.51%
B1	Large Industrial Rate	\$1,283.64	5.95%
C1	Large Industrial Rate	\$5,490.05	5.83%

The present and proposed rates structures of Inter-County Energy Cooperative Corporation are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
1	Farm and Home Service		
	Customer Charge per month	\$5.55	\$5.55
	First 500 kWh/Mo per kwh	\$0.06900	\$0.07301
	Over 500 kWh/Mo per kwh	\$0.06366	\$0.06767
1-A	Firm and Home Marketing Rate (ETS)		
	Energy Charge per kwh	\$0.03820	\$0.04060
2	Small Commercial and Small Power		
	Customer Charge per month	\$5.55	\$5.55
	Demand Charge (over 10 kW/Mo) per KW	\$4.02	\$4.02
	Energy Charge per kwh for First 1,000 kWh/Mo	\$0.07825	\$0.08225
	Energy Charge per kwh for All Over 1,000 kWh/Mo	\$0.06576	\$0.06976
4	Large Power Rate		
	Customer Charge per month	\$11.10	\$11.10
	Demand Charge per KW	\$4.02	\$4.02
	Energy Charge per kwh	\$0.05655	\$0.06055

5	All Electric Schools		
	Energy Charge per kwh	\$0.05884	\$0.06284
6	Outdoor Lighting Service – Security Lights		
	107,800 Lumen Directional Floodlight per month	\$22.95	\$24.39
	50,000 Lumen Directional Floodlight per month	\$12.48	\$13.12
	27,500 Lumen Directional Floodlight per month	\$8.92	\$9.27
	27,500 Lumen Cobra Head per month	\$8.31	\$8.66
	9,500 Lumen Security Light per month	\$6.68	\$6.84
	7,000 Lumen Security Light per month	\$6.66	\$6.97
	4,000 Lumen Decorative Colonial Post per month	\$8.46	\$8.54
	9,550 Lumen Decorative Colonial Post per month	\$10.89	11.04
B1	Large Industrial Rate		
	Customer Charge per month	\$535.00	\$535.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge Excess of Contract	\$7.82	\$9.72
	Energy Charge per month	\$0.03532	\$0.03532
B2	Large Industrial Rate		
	Customer Charge per month	\$1,069.00	\$1,069.00
	Contract Demand Charge per KW	\$5.39	\$7.29
	Demand Charge Excess of Contract per KW	\$7.82	\$9.72
	Energy Charge per kwh	\$0.03032	\$0.03032
B3	Large Industrial Rate		
	Customer Charge per month	\$1,069.00	\$1,069.00
	Contract Demand Charge per KW	\$5.39	\$7.29
	Demand Charge Excess of Contract per KW	\$7.82	\$9.72
	Energy Charge per kwh	\$0.02932	\$0.02932
C1	Large Industrial Rate		
	Customer Charge per month	\$535.00	\$535.00
	Demand Rate per KW	\$5.39	\$7.29
	Energy Rate per kwh	\$0.03565	\$0.03565
C2	Large Industrial Rate		
	Customer Charge per month	\$1,069.00	\$1,069.00
	Demand Rate per KW	\$5.39	\$7.29
	Energy Rate per kwh	\$0.03065	\$0.03065
C3	Large Industrial Rate		
	Customer Charge per month	\$1,069.00	\$1,069.00
	Demand Rate per KW	\$5.39	\$7.29
	Energy Rate per kwh	\$0.02965	\$0.02965
	Interruptible Service Rider		

The rates contained in this notice are the rates proposed by Inter-County Energy Cooperative Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Inter-County Energy Cooperative Corporation at the following address:

Inter-County Energy Cooperative Corporation
1009 Hustonville Road
Danville, Kentucky 40422
(859) 236-4561

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Jackson Energy Cooperative of a proposed rate adjustment from East Kentucky Power. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00482. The rates are being revised to reflect a change in East Kentucky Power's wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Jackson Energy Cooperative. The amount and percent of increase by rate class are listed below.

	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
10	Residential, Farm and Non-Farm Service	\$2,570,352	4.39%
11	Residential, Farm and Non-Farm Service – Off Peak	\$22,457	4.51%
01	Special Dual Fuel Tariff	\$1,011	4.64%
20	Commercial, Small Power & Three-Phase Farm Service	\$168,016	4.33%
30	Large Power Service Less Than 50 kW	\$54,661	3.86%
33	Water Pumping Service	\$8,184	5.69%
40	Large Power More than 50 kW but Less Than 274 kW	\$234,483	4.76%
43	Large Power Rate – Over 275 kW	\$143,660	5.11%
46	Large Power Rate – 500 kW or More (12-Mo Period)	\$177,147	6.93%
47	Large Power Rate – 500 kW to 4,999 kW	\$118,711	6.68%
50	Schools, Community Halls and Community Parks	\$18,374	4.40%
60	Churches	\$29,175	4.09%
52	All Electric Schools	\$31,775	5.41%
OL	Outdoor Lighting Service	\$76,994	3.82%
65	Street Lighting Service	\$107	2.27%
22	Commercial, Small Power and 3-Phase Farm Service – Off Peak Retail Marketing Rate	\$458	4.14%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
10	Residential, Farm and Non-Farm Service	\$4.60	4.39%
11	Residential, Farm and Non-Farm Service – Off Peak	\$2.10	4.51%
01	Special Dual Fuel Tariff	\$3.87	4.64%
20	Commercial, Small Power & Three-Phase Farm Service	\$4.73	4.33%
30	Large Power Service Less Than 50 kW	\$19.17	3.86%
33	Water Pumping Service	\$113.66	5.69%
40	Large Power More than 50 kW but Less Than 274 kW	\$127.92	4.76%
43	Large Power Rate – Over 275 kW	\$583.98	5.11%
46	Large Power Rate – 500 kW or More (12-Mo Period)	\$4,920.75	6.93%
47	Large Power Rate – 500 kW to 4,999 kW	\$2,697.98	6.68%
50	Schools, Community Halls and Community Parks	\$9.95	4.40%
60	Churches	\$4.18	4.09%
52	All Electric Schools	\$136.96	5.41%
OL	Outdoor Lighting Service	\$0.30	3.82%
65	Street Lighting Service	\$0.28	2.27%
22	Commercial, Small Power and 3-Phase Farm Service – Off Peak Retail Marketing Rate	\$2.92	4.14%

The present and proposed rates structures of Jackson Energy Cooperative are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
10	Residential, Farm and Non-Farm Service		
	Customer Charge / Mo	\$8.25	\$8.25
	Energy Charge / kWh	\$0.06956	\$0.07355
11	Residential, Farm and Non-Farm Service – Off Peak		
	Energy Charge / kWh	\$0.04174	\$0.04413
01	Special Dual Fuel Tariff		
	Customer Charge / Mo	\$1.95	\$1.95
	Energy Charge / kWh	\$0.06938	\$0.07334
20	Commercial, Small Power & Three-Phase Farm Service		
	Customer Charge / Mo	\$10.00	\$10.00
	Energy Charge / kWh	\$0.06915	\$0.07314
30	Large Power Service Less Than 50 kW		
	Customer Charge / Mo	\$21.75	\$21.75
	Demand Charge / kW	\$5.22	\$5.22
	Energy Charge / kWh	\$0.06249	\$0.06645
33	Water Pumping Service		
	Customer Charge / Mo	\$15.25	\$15.25
	Energy Charge / kWh	\$0.05704	\$0.06100
40	Large Power More than 50 kW but Less Than 274 kW		
	Customer Charge / Mo	\$17.90	\$17.90
	Demand Charge / kW	\$4.84	\$4.84
	Energy Charge / kWh	\$0.05328	\$0.05724
43	Large Power Rate – Over 275 kW		
	Customer Charge / Mo	\$31.82	\$31.82
	Demand Charge / kW	\$4.84	\$4.84
	Energy Charge / kWh	\$0.04980	\$0.05376
46	Large Power Rate – 500 kW or More (12-Mo Period)		
	Customer Charge / Mo	\$960.00	\$960.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03550	\$0.03550
47	Large Power Rate – 500 kW to 4,999 kW		
	Customer Charge / Mo	\$960.00	\$960.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge in Excess of Contract Demand	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03754	\$0.03754
48	Large Power Rate 5,000 kW and Above		
	Customer Charge / Mo	\$1,069.00	\$1,069.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge in Excess of Contract Demand	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03014	\$0.03014
50	Schools, Community Halls and Community Parks		
	Customer Charge / Mo	\$9.75	\$9.75
	Energy Charge / kWh	\$0.07269	\$0.07665
60	Churches		
	Customer Charge / Mo	\$9.65	\$9.65
	Energy Charge / kWh	\$0.07234	\$0.07630

52	All Electric Schools		
	Customer Charge / Mo	\$40.00	\$40.00
	Energy Charge / kWh	\$0.05939	\$0.06335
OL	Outdoor Lighting Service		
	100 Watt Sodium Vapor Security Light	\$7.40	\$7.68
	175 Watt Mercury Vapor Security Light	\$7.40	\$7.68
	400 Watt Mercury Vapor Flood Light	\$13.85	\$14.47
	1,000 Watt Mercury Vapor Flood Light	\$26.60	\$28.09
	175 Watt Mercury Vapor Acorn Light	\$13.95	\$14.24
	175 Watt Mercury Vapor Colonial Light	\$7.28	\$7.57
	400 Watt Mercury Vapor Cobra Head Light	\$11.86	\$12.48
	400 Watt Mercury Vapor Interstate Light	\$16.46	\$17.08
	4,000 Lumen Sodium Colonial	\$9.84	\$9.92
	27,500 Lumen Sodium Floodlight	\$11.85	\$12.20
	50,000 Lumen Sodium Floodlight	\$13.48	\$14.11
	27,500 Lumen Sodium Cobra Head	\$10.49	\$10.84
65	Street Lighting Service		
	Sodium Vapor Light 22,000 Lumens	\$13.55	\$13.89
	Sodium Vapor Light 5,800 Lumens	\$9.14	\$9.26
22	Commercial, Small Power and 3-Phase Farm Service –		
	Off Peak Retail Marketing Rate		
	Energy Charge / kWh	\$0.04164	\$0.04388

The rates contained in this notice are the rates proposed by Jackson Energy Cooperative. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Jackson Energy Cooperative at the following address:

Jackson Energy Cooperative
115 Jackson Energy Lane
McKee, Kentucky 40447
(606) 364-1000

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Licking Valley RECC of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00483. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Licking Valley RECC. The amount and percent of increase by rate class are listed below.

<u>Schedule</u>	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
A	Residential, Farm, Small Community Hall and Church Service	\$769,025	4.84%
B	Commercial & Small Power Service	\$51,342	4.54%
LPS	Large Power Service	\$109,262	4.49%
LPR	Large Power Rate	\$77,252	5.83%
SL	Security Lights and/or Rural Lighting	\$30,235	4.47%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
A	Residential, Farm, Small Community Hall and Church Service	\$4.07	4.84%
B	Commercial & Small Power Service	\$4.53	4.54%
LPS	Large Power Service	\$55.63	4.49%
LPR	Large Power Rate	\$589.71	5.83%
SL	Security Lights and/or Rural Lighting	\$0.31	4.47%

The present and proposed rates structures of Licking Valley RECC are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
A	Residential, Farm, Small Community Hall and Church Service		
	Customer Charge per month	\$7.00	\$7.00
	Energy Charge per kWh	\$0.065438	\$0.069598
B	Commercial & Small Power Service		
	Customer Charge per month	\$14.50	\$14.50
	Energy Charge per kWh	\$0.065373	\$0.069533
LPS	Large Power Service		
	Demand Charge per KW	\$6.51	\$6.51
	Customer Charge per month	\$45.00	\$45.00
	Energy Charge per kWh	\$0.050758	\$0.054918
LPR	Large Power Rate		
	Demand Charge per KW	\$6.10	\$6.10
	Customer Charge per month	\$90.00	\$90.00
	Energy Charge per kWh	\$0.043295	\$0.047455
SL	Security Lights and/or Rural Lighting		
	175 Watt Mercury Vapor per lamp	\$6.94	\$7.25

The rates contained in this notice are the rates proposed by Licking Valley RECC. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Licking Valley RECC at the following address:

Licking Valley RECC
271 Main Street
West Liberty, Kentucky 41472
(606) 743-3179

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Nolin RECC Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00484. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Nolin RECC Corporation. The amount and percent of increase by rate class are listed below.

<u>Schedule</u>	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
1	Residential, Farm, Non-Farm, Trailers & Mobile Homes	\$1,666,095	4.99%
2	Commercial, Small Power, Single Phase & Three Phase Service	\$100,517	4.60%
2a	Builder Service	\$9,764	4.28%
3	Large Power	\$60,222	4.78%
4	Industrial	\$284,585	5.47%
4a	Large Power (Less than 50 KW)	\$3,345	6.45%
5	Security & Street Lights	\$32,449	4.04%
6	Industrial (5,000 to 9,999 KW)	\$160,091	5.84%
7	Industrial (Special Contract)	\$357,944	5.16%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
1	Residential, Farm, Non-Farm, Trailers & Mobile Homes	\$4.90	4.99%
2	Commercial, Small Power, Single Phase & Three Phase Service	\$6.34	4.60%
2a	Builder Service	\$2.07	4.28%
3	Large Power	\$55.71	4.78%
4	Industrial	\$232.31	5.47%
4a	Large Power (Less than 50 KW)	\$278.71	6.45%
5	Security Lights & Street Lights	\$0.29	4.04%
6	Industrial (5,000 to 9,999 KW)	\$13,341	5.84%
7	Industrial (Special Contract)	\$29,829	5.16%

The present and proposed rates structures of Nolin RECC Corporation are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
1	Residential, Farm, Non-Farm, Trailers & Mobile Homes		
	Customer Charge per month	\$5.00	\$5.00
2	Commercial, Small Power, Single Phase & Three Phase Service & Builder		
	Energy Charge per kwh	\$0.06271	\$0.06666
3	Large Power		
	Demand Charge per KW	\$4.34	\$4.34
	Energy Charge per kwh for First 2,500 kWh	\$0.05875	\$0.06270
	Energy Charge per kwh for Next 12,500 kWh	\$0.05430	\$0.05825
	Energy Charge per kwh for Over 15,000 kWh	\$0.05296	\$0.05691

4	Industrial		
	Demand Charge per KW	\$4.34	\$4.34
	Energy Charge per kwh for First 2,500 kWh	\$0.06228	\$0.06623
	Energy Charge per kwh for Next 12,500 kWh	\$0.04949	\$0.05344
	Energy Charge per kwh for Over 15,000 kWh	\$0.04617	\$0.05012
4a	Large Power (less than 50 KW)		
	Demand Charge per KW	\$1.19	\$1.19
	Energy Charge per kwh for First 2,500 kWh	\$0.06228	\$0.06623
	Energy Charge per kwh for Next 12,500 kWh	\$0.04949	\$0.05344
	Energy Charge per kwh for Over 15,000 kWh	\$0.04617	\$0.05012
5	Security Lights		
	Mercury Vapor 175 Watt per lamp	\$6.87	\$7.17
	HPS 100 Watt per lamp	\$6.87	\$7.17
	Directional Floodlight 100 Watt per lamp	\$6.87	\$7.17
	Directional Floodlight 100 Watt per lamp	\$6.02	\$6.19
	Directional Floodlight 250 Watt per lamp	\$10.13	\$10.60
	Directional Floodlight 400 Watt per lamp	\$13.55	\$14.29
	Lantern Type 100 Watt HPS per lamp	\$9.44	\$9.61
	Contemporary 400 Watt HPS per lamp	\$14.67	\$15.41
	Thirty-Foot Fiberglass Pole per month	\$8.56	\$8.56
	Twenty-Five Foot Wood Pole per month	\$1.98	\$1.98
	Thirty Foot Wood Pole per month	\$2.29	\$2.29
	Twenty-five Foot Wood Pole per month	\$2.77	\$2.77
	Thirty Foot Wood Pole per month	\$3.08	\$3.08
6	Street Lighting		
	Standard Overhead Lighting (Wood Pole)		
	8,500 MV Initial Lumens per lamp	\$3.26	\$3.56
	23,000 MV Initial Lumens per lamp	\$9.81	\$10.48
	9,500 HPS Initial Lumens per lamp	\$5.58	\$5.78
	27,500 HPS Initial Lumens per lamp	\$8.20	\$8.61
	50,000 HPS Initial Lumens per lamp	\$10.64	\$10.68
	Ornamental Service Overhead (Aluminum Pole)		
	8,500 MV Initial Lumens per lamp	\$4.34	\$4.64
	23,000 MV Initial Lumens per lamp	\$10.95	\$11.62
	9,500 HPS Initial Lumens per lamp	\$13.24	\$13.44
	27,500 HPS Initial Lumens per lamp	\$15.31	\$15.72
	50,000 HPS Initial Lumens per lamp	\$17.26	\$17.83
	Ornamental Service Underground (Fiberglass Poles)		
	50,000 HPS Initial Lumens per lamp	\$20.30	\$20.87
7	Industrial		
	Demand Charge per KW	\$7.92	\$7.92
	Energy Charge per kwh	\$0.04159	\$0.04554
8	Seasonal Time of Day		
	Demand Charge per KW	\$7.82	\$7.82
	Energy Charge per kwh	\$0.04159	\$0.04554
9	Industrial		
	Consumer Charge (Substation Required) per month	\$1,069.00	\$1,069.00
	Consumer Charge (No Substation Required) month	\$535.00	\$535.00
	Demand Charge Contract Demand per KW	\$5.39	\$7.29
	Demand Charge Excess Demand per KW	\$7.82	\$9.72
	Energy Charge per kwh	\$0.03977	\$0.03977

10	Industrial		
	Consumer Charge per month	\$1,069.00	\$1,069.00
	Demand Charge Contract Demand per KW	\$5.39	\$7.29
	Demand Charge Excess Demand per KW	\$7.82	\$9.72
	Energy Charge per kwh	\$0.03477	\$0.03477
11	Industrial		
	Consumer Charge per month	\$1,069.00	\$1,069.00
	Demand Charge Contract Demand per KW	\$5.39	\$7.29
	Demand Charge Excess Demand per KW	\$7.82	\$9.72
	Energy Charge per kwh	\$0.03377	\$0.03377
12	Industrial C		
	Consumer Charge (Substation Required)	\$1,069.00	\$1,069.00
	Consumer Charge (No Substation Required)	\$535.00	\$535.00
	Demand Charge Contract Demand per KW	\$5.39	\$7.29
	Energy Charge per kwh	\$0.03977	\$0.03977
13	Industrial C		
	Consumer Charge per month	\$1,069.00	\$1,069.00
	Demand Charge Contract Demand per KW	\$5.39	\$7.29
	Energy Charge per kwh	\$0.03477	\$0.03477
14	Industrial C		
	Consumer Charge per month	\$1,069.00	\$1,069.00
	Demand Charge Contract Demand per KW	\$5.39	\$7.29
	Energy Charge per kwh	\$0.03377	\$0.03377
15	Special Contract		
	Consumer Charge per month	\$1,069.00	\$1,069.00
	Demand Charge per KW	\$5.39	\$6.92
	Energy Charge per kwh	\$0.02806	\$0.02806

The rates contained in this notice are the rates proposed by Nolin RECC Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Nolin RECC Corporation at the following address:

Nolin RECC Corporation
411 Ring Road
Elizabethtown, Kentucky 42701-6767
(270) 765-6153

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Owen Electric Cooperative of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00485. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Owen Electric Cooperative. The amount and percent of increase by rate class are listed below.

<u>Schedule</u>	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
I	Farm & Home	\$2,605,885	4.43%
I-A	Farm & Home Off-Peak Marketing Rate	\$150	4.42%
I	Small Commercial	\$151,771	4.38%
II	Large Power	\$702,420	4.98%
III	Security Lights	\$29,200	4.05%
XI	Large Industrial Rate LPB1	\$305,763	6.80%
XIII	Large Industrial Rate LPB2	\$339,927	6.61%
XIV	Large Industrial Rate LPB	\$63,751	6.16%
2-A	Large Power – Time of Day	\$14,386	5.00%
OLS	Outdoor Lighting Service	\$3,081	1.78%
II SOLS	Special Outdoor Lighting Service	\$375	1.61%
	Gallatin Steel – Special Contract	\$2,971,785	6.87%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
I	Farm & Home	\$4.19	4.43%
I-A	Farm & Home Off-Peak Marketing Rate	\$1.38	4.42%
I	Small Commercial	\$4.74	4.38%
II	Large Power	\$226.51	4.98%
III	Security Lights	\$0.22	4.05%
XI	Large Industrial Rate LPB1	\$2,831	6.80%
XIII	Large Industrial Rate LPB2	\$14,164	6.61%
XIV	Large Industrial Rate LPB	\$1,328	6.16%
2-A	Large Power – Time of Day	\$133	5.00%
OLS	Outdoor Lighting Service	\$0.16	1.78%
II SOLS	Special Outdoor Lighting Service	\$0.15	1.63%
	Gallatin Steel – Special Contract	\$247,649	6.87%

The present and proposed rates structures of Owen Electric Cooperative are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
I	Farm and Home		
	Customer Charge per Month	\$5.50	\$5.50
	Energy Charge per kWh	\$0.06725	\$0.07110
I-A	Farm and Home Off-Peak Marketing Rate		
	Energy Charge per kWh	\$0.04035	\$0.04266
I	Small Commercial		
	Customer Charge per Month	\$5.50	\$5.50
	Energy Charge per kWh	\$0.06725	\$0.07110

II	Large Power		
	Customer Charge per Month	\$20.00	\$20.00
	Demand Charge per kW	\$5.12	\$5.12
	Energy Charge per kWh	\$0.04769	\$0.05155
III	Security Lights		
	Existing Pole (per month)	\$5.12	\$5.34
	One Pole Added (per month)	\$6.76	\$6.98
	Two Poles Added (per month)	\$8.40	\$8.62
	Three Poles Added (per month)	\$10.04	\$10.26
	Four Poles Added (per month)	\$11.68	\$11.90
VIII	Large Industrial Rate LPC1		
	Customer Charge per Month	\$1,428.00	\$1,428.00
	Demand Charge per kW	\$5.39	\$7.29
	Energy – First 425 kWh per kW	\$0.03499	\$0.03499
	Energy – Over 425 kWh per kW	\$0.03116	\$0.03116
IX	Large Industrial Rate LPC2		
	Customer Charge per Month	\$2,855.00	\$2,855.00
	Demand per kW	\$5.39	\$7.29
	Energy – First 425 kWh per kW	\$0.02999	\$0.02999
	Energy – Over 425 kWh per kW	\$0.02866	\$0.02866
X	Large Industrial Rate LPC1-A		
	Customer Charge per Month	\$1,428.00	\$1,428.00
	Demand per kW	\$5.39	\$7.29
	Energy – First 425 kWh per kW	\$0.03299	\$0.03299
	Energy – Over 425 kWh per kW	\$0.03016	\$0.03016
XI	Large Industrial Rate LPB1		
	Customer Charge per Month	\$1,428.00	\$1,428.00
	Contract Demand per kW	\$5.39	\$7.29
	Excess Demand per kW	\$7.82	\$9.72
	Energy – First 425 kWh per kW	\$0.03499	\$0.03499
	Energy – Over 425 kWh per kW	\$0.03116	\$0.03116
XII	Large Industrial LPB1-A		
	Customer Charge per Month	\$1,428.00	\$1,428.00
	Contract Demand per kW	\$5.39	\$7.29
	Excess Demand per kW	\$7.82	\$9.72
	Energy – First 425 kWh per kW	\$0.03299	\$0.03299
	Energy – Over 425 kWh per kW	\$0.03016	\$0.03016
XIII	Large Industrial Rate LPB2		
	Customer Charge per Month	\$2,855.00	\$2,855.00
	Contract Demand per kW	\$5.39	\$7.29
	Excess Demand per kW	\$7.82	\$9.72
	Energy – First 425 kWh per kW	\$0.02999	\$0.02999
	Energy – Over 425 kWh per kW	\$0.02866	\$0.02866
XIV	Large Industrial Rate LPB		
	Customer Charge per Month	\$1,428.00	\$1,428.00
	Contract Demand per kW	\$5.39	\$7.29
	Excess Demand per kW	\$7.82	\$9.72
	Energy per kWh	\$0.03699	\$0.03699
1-B	Farm and Home – Time of Day		
	Customer Charge per Month	\$17.25	\$17.25
	On-Peak Energy per kWh	\$0.077532	\$0.081385
	Off-Peak Energy per kWh	\$0.041797	\$0.045650
1-C	Small Commercial – Time of Day		
	Customer Charge per Month	\$23.00	\$23.00
	On-Peak Energy per kWh	\$0.074565	\$0.078418
	Off-Peak Energy per kWh	\$0.041797	\$0.045650
2-A	Large Power – Time of Day		
	Customer Charge per Month	\$57.55	\$57.55
	On-Peak Energy per kWh	\$0.078097	\$0.081950

	Off-Peak Energy per kWh	\$0.045990	\$0.049843
OLS	Outdoor Lighting Service		
	100 Watt High Pressure Sodium Area Lighting	\$8.38	\$8.53
	Cobrahead Lighting (per month)		
	100 Watt High Pressure Sodium (per month)	\$11.00	\$11.15
	250 Watt High Pressure Sodium (per month)	\$14.66	\$14.98
	250 Watt High Pressure Sodium (per month)	\$17.75	\$18.34
	Directional Lighting		
	100 Watt High Pressure Sodium (per month)	\$10.28	\$10.43
	250 Watt High Pressure Sodium (per month)	\$12.30	\$12.62
	250 Watt High Pressure Sodium (per month)	\$15.16	\$15.75
II SOLS	Special Outdoor Lighting Service		
	Traditional Light with Fiberglass Pole (per month)	\$8.85	\$9.00
	Holophane Light with Fiberglass Pole (per month)	\$10.58	\$10.73
	Gallatin Steel – Special Contract		
	Firm Demand per kW	\$5.39	\$6.92
	10-minute Interruptible Demand per kW	\$1.79	\$3.32
	90-minute Interruptible Demand per kW	\$2.69	\$4.22
	On-Peak Energy Charge per kWh	\$0.02765	\$0.02765
	Off-Peak Energy Charge per kWh	\$0.02465	\$0.02465
III SOLS	Special Outdoor Lighting Service	\$0.044596	\$0.048449

The rates contained in this notice are the rates proposed by Owen Electric Cooperative. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Owen Electric Cooperative at the following address:

Owen Electric Cooperative
8205 Highway 127 North
Owenton, Kentucky 40359-0400
(502) 484-3471

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Salt River Electric Cooperative Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00486. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Salt River Electric Cooperative Corporation. The amount and percent of increase by rate class are listed below.

<u>Schedule</u>	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
A-5	Farm & Home Service	\$2,329,159	5.07%
A-5 T	Farm & Home Taxable	\$171,105	4.52%
R-1	Residential Marketing Rate – Off-Peak	\$9,812	5.01%
OL	Outdoor Lighting	\$33,586	3.27%
OL-1	Street Lighting Service	\$998	4.22%
B-2	Commercial & Small Power Svce	\$239,069	4.75%
LLP-1	Large Power Service – 37.5 – 499 kW	\$263,026	5.28%
LLP-2	Large Power – 500 kW – 2999 kW Secondary Voltage	\$98,815	5.41%
LLP-3	Large Power 500-3000 kW Primary Voltage	\$200,592	5.82%
LLP-4-B1	Large Power 1000-2999 kW	\$158,547	6.12%
LPR-2	Large Power – 3000 kW and Over – Dedicated Substation	\$10,708	5.94%
LPR-3	Large Power – 3000 kW and Over – Dedicated Substation	\$60,587	6.39%
LPR-1-B2	Large Power 5000 – 9999 kW	\$140,176	6.87%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
A-5	Farm & Home Service	\$5.49	5.07%
A-5 T	Farm & Home Taxable	\$2.21	4.52%
R-1	Residential Marketing Rate – Off-Peak	\$13.57	5.01%
OL	Outdoor Lighting	\$0.32	3.27%
OL-1	Street Lighting Service	\$3.44	4.22%
B-2	Commercial & Small Power Svce	\$8.83	4.75%
LLP-1	Large Power Service – 37.5 – 499 kW	\$146.45	5.28%
LLP-2	Large Power – 500 kW – 2999 kW Secondary Voltage	\$361.96	5.41%
LLP-3	Large Power 500-3000 kW Primary Voltage	\$1,579.46	5.82%
LLP-4-B1	Large Power 1000-2999 kW	\$3,303.07	6.12%
LPR-2	Large Power – 3000 kW and Over – Dedicated Substation	\$892.36	5.94%
LPR-3	Large Power – 3000 kW and Over – Dedicated Substation	\$5,048.92	6.39%
LPR-1-B2	Large Power 5000 – 9999 kW	\$11,681.36	6.87%

The present and proposed rates structures of Salt River Electric Cooperative Corporation are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
A-5	Farm & Home Service		
	Customer Charge / Mo	\$7.70	\$7.70
	Energy Charge / kWh	\$0.05915	\$0.06312
A-5 T	Farm & Home Taxable		
	Customer Charge / Mo	\$7.70	\$7.70
	Energy Charge / kWh	\$0.05915	\$0.06312
A-5	Farm & Home TOD A		
	Customer Charge / Mo	\$10.10	\$10.10
	On-Peak Energy Charge / kWh	\$0.07799	\$0.08195
	Off-Peak Energy Charge / kWh	\$0.03895	\$0.04291
A-5	Farm & Home TOD B		
	Customer Charge / Mo	\$10.10	\$10.10
	Energy Charge – Winter On-Peak / kWh	\$0.07799	\$0.08195
	Energy Charge – Winter Off-Peak / kWh	\$0.03895	\$0.04291
	Energy Charge Summer Season / kWh	\$0.05915	\$0.06311
A-5	Farm & Home Taxable TOD A		
	Customer Charge / Mo	\$10.10	\$10.10
	On-Peak Energy Charge / kWh	\$0.07799	\$0.08195
	Off-Peak Energy Charge / kWh	\$0.03895	\$0.04291
A-5	Farm & Home Taxable TOD B		
	Customer Charge / Mo	\$10.10	\$10.10
	Energy Charge – Winter On-Peak / kWh	\$0.07799	\$0.08195
	Energy Charge – Winter Off-Peak / kWh	\$0.03895	\$0.04291
	Energy Charge Summer Season / kWh	\$0.05915	\$0.06311
R-1	Residential Marketing Rate – Off-Peak		
	Energy Charge / kWh	\$0.03549	\$0.03787
OL	Outdoor Lighting		
	Mercury Vapor 175 Watt	\$8.06	\$8.36
	Sodium Vapor (HPS) 100 Watt	\$8.01	\$8.20
	Sodium Vapor (HPS) 250 Watt	\$10.10	\$10.51
	Sodium Vapor (HPS) 400 Watt	\$13.11	\$13.76
	Decorative Underground (HPS) 100 Watt	\$8.96	\$9.15
	Underground Mercury Vapor w/o pole 175 Watt	\$14.53	\$14.83
	Underground Mercury Vapor w/ Pole 175 Watt	\$18.23	\$18.53
	Overhead Durastar (MV) 175 Watt	\$8.68	\$8.98
OL-1	Street Lighting Service		
	Customer Charge / Mo	\$10.30	\$10.30
	Energy Charge / kWh	\$0.06319	\$0.06715
CL	Commercial Lighting Service		
	High Pressure Sodium 400 Watt	\$25.80	\$26.45
B-2	Commercial & Small Power Svce		
	Customer Charge / Mo	\$10.36	\$10.36
	Energy Charge / kWh	\$0.06489	\$0.06885

LLP-1	Large Power Service – 37.5 – 499 kW		
	Demand / kW	\$5.83	\$5.83
	Energy Charge / kWh	\$0.04686	\$0.05082
LLP-2	Large Power – 500 kW – 2999 kW Secondary Voltage		
	Demand / kW	\$5.83	\$5.83
	Energy Charge / kWh	\$0.04355	\$0.04751
LLP-3-B1	Large Power 500-999 kW		
	Customer Charge / Mo	\$838.75	\$838.75
	Demand Charge – Contract Demand	\$5.39	\$7.29
	Demand Charge – Excess Demand	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03725	\$0.03725
LLP-3-C1	Large Power 500-999 kW		
	Customer Charge / Mo	\$838.75	\$838.75
	Demand / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03725	\$0.03725
LLP-3	Large Power 500-3000 kW Primary Voltage		
	Demand / kW	\$5.82	\$5.82
	Energy Charge / kWh	\$0.04348	\$0.04744
LLP-4-B1	Large Power 1000-2999 kW		
	Customer Charge / Mo	\$1,552.50	\$1,552.50
	Contract Demand Charge	\$5.39	\$7.29
	Excess Demand Charge	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03433	\$0.03433
LLP-4-C1	Large Power 1000-2999 kW		
	Customer Charge / Mo	\$1,552.50	\$1,552.50
	Demand / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03433	0.03433
LPR-1	Large Power – 3000 kW and Over – Dedicated Substation		
	Demand / kW	\$8.23	\$8.23
	Energy Charge / kWh	\$0.03198	\$0.03594
LPR-2	Large Power – 3000 kW and Over – Dedicated Substation		
	Demand / kW	\$8.23	\$8.23
	Energy Charge / kWh	\$0.03198	\$0.03594
LPR-3	Large Power – 3000 kW and Over – Dedicated Substation		
	Consumer Charge 500 kW – 999 kW	\$838.75	\$838.75
	Consumer Charge 1,000 kW – 2,999 kW	\$1,552.50	\$1,552.50
	Consumer Charge 3,000 kW – 9,999 kW	\$2,980.00	\$2,980.00
	Consumer Charge 10,000 kW and Over	\$4,730.00	\$4,730.00
	Demand /kW	\$8.23	\$8.23
	Energy Charge / kWh	\$0.03198	\$0.03594
LPR-1-B1	Large Power – 3000-4999 kW		
	Customer Charge / Mo	\$2,980.00	\$2,980.00
	Contract Demand Charge	\$5.39	\$7.29

	Excess Demand Charge	\$7.82	\$9.72
	Energy Charge / kWh	\$0.02937	\$0.02937
LPR-1-C1	Large Power – 3000-4999 kW		
	Customer Charge / Mo	\$2,980.00	\$2,980.00
	Demand /kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.02937	\$0.02937
LPR-1-B2	Large Power 5000 – 9999 kW		
	Customer Charge / Mo	\$2,980.00	\$2,980.00
	Contract Demand Charge	\$5.39	\$7.29
	Excess Demand Charge	\$7.82	\$9.72
	Energy Charge / kWh	\$0.02918	\$0.02918
LPR-1-C2	Large Power 5000 – 9999 kW		
	Customer Charge / Mo	\$2,980.00	\$2,980.00
	Demand / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.02918	\$0.02918
LPR-1-B3	Large Power – 10,000 kW and Over		
	Customer Charge / Mo	\$4,730.00	\$4,730.00/
	Contract Demand /kW	\$5.39	\$7.29
	Excess Demand / kW	\$7.82	\$9.72
	Energy Charge / kWh	\$0.02888	\$0.02888
LPR-1-C3	Large Power – 10,000 kW and Over		
	Customer Charge / Mo	\$4,730.00	\$4,730.00
	Demand / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.02888	\$0.02888

The rates contained in this notice are the rates proposed by Salt River Electric Cooperative Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Salt River Electric at the following address:

Salt River Electric Cooperative Corporation
111 West Brashear Avenue, P.O. Box 609
Bardstown, KY 40004-1615
(502) 348-1993

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Shelby Energy Cooperative, Inc. of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00487. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Shelby Energy Cooperative, Inc. The amount and percent of increase by rate class are listed below.

	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
1	General Service	\$339,108	3.84%
ETS	Off-Peak Retail Marketing Rate	\$1,234	3.98%
2	Large Power Service	\$141,236	4.55%
3	Outdoor and Street Lighting Service	\$7,516	2.23%
B1	Large Industrial Rate	\$514,444	7.00%
B2	Large Industrial Rate	\$171,948	6.73%
10	Optional Residential, Church & School Service	\$412,428	4.44%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
1	General Service	\$3.31	3.84%
ETS	Off-Peak Retail Marketing Rate	\$12.99	3.98%
2	Large Power Service	\$182.24	4.55%
3	Outdoor and Street Lighting Service	\$0.16	2.23%
B1	Large Industrial Rate	\$3,927.05	7.00%
B2	Large Industrial Rate	\$14,329.01	6.73%
10	Optional Residential, Church & School Service	\$5.61	4.44%

The present and proposed rates structures of Shelby Energy Cooperative, Inc. are listed below:

	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
1	General Service		
	Consumer Facility Charge	\$7.18	\$7.18
	Demand Charge – 1 st 20 kW per Month	N/C	N/C
	Demand above 20 kW per Month	\$4.50	\$4.50
	Energy First 600 kWh per Month	\$0.06758	\$0.07096
	Energy Next 1400 kWh per Month	\$0.06583	\$0.06921
	Energy All Over 2000 kWh per Month	\$0.06451	\$0.06789
ETS	Off-Peak Retail Marketing Rate		
	Energy – All kWh	\$0.03871	\$0.04074
2	Large Power Service		
	Demand Charge per kW	\$4.50	\$4.50
	Energy Charge First 100 kWh per kW	\$0.05384	\$0.05722
	Energy Charge Next 100 kWh per kW	\$0.04827	\$0.05165
	Energy Charge All Over 200 kWh per kW	\$0.04271	\$0.04609
3	Outdoor and Street Lighting Service		
	A HPS (High Pressure Sodium) – 100 Watt Security Light	\$6.51	\$6.64
	B. HPS (High Pressure Sodium) – 100 Watt Decorative Colonial Light	\$8.90	\$9.03
	C. HPS (High Pressure Sodium) – 400 Watt Directional Flood and Security and Street Light	\$12.39	\$12.93
	D. HPS (High Pressure Sodium) – 250 Watt Directional Flood and Security and Street Light	\$9.26	\$9.55

	E. HPS (High Pressure Sodium) – 150 Watt Decorative Acorn Light	\$10.51	\$10.71
B1	Large Industrial Rate		
	Consumer Charge / Mo	\$535.00	\$535.00
	Demand Charge / kW Contract Demand	\$5.39	\$7.29
	Demand Charge in Excess of Contract Demand	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03567	\$0.03567
B2	Large Industrial Rate		
	Consumer Charge / Mo	\$1,069.00	\$1,069.00
	Demand Charge per kW Contract Demand	\$5.39	\$7.29
	Demand Charge in Excess of Contract Demand	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03067	\$0.03067
B3	Large Industrial Rate		
	Consumer Charge Transformer Size 10,000 – 14,999 kVa	\$2,980.00	\$2,980.00
	Consumer Charge Transformer Size 15,000 kVa and greater	\$4,730.00	\$4,730.00
	Demand Charge per kW Contract Demand	\$5.39	\$7.29
	Demand Charge in Excess of Contract Demand	\$7.82	\$9.72
	Energy Charge / kWh	\$0.02967	\$0.02967
C1	Large Industrial Rate		
	Consumer Charge / Mo	\$535.00	\$535.00
	Demand Charge /kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03567	\$0.03567
C2	Large Industrial Rate		
	Consumer Charge / Mo	\$1,069.00	\$1,069.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03067	\$0.03067
C3	Large Industrial Rate		
	Consumer Charge Transformer Size 10,000 – 14,999 kVa	\$2,980.00	\$2,980.00
	Consumer Charge Transformer Size 15,000 kVa and greater	\$4,730.00	\$4,730.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.02967	\$0.02967
22	Optional T-O-D Demand		
	Consumer Charge / Mo	\$40.00	\$40.00
	Demand Charge / kW	\$4.50	\$4.50
	Energy Charge – First 100 kWh per kW Demand	\$0.05384	\$0.05722
	Energy Charge – Next 100 kWh per kW Demand	\$0.04827	\$0.05165
	Energy Charge – All Over 200 kWh per kW Demand	\$0.04271	\$0.04609
10	Optional Residential, Church & School Service		
	Customer Charge – Single Phase Service	\$11.35	\$11.35
	Customer Charge – Three Phase Service	\$29.50	\$29.50
	Energy Charge /kWh	\$0.05618	\$0.05956
33	Special Outdoor Lighting Service		
	1. Energy Charge /kWh	\$0.04264	\$0.04602
	2. Facilities Charge	1.4027%	1.4027%

The rates contained in this notice are the rates proposed by Shelby Energy Cooperative, Inc. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Shelby Energy Cooperative, Inc. at the following address:

Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065-1714
502-633-4420

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of South Kentucky RECC of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00488. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of South Kentucky RECC. The amount and percent of increase by rate class are listed below.

	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
A	Residential, Farm & Non-Farm Service	\$2,889,045	4.63%
A	Residential, Farm & Non-Farm Service ETS Mkt Rate	\$26,706	4.70%
B	Small Commercial Rate	\$244,703	3.98%
B	Small Commercial Rate – ETS Marketing Rate	\$51	4.23%
LP	Large Power Rate	\$570,329	5.29%
LP-1	Large Power Rate – 500 - 4999 kW	\$123,775	5.20%
LP-2	Large Power Rate – 5000 - 9999 kW	\$175,260	6.76%
LP-3	Large Power Rate – 500 – 2999 kW	\$237,980	7.82%
SP	Special Contract – Casey Stone Company	\$1,071	2.36%
OPS	Optional Power Service (50 – 300 KVA)	\$65,673	4.18%
AES	All Electric School	\$43,576	5.63%
STL	Street Lighting Service	2,841	4.18%
DSTL	Decorative Street Lighting	666	2.49%
OL	Outdoor Lighting Service	75,386	3.00%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
A	Residential, Farm & Non-Farm Service	\$4.27	4.63%
A	Residential, Farm & Non-Farm Service ETS Mkt Rate	\$1.28	4.70%
B	Small Commercial Rate	\$5.49	3.98%
B	Small Commercial Rate – ETS Marketing Rate	\$1.42	4.23%
LP	Large Power Rate	\$200.54	5.29%
LP-1	Large Power Rate – 500 - 4999 kW	\$5,157.27	5.20%
LP-2	Large Power Rate – 5000 - 9999 kW	\$12,518.55	6.76%
LP-3	Large Power Rate – 500 – 2999 kW	\$4,249.63	7.82%
SP	Special Contract – Casey Stone Company	\$153.01	2.36%
OPS	Optional Power Service (50 – 300 KVA)	\$35.08	4.18%
AES	All Electric School	\$337.80	5.63%
STL	Street Lighting Service	\$0.32	4.18%
DSTL	Decorative Street Lighting	\$0.38	2.49%
OL	Outdoor Lighting Service	\$0.28	3.00%

The present and proposed rates structures of South Kentucky RECC are listed below:

	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
A	Residential, Farm & Non-Farm Service		
	Customer Charge / Mo	\$8.00	\$8.00
	Energy Charge / kWh	\$0.06445	\$0.06842
A	Residential, Farm & Non-Farm Service ETS Mkt Rate		
	ETS Usage	\$0.03867	\$0.04105
B	Small Commercial Rate		
	Customer Charge / Mo	\$15.00	\$15.00
	Energy Charge / kWh	\$0.07474	\$0.07871
B	Small Commercial Rate – ETS Marketing Rate		
	ETS Usage / kWh	\$0.04484	\$0.04723
LP	Large Power Rate		
	Customer Charge / Mo	\$30.00	\$30.00
	Demand Charge / kW	\$6.00	\$6.00
	Energy Charge / kWh	\$0.04156	\$0.04551
LP-1	Large Power Rate – 500 - 4999 kW		
	Metering Charge	\$125.00	\$125.00
	Substation Charge Based on Contract kW		
	a. 500-999 kW	\$315.00	\$315.00
	b. 1,000 – 2,999	\$944.00	\$944.00
	c. 3,000 – 7,499	\$2,373.00	\$2,373.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03713	\$0.03713
LP-2	Large Power Rate – 5000 - 9999 kW		
	Metering Charge	\$125.00	\$125.00
	Substation Charge Based on Contract kW		
	a. 3,000 – 7,499	\$2,373.00	\$2,373.00
	b. 7,500 – 14,799	\$2,855.00	\$2,855.00
	Demand Charge	\$5.39	\$7.29
	Energy Charge – First 400 kWh	\$0.03713	\$0.03713
	Energy Charge – For Remaining kWh	\$0.03112	\$0.03112
LP-3	Large Power Rate – 500 – 2999 kW		
	Metering Charge	\$125.00	\$125.00
	Substation Charge Based on Contract kW		
	a. 500 – 999 kW	\$315.00	\$315.00
	b. 1,000 – 2,999 kW	\$944.00	\$944.00
	Contract Demand	\$5.39	\$7.29
	Excess Demand Over Contract	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03451	\$0.03451
SP	Special Contract – Casey Stone Company		
	Customer Charge / Mo.	\$11.20	\$11.20
	Demand Charge / kW	\$11.49	\$11.49
	Energy Charge First 3,500 kWh	\$0.04503	\$0.04898
	Energy Charge Next 6,500 kWh	\$0.04397	\$0.04792
	Energy Charge Next 140,000 kWh	\$0.04289	\$0.04684
	Energy Charge Next 150,000 kWh	\$0.04236	\$0.04631
	Energy Charge Next 300,000 kWh	\$0.04182	\$0.04577
OPS	Optional Power Service (50 – 300 KVA)		
	Customer Charge / Mo	\$30.00	\$30.00
	Energy Charge / kWh	\$0.07680	\$0.08075

AES	All Electric School		
	Customer Charge / Mo	\$69.38	\$69.38
	Energy Charge / kWh	\$0.05646	\$0.06041
STL	Street Lighting Service		
	Mercury Vapor or Sodium 7,000 – 10,000 Lumens	\$6.30	\$6.57
	Mercury Vapor or Sodium 15,000 – 28,000 Lumens	\$9.95	\$10.49
DSTL	Decorative Street Lighting		
	Cobra Head Light Installed on Existing Pole		
	7,000 – 10,000 Lumens @39 kWh Mo - Unmetered	\$9.92	\$10.07
	7,000 – 10,000 Lumens @39 kWh Mo - Metered	\$8.45	\$8.45
	15,000 – 28,000 Lumens @ 100 kWh Mo – Unmetered	\$12.87	\$13.27
	15,000 – 28,000 Lumens @ 100 kWh Mo – Metered	\$9.11	\$9.11
	Cobra Head Light Installed on 30' Aluminum Pole & Arm		
	7,000 – 10,000 Lumens @39 kWh Mo - Unmetered	\$16.12	\$16.27
	7,000 – 10,000 Lumens @39 kWh Mo - Metered	\$14.64	\$14.64
	15,000 – 28,000 Lumens @ 100 kWh Mo – Unmetered	\$18.40	\$18.80
	15,000 – 28,000 Lumens @ 100 kWh Mo – Metered	\$14.64	\$14.64
	Lexington Light Installed on 16' Aluminum Pole		
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Unmetered	\$10.53	\$10.68
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Metered	\$9.05	\$9.05
	Acorn Light Installed on 16' Fixed Pole		
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Unmetered	\$21.78	\$21.93
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Metered	\$20.31	\$20.31
	Metal Halide Lamp		
	100 Watt Metal Halide – Acorn @ 44 kWh Mo – Unmetered	\$8.75	\$8.92
	100 Watt Metal Halide – Acorn @ 44 kWh Mo – Metered	\$7.01	\$7.01
	100 Watt Metal Halide – Lexington @ 44 kWh Mo – Unmetered	\$6.85	\$7.02
	100 Watt Metal Halide – Lexington @ 44 kWh Mo – Metered	\$5.12	\$5.12
	400 Watt Metal halide – Galleria @ 167 kWh Mo - Unmetered	\$17.61	\$18.27
	400 Watt Metal halide – Galleria @ 167 kWh Mo - Metered	\$11.03	\$11.03
	1000 Watt Metal halide – Galleria @ 395 kWh Mo - Unmetered	\$28.49	\$30.05
	1000 Watt Metal halide – Galleria @ 395 kWh Mo - Metered	\$12.89	\$12.89
	250 Wall Cobra Head w/ 30' Aluminum Pole - Unmetered	\$20.35	\$20.77
	400 Wall Cobra Head Mercury Vapor With:		
	8' Arm - Unmetered	\$14.56	\$15.20
8' Arm - Metered	\$7.99	\$7.99	
12' Arm - Unmetered	\$17.30	\$17.94	
12' Arm - Metered	\$10.73	\$10.73	
16' Arm - Unmetered	\$18.15	\$18.79	
16' Arm - Metered	\$11.57	\$11.57	
30' Pole	\$23.56	\$23.56	
OL	Outdoor Lighting Service		
	Mercury Vapor or Sodium – 7,000-10,000 Lumens Unmetered	\$8.29	\$8.55
	Mercury Vapor or Sodium – 7,000-10,000 Lumens Metered	\$6.48	\$6.48
	Directional Flood Light, With Bracket		
250 Watt Sodium @ 106 kWh - Unmetered	\$13.15	\$13.65	
250 Watt Sodium @ 106 kWh – Metered	\$8.23	\$8.23	

	250 Watt Metal Halide @ 106 kWh	\$14.34	\$14.76
	250 Watt Metal Halide @ 106 kWh	\$9.17	\$9.17
	400 Watt Metal Halide @ 167 kWh	\$17.54	\$18.20
	400 Watt Metal Halide @ 167 kWh	\$9.17	\$9.17
	1000 Watt Metal Halide @ 395 kWh	\$30.09	\$31.65
	1000 Watt Metal Halide @ 395 kWh	\$10.23	\$10.23
TVB	Unmetered Commercial Service (Cable TV Amplifiers)		
	Cable TV Amplifiers – 75 kWh	\$7.62	\$7.92

The rates contained in this notice are the rates proposed by South Kentucky RECC. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of South Kentucky RECC at the following address:

South Kentucky RECC
925-929 N Main Street
Somerset, KY 42503
606-678-4121

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Taylor County RECC of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00489. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Taylor County RECC. The amount and percent of increase by rate class are listed below.

	<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
A	Farm & Home Service	\$1,158,556	4.86%
GP-1	General Purpose Service – Less than 50 KVA	\$142,650	4.88%
GP-2	General Purpose Service – 50 KVA and Above	\$316,942	5.19%
SL	Street Lighting Service	\$2,201	3.32%
C1	Large Industrial Rate 500-4,999 kW	\$67,661	5.56%
B1	Large Industrial Rate 500-4,999 kW	\$19,448	5.59%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

	<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
A	Farm & Home Service	\$4.45	4.86%
GP-1	General Purpose Service – Less than 50 KVA	\$4.89	4.88%
GP-2	General Purpose Service – 50 KVA and Above	\$106.82	5.19%
SL	Street Lighting Service	\$0.33	3.32%
C1	Large Industrial Rate 500-4,999 kW	\$5,638.44	5.56%
B1	Large Industrial Rate 500-4,999 kW	\$1,620.64	5.59%

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

	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
A	Farm & Home Service		
	Customer Charge / Mo	\$6.92	\$6.92
	Energy Charge / kWh	\$0.06139	\$0.06535
GP-1	General Purpose Service – Less than 50 KVA		
	Customer Charge / Mo	\$7.11	\$7.11
	Energy Charge / kWh	\$0.06150	\$0.06546
GP-2	General Purpose Service – 50 KVA and Above		
	Customer Charge / Mo	\$43.42	\$43.42
	Demand Charge / kW	\$4.64	\$4.64
	Energy Charge / kWh	\$0.04368	\$0.04764
R-1	Residential Marketing Rate		
	Energy Charge / kWh	\$0.03683	\$0.03921
SL	Street Lighting Service		
	Mercury Vapor 175 Watts Fixture Charge	\$2.84	\$2.84
	Mercury Vapor 175 Watts Energy Charge	\$4.31	\$4.58
	Mercury Vapor 250 Watts Fixture Charge	\$3.41	\$3.41

	Mercury Vapor 250 Watts Energy Charge	\$6.15	\$6.55
	Mercury Vapor 400 Watts Fixture Charge	\$4.52	\$4.52
	Mercury Vapor 400 Watts Energy Charge	\$9.84	\$10.47
	High Pressure Sodium 100 Watts Fixture Charge	\$3.25	\$3.25
	High Pressure Sodium 100 Watts Energy Charge	\$2.52	\$2.68
	High Pressure Sodium 250 Watts Fixture Charge	\$5.00	\$5.00
	High Pressure Sodium 250 Watts Energy Charge	\$6.52	\$6.94
C1	Large Industrial Rate 500-4,999 kW		
	Customer Charge / Mo	\$1,069.00	\$1,069.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.036	\$0.036
C2	Large Industrial Rate 5,000-9,999 kW		
	Customer Charge / Mo	\$2,498.00	\$2,498.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.031	\$0.031
C3	Large Industrial Rate 10,000 kW and Over		
	Customer Charge / Mo	\$2,980.00	\$2,980.00
	Demand Charge / kW	\$5.39	\$7.29
	Energy Charge / kWh	\$0.03	\$0.03
B1	Large Industrial Rate 500-4,999 kW		
	Customer Charge / Mo	\$1,069.00	\$1,069.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge in Excess of Contract	\$7.82	\$9.72
	Energy Charge / kWh	\$0.036	\$0.036
B2	Large Industrial Rate 5,000-9,999 kW		
	Customer Charge / Mo	\$2,498.00	\$2,498.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge in Excess of Contract	\$7.82	\$9.72
	Energy Charge / kWh	\$0.031	0.031
B3	Large Industrial Rate 10,000 kW and Over		
	Customer Charge / Mo	\$2,980.00	\$2,980.00
	Contract Demand Charge	\$5.39	\$7.29
	Demand Charge in Excess of Contract	\$7.82	\$9.72
	Energy Charge / kWh	\$0.03	\$0.03

The rates contained in this notice are the rates proposed by Taylor County RECC. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Taylor County RECC at the following address:

Taylor County RECC
625 West Main Street
Campbellsville, KY 42718
270-465-4101

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00455
SUPPLEMENTAL DATA REQUEST RESPONSE

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 5

RESPONSIBLE PERSON: **David G. Eames**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 5. Provide a copy of all notes or other information documenting your communications with parties to the unsecured credit facility describing or referencing EKPC's financial condition.

Response 5. The IntraLinks On-Demand Workspaces website is the formal method of communications between EKPC and the 16 financial institutions, which are parties to the unsecured credit facility. All key loan-related information is stored in a single, central location on the secure website. Only lenders involved in the credit facility have access to the website. Loan compliance reports, all relevant EKPC news updates, and EKPC financial data are posted to the website.

In addition, EKPC staff has had informal phone conversations or meetings at EKPC's headquarters with representatives of various financial institutions, including Fifth Third Bank, Sun Trust Bank, National City Bank, Key Bank, KBC Bank, Scotia Capital, Bank of Tokyo-

Mitsubishi, National Rural Utilities Cooperative Finance Corporation, CoBank, PNC Capital Markets, and JP Morgan.

During these calls or visits, general updates were given on EKPC's financial position and its ability to meet the financial covenants in the Credit Facility. EKPC's future capital expansion plans and future additional needs for capital were also discussed. The information disseminated is consistent with that published on the IntraLinks website.

Also discussed was the status of the Rural Utilities Service's loans and the need for projected draws on the Credit Facility. Most of the conversations then evolved into sales pitches from the banks for additional services they could render such as interest rate swaps, caps, collars, or floors, in addition to other types of derivative services they could offer. Additionally, they also discussed with us our forecasted need for emission allowances and promoted their ability to provide those allowances to EKPC. Some discussed various methods to hedge coal and gas prices for EKPC, but in general, most of these conversations turned into attempts to market additional financial services to EKPC.

We have attempted to reconstruct dates and meetings to the best of our recollection. These are shown below:

1/31/2006 JP Morgan

3/2/2006 JP Morgan

3/10/2006	CFC, Bank of Tokyo – Mitsubishi
3/13/2006	KBC Bank
4/27/2006	Bank meeting for all banks
5/8/2006	CFC
5/12/2006	CoBank
5/16/2006	KBC Bank
5/24/2006	LaSalle Bank
6/16/2006	Fifth Third Bank
7/25/2006	CFC
8/1/2006	Fifth Third Bank
8/31/2006	Fifth Third Bank
9/8/2006	Fifth Third Bank
9/27/2006	Key Bank
10/4/2006	JP Morgan
10/12/2006	CFC
10/24/2006	National City Bank
10/27/2006	CFC
12/19/2006	Fifth Third Bank

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00455
SUPPLEMENTAL DATA REQUEST RESPONSE

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 6

RESPONSIBLE PERSON: David G. Eames
COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Provide a copy of all notices sent to or received from parties to the unsecured credit facility during the period of January 1, 2006 to December 31, 2006.

Response 6. Attached are copies of all notices sent to or received from parties to the unsecured credit facility during 2006, except those notices already furnished to the Commission in Response No. 2 to the Commission Staff's Second Data Request Dated December 9, 2006, and Response No. 1 to the Commission Staff's Data Request at the Informal Conference held on December 15, 2006.

**AMENDMENT AND WAIVER TO
THE CREDIT AGREEMENT**

THIS AMENDMENT AND WAIVER TO THE CREDIT AGREEMENT (this "Amendment") is made as of this 6th day of April, 2006, by and among East Kentucky Power Cooperative, Inc. (the "Borrower"), and National Rural Utilities Cooperative Finance Corporation (in its capacity as the administrative agent for the Lenders (as defined below), the "Administrative Agent").

RECITALS

A. Pursuant to that certain Credit Agreement (the "Credit Agreement"), dated as of September 2, 2005, by and among the Borrower, the financial institutions party thereto (the "Lenders"), and the Administrative Agent (as amended, restated, renewed or modified from time to time, the "Credit Agreement"), the Lenders make certain funds available to the Borrower in accordance with the terms and conditions set forth therein.

B. The Borrower (i) has informed the Administrative Agent and the Lenders of certain Defaults and Events of Default under the Credit Agreement and requested a waiver of such Defaults and Events of Default, and (ii) has requested certain amendments to the Credit Agreement.

C. The Administrative Agent and Lenders are willing to agree to such requests, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Defined Terms**. Capitalized terms used but not otherwise defined in this Amendment shall have the meanings that are set forth in the Credit Agreement.

2. **Effective Date**. This Amendment shall be effective upon satisfaction of the following conditions precedent:

(a) Administrative Agent shall have received a counterpart of this Amendment, executed by Borrower and any other Persons necessary for the effectiveness of this Amendment;

(b) Administrative Agent shall have received a written consent from the Required Lenders, substantially in the form of Exhibit A, attached hereto;

(c) No Default or Event of Default shall have occurred and be continuing other than those Defaults and Events of Default waived pursuant to Section 7 hereof;

(d) The representations and warranties contained in Article III of the Credit Agreement shall be true and correct in all material respects as of the date hereof, other than any such representations and warranties that, by their terms, refer to a specific date other than the date hereof, in

which case such representations and warranties shall be true and correct in all material respects as of such specific date; and

(e) The Borrower shall have paid to the Administrative Agent, for the account of the Lenders, the agreed-upon fee (in addition to the costs and expenses referred to in Section 9 hereof).

3. Amendment to Article I (Definitions) of the Credit Agreement. The definition of "Net Margins" in Article I of the Credit Agreement is hereby amended to read in its entirety as follows:

"Net Margins" means, for any period, an amount constituting the net margins of the Borrower and its Subsidiaries, determined without duplication on a consolidated basis in accordance with GAAP, plus, to the extent deducted in determining such Net Margins for calendar year 2005, the actual extraordinary non-cash charges determined in accordance with GAAP and recorded in calendar year 2005 associated with the NOVs, as hereinafter defined; provided that if a cash payment is made by one or more of the Borrower and its Subsidiaries on account of the NOVs, the Net Margins for the calendar year in which such payment is made will be reduced by the amount of such payment."

4. Amendment to Section 6.08(b) of the Credit Agreement. Section 6.08(b) of the Credit Agreement is hereby amended to read in its entirety as follows:

"(b) Total Members' Equities. The Borrower will not permit the aggregate amount of its Total Members' Equities to be less than the following respective amounts as at the last day of any calendar year ending during the following respective periods:

<u>Period</u>	<u>Amount</u>
From January 1, 2005 through December 31, 2007	\$90,000,000
From January 1, 2008 through December 31, 2010	\$100,000,000"

5. Amendment to Section 6.08(d) of the Credit Agreement. Section 6.08(d) of the Credit Agreement is hereby amended to read in its entirety as follows:

"(d) Equity to Assets Ratio. The Borrower will not permit the Equity to Assets Ratio to be less than 3.0% as at the last day of any calendar quarter."

6. Amendment to Paragraph (m) of Article VII. Paragraph (m) of Article VII is hereby amended by adding to the end thereof (before the semicolon) the following:

", provided further that the foregoing shall not apply to the notices of violation issued by the United States Environmental Protection Agency on

January 17, 2006 and the Environmental and Public Protection Cabinet of the Commonwealth of Kentucky on February 10, 2006 (collectively, the "NOVs") and which are the subject of the Borrower's letters to the Administrative Agent dated March 6, 2006 and March 10, 2006;"

7. **Amendment to Section 2.02(c) of the Credit Agreement.** Section 2.02(c) of the Credit Agreement is hereby amended by replacing the clause "ten LIBO Borrowings outstanding" in the last line thereof with the clause "twenty (20) LIBO Borrowings outstanding".

8. **Waivers.** The Lenders hereby waive (i) any Default or Event of Default concerning the Total Members' Equities required as of December 31, 2005 pursuant to Section 6.08(b) of the Credit Agreement as it existed prior to the amendment of such Section 6.08(b) pursuant to this Amendment, and (ii) any Event of Default arising under paragraph (m) of Article VII of the Credit Agreement, as it existed prior to the amendment of such paragraph (m) pursuant to this Amendment, regarding the NOVs and the letters relating thereto from the Borrower to the Administrative Agent dated March 6, 2006 and March 10, 2006. The waivers granted pursuant to this Section 7 shall be limited precisely as written and shall not constitute a waiver of compliance with, or a waiver of any other Default or Event of Default arising under, any provision of the Credit Agreement as amended hereby.

9. **Confirmation of Loan Documents; Representations and Warranties; Release.**

(a) The Borrower, hereby reaffirms (i) the Credit Agreement, as amended by this Amendment, (ii) the Loan Documents, and (iii) its obligations to the Administrative Agent and the Lenders thereunder.

(b) The Borrower represents and warrants that (i) there are no outstanding Defaults or Events of Default under the Credit Agreement or any Loan Document other than those Defaults and Events of Default waived pursuant to Section 7 hereof, (ii) the Borrower has all requisite power to execute, deliver and perform this Amendment, (iii) the execution, delivery and performance by the Borrower of this Amendment have been duly authorized by all necessary action of the Borrower, and (iv) this Amendment constitutes the legal, valid and binding obligation of the Borrower and is enforceable against the Borrower in accordance with its terms.

(c) The Borrower (i) agrees that the Administrative Agent and the Lenders have fully complied with their respective obligations under each Loan Document, (ii) agrees that the Borrower has no defenses to the validity, enforceability or binding effect of any Loan Document, and (iii) fully and irrevocably releases any claims of any nature what so ever that it may now have, whether known or unknown, against any one or more of the Administrative Agent and the Lenders and relating in any way to the Loan Documents or the transactions contemplated thereby.

10. **Costs and Expenses.** The Borrower agrees to pay all reasonable costs and expenses incurred by the Administrative Agent in connection with this Amendment, including third-party costs and the reasonable fees and expenses of Administrative Agent's counsel.

11. **References in the Credit Agreement.**

(a) Upon the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of similar import shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) Except as specifically amended above, the Credit Agreement and all other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects.

(c) This Amendment shall not, except as expressly provided in this Amendment, operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document.

(d) This Amendment (together with any other document executed and delivered in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

12. **Approvals.** The Borrower will obtain all necessary approvals from the Commonwealth of Kentucky.

13. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

14. **Headings.** Section headings in this Amendment are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

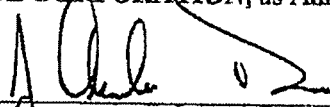
15. **Counterparts.** This Amendment may be executed in counterparts, and such counterparts taken together shall be deemed to constitute one and the same instrument. Facsimile signatures on this Amendment shall be treated for all purposes as binding on such signatory to the same extent as an original signature. If a party delivers an executed counterpart of this Amendment, such party shall deliver to the Administrative Agent (or its counsel) such number of original signatures of this Amendment promptly after its effectiveness as the Administrative Agent may request.

Witness the due execution hereof by the respective duly authorized officers of the undersigned as of the date first written above.

EAST KENTUCKY POWER
COOPERATIVE, INC., as Borrower

By: Ray M. Paik
Name: RAY M. PAIK *Ray Paik*
Title: PRESIDENT & CEO

**NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION, as Administrative Agent**

By: 
Name: J. ANDREW DOW
Title: V.P. Capital Markets

Amendment and Waiver
DC - 82399/0017 - 2276629

EXHIBIT A

CONSENT OF LENDER

This Consent is delivered with reference to the proposed Amendment and Waiver to the Credit Agreement (the "Amendment"), made as of ^{April 6} March , 2006, amending that certain Credit Agreement, dated as of September 2, 2005, by and among East Kentucky Power Cooperative, Inc. as Borrower, the financial institutions party thereto as Lenders, and National Rural Utilities Cooperative Finance Corporation as Administrative Agent. The undersigned hereby consents to the execution, delivery and performance of the Amendment substantially in the form presented to the undersigned as a draft.

**NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION**, individually as a Lender,
Issuing Lender and Swingline Lender

By: *Daniel Lyzinski*
Name: **DANIEL LYZINSKI**
Title: **ASSISTANT SECRETARY TREASURER**

East Kentucky Power Cooperative, Inc.
Detailed Calculation of TIER and DSCR

2003**TIER**

Net Margins	29,397,778		
Interest on Long Term Debt	44,457,851		
TIER =	73,855,628	/	44,457,851 = 1.66

DSCR

Depreciation	\$ 31,166,309	(A)	
Interest on L-T Debt	44,457,851	(B)	
Margins	29,397,778	(C)	
Interest + Principal	77,934,106	(D)	
DSCR =	(A + B + C) / D	=	1.35

2004**TIER**

Net Margins	(27,267,516)		
Interest on Long Term Debt	53,923,424		
TIER =	26,655,908	/	53,923,424 = 0.49

DSCR

Depreciation	\$ 38,994,125	(A)	
Interest on L-T Debt	53,923,424	(B)	
Margins	(27,267,516)	(C)	
Interest + Principal	91,548,864	(D)	
DSCR =	(A + B + C) / D	=	0.72

2005**TIER**

Net Margins	2,978,319		
Interest on Long Term Debt	69,570,845		
TIER =	72,549,164	/	69,570,845 = 1.04

DSCR

Depreciation	\$ 52,037,571	(A)	
Interest on L-T Debt	69,570,843	(B)	
Net Margins	2,978,319	(C)	
Interest + Principal	114,243,781	(D)	
DSCR =	(A + B + C) / D	=	1.09

Note: Net Margins for 2005 exclude non-cash NOV charges

COMPLIANCE CERTIFICATE


I, Roy M. Palk, the President & Chief Executive Officer of East Kentucky Power Cooperative, Inc. (the "Company"), and, as such, a Responsible Officer of the Company, DO HEREBY CERTIFY that:

(a) I have conducted a review of the Credit Agreement dated as of September 2, 2005 (the "Credit Agreement") and amended as of April 6, 2006 between the Company, the lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, the financial statements of the Company and such other documents as I have deemed necessary for this certificate. Capitalized terms used and not defined herein shall have the meanings assigned to them in the Credit Agreement. This Compliance Certificate is being delivered pursuant to Section 5.01(c) of the Credit Agreement.

(b) Attached hereto as Annex 1 is a detailed description of each Default that has occurred during the period beginning on October 1, 2005 and ending on the date hereof, together with a description of any action taken or proposed to be taken with respect thereto.

(c) Attached hereto as Schedules 1, 2, 3, and 4 are detailed calculations demonstrating compliance with the covenants set forth in Sections 6.01, 6.02, 6.05 and 6.08, respectively, of the Credit Agreement as of the date hereof.

WITNESS my hand this 26th day of April, 2006.



Title: President & Chief Executive Officer

As of the date hereof, the Company has not created, incurred, assumed, or permitted to exist any Indebtedness, except that which is permitted under Section 6.01 of the Credit Agreement.

As of the date hereof, neither the Company nor any of its Subsidiaries have created, incurred, assumed, or permitted to exist any Lien on any property or asset now owned by it, or assigned or sold any income or revenues (including accounts receivable) or rights in respect of any thereof, except that which is permitted under Section 6.02 of the Credit Agreement.

As of the date hereof, neither the Company nor any of its Subsidiaries have made or permitted to remain outstanding any Investments, except that which is permitted under Section 6.05 of the Credit Agreement.

Compliance to SECTION 6.08. Certain Financial Covenants

- (a) Debt Service Coverage Ratio. The Borrower will not permit, as of the last day of any calendar year, the average Debt Service Coverage Ratio during the two best years out of three calendar years then ended to be less than 1.00 to 1. (Detailed calculations attached as Annex II.)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Average of Best Two</u>
1.35	0.72	1.09	1.22

- (b) Total Members' Equities. The Borrower will not permit the aggregate amount of its Total Members' Equities to be less than the following respective amounts as at the last day of any calendar year ending during the following respective periods:

<u>Period</u>	<u>Amount</u>
From January 1, 2005 through December 31, 2007	\$ 90,000,000
From January 1, 2008 through December 31, 2010	\$ 100,000,000

Total Members' Equities at December 31, 2005 was \$96,108,000.

- (c) Times Interest Earned Ratio. The Borrower will not permit, as to the last day of any calendar year, the average Times Interest Earned Ratio during the two best years out of three calendar years then ended to be less than 1.05 to 1. (Detailed calculations attached as Annex II.)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Average of Best Two</u>
1.66	0.49	1.04	1.35

- (d) Equity to Assets Ratio. The Borrower will not permit the Equity to Assets Ratio to be less than 3% as at the last day of any calendar quarter.

Quarter ending 12/31/2005

<u>Assets</u>	<u>Equity</u>	<u>Equity to Asset Ratio</u>
\$ 1,687,894,000	\$ 96,108,000	5.69%

EXHIBIT F

Pursuant to Section 5.09 (b) of the Credit Agreement, below is a status report setting forth a detailed summary of the status of any applications submitted by EKPC to the RUS pursuant to Section 5.09 (a) of the Credit Agreement.

Report Period: December 31, 2005

Loan applications Submitted, Approved, and Funded					
Loan Application Date	Loan Amounts Applied	Loan Purposes	Loan Approval Date	Loan Amounts Approved	Loan Funds Available Date
4/29/1992	\$ 108,808,000	Combustion Turbines 1-3	7/28/1993	\$ 108,808,000	10/11/1995
10/28/1994	\$ 43,594,300	Construction of Transmission Facilities	3/19/1996	\$ 32,910,000	11/4/1999
1/24/1997	\$ 6,626,000	Generation Upgrades	9/17/1997	\$ 6,626,000	11/4/1999
1/24/1997	\$ 61,436,530	Generation Upgrades	1/21/1998	\$ 56,833,000	11/4/1999
12/21/1999	\$ 86,096,000	Construction of Transmission Facilities	7/27/2000	\$ 85,600,000	8/2/2001
3/27/2000	\$ 92,400,000	Combustion Turbines 4-5	8/28/2001	\$ 92,300,000	7/11/2002
7/18/2001	\$ 217,500,000	Generation Upgrades - Pollution Control Equipment	9/5/2002	\$ 223,500,000	6/26/2003
9/14/2001	\$ 410,000,000	Construction of Gilbert Unit at Spurlock Station	9/23/2003	\$ 433,863,000	12/7/2004
4/10/2003	\$ 27,105,000	Construction of 5-Landfill Gas Units	9/25/2003	\$ 27,645,000	5/13/2005
Total	\$ 1,053,565,830			\$ 1,068,085,000	

Loan Applications Submitted and Approved					
Loan Application Date	Loan Amounts Applied	Loan Purposes	Loan Approval Date	Loan Amounts Approved	Loan Funds Available Date ^(b)
9/23/2004	\$ 55,240,000	Combustion Turbines 6-7	5/11/2005	\$ 55,240,000	5/31/2006
12/21/2004	\$ 75,813,000	Construction of Transmission Facilities	8/9/2005	\$ 64,240,000	8/31/2006
4/26/2005	\$ 481,388,000	Construction of Spurlock 4 Unit	3/2/2006	\$ 481,388,000	3/31/2007
Total	\$ 612,441,000			\$ 600,868,000	

New Loan Applications Submitted					
Loan Application Date	Loan Amounts Applied	Loan Purposes ^(a)	Loan Approval Date	Loan Amounts Approved	Loan Funds Available Date ^(b)
5/24/2005	\$ 906,973,000	Construction of Smith 1 and CT's 8-12	8/31/2007 & 5/31/2008	\$ 906,973,000	5/31/2008 & 12/31/2008
Total	\$ 906,973,000			\$ 906,973,000	

^(a) For new projects, please see the attached project narrative.

^(b) EKPC estimates.

COMPLIANCE CERTIFICATE

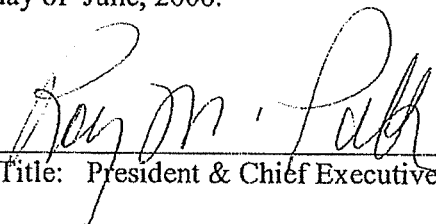
I, Roy M. Palk, the President & Chief Executive Officer of East Kentucky Power Cooperative, Inc. (the "Company"), and, as such, a Responsible Officer of the Company, DO HEREBY CERTIFY that:

(a) I have conducted a review of the Credit Agreement dated as of September 2, 2005 (the "Credit Agreement") and amended as of April 6, 2006 between the Company, the lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, the financial statements of the Company and such other documents as I have deemed necessary for this certificate. Capitalized terms used and not defined herein shall have the meanings assigned to them in the Credit Agreement. This Compliance Certificate is being delivered pursuant to Section 5.01(c) of the Credit Agreement.

(b) No Default has occurred during the period beginning on January 1, 2006 and ending on the date hereof.

(c) Attached hereto as Schedules 1, 2, 3, and 4 are detailed calculations demonstrating compliance with the covenants set forth in Sections 6.01, 6.02, 6.05 and 6.08, respectively, of the Credit Agreement as of the date hereof.

WITNESS my hand this 12th day of June, 2006.


Title: President & Chief Executive Officer

Schedule 1

As of the date hereof, the Company has not created, incurred, assumed, or permitted to exist any Indebtedness, except that which is permitted under Section 6.01 of the Credit Agreement.

As of the date hereof, neither the Company nor any of its Subsidiaries have made or permitted to remain outstanding any Investments, except that which is permitted under Section 6.05 of the Credit Agreement.

As of the date hereof, neither the Company nor any of its Subsidiaries have created, incurred, assumed, or permitted to exist any Lien on any property or asset now owned by it, or assigned or sold any income or revenues (including accounts receivable) or rights in respect of any thereof, except that which is permitted under Section 6.02 of the Credit Agreement.

Compliance to SECTION 6.08. Certain Financial Covenants

- (a) Debt Service Coverage Ratio. The Borrower will not permit, as of the last day of any calendar year, the average Debt Service Coverage Ratio during the two best years out of three calendar years then ended to be less than 1.00 to 1.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Average of Best Two</u>
1.35	0.72	1.09	1.22

- (b) Total Members' Equities. The Borrower will not permit the aggregate amount of its Total Members' Equities to be less than the following respective amounts as at the last day of any calendar year ending during the following respective periods:

<u>Period</u>	<u>Amount</u>
From January 1, 2005 through December 31, 2007	\$ 90,000,000
From January 1, 2008 through December 31, 2010	\$ 100,000,000

Total Members' Equities at December 31, 2005 was \$96,108,000.

- (c) Times Interest Earned Ratio. The Borrower will not permit, as to the last day of any calendar year, the average Times Interest Earned Ratio during the two best years out of three calendar years then ended to be less than 1.05 to 1.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Average of Best Two</u>
1.66	0.49	1.09	1.35

- (d) Equity to Assets Ratio. The Borrower will not permit the Equity to Assets Ratio to be less than 3% as at the last day of any calendar quarter.

Quarter ending 3/31/2006

<u>Assets</u>	<u>Equity</u>	<u>Equity to Asset Ratio</u>
\$ 1,712,989,000	\$ 108,154,000	6.31%

Capital Expenditures
Based on December 2004 Financial Forecast
(\$000)

	Budget <u>2005</u>	Budget <u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Spurlock #4	78,000	160,440	231,260	-	-	-	469,700
Smith #1 CFB	9,400	137,406	143,981	209,619	32,594	-	533,000
Smith #2 CFB	-	-	-	-	-	-	-
CT8-12	50,000	10,000	206,491	-	-	-	266,491
Smith Transmission	9,023	15,061	5,236	328	-	-	29,647
Spurlock #1 Scrubber	-	-	-	-	-	-	-
Spurlock #2 Scrubber	80,090	81,965	10,945	-	-	-	173,000
Cooper 1 & 2 SCR	-	-	-	-	-	-	-
Cooper 1 & 2 Scrubber	-	-	-	-	-	-	-
Warren Transmission	2,694	3,844	30,965	-	-	-	37,503
Gilbert	18,300	-	-	-	-	-	18,300
LFGTE	17,803	4,211	-	-	7,336	-	29,350
CTS Generation						35,579	35,579
Other Generation	25,187	5,948	1,113	303	3,722	6,866	43,139
Other Transmission/Telecon	33,642	4,850	2,278	1,987	18,495	41,203	102,456
General	13,075	7,066	2,174	2,718	2,800	2,884	30,716
Totals	337,214	430,791	634,442	214,955	64,947	86,532	1,768,880

Capital Expenditures
Based on December 2005 Financial Forecast
(\$000)

	<u>Actual 2005</u>	<u>Budget 2006</u>	<u>Budget 2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Spurlock #4	88,890	154,229	143,221	83,360	-	-	469,700
Smith #1 CFB	6,267	151,481	193,502	117,895	63,855	-	533,000
Smith #2 CFB	-	-	-	-	121,133	160,999	282,132
CT8-12	2,400	84,186	137,026	42,879	-	-	266,491
Smith Transmission	300		34,809	18,238	46,995	-	100,342
Spurlock #1 Scrubber	84	-	-	145,032	-	-	145,116
Spurlock #2 Scrubber	5,500	68,072	74,257	13,319	-	-	161,148
Cooper 1 & 2 SCR	-	-	-	-	86,946		86,946
Cooper 1 & 2 Scrubber	-	-	-	87,810	87,967	-	175,777
Warren Transmission	3,453	4,352	31,637	6,716	-	-	46,158
Gilbert	11,272	11,247	9,109	2,151	-	-	33,779
LFGTE	3,567	12,198	16,244	8,422	4,610	4,748	49,789
CTS Generation							-
Other Generation	25,063	24,622	15,015	10,754	4,450	13,332	93,236
Other Transmission/Telecon	20,149	34,219	11,465	28,646	15,279	19,195	128,953
General	-	7,717	9,713	3,914	2,715	2,796	26,855
Totals	166,945	552,323	675,998	569,136	433,950	201,070	2,599,422

Capital Expenditures
Variance - December 2004 vs 2005 Financial Forecasts
(\$000)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Spurlock #4	10,890	(6,211)	(88,039)	83,360	-	-	-
Smith #1 CFB	(3,133)	14,075	49,521	(91,724)	31,261	-	-
Smith #2 CFB	-	-	-	-	121,133	160,999	282,132
CT8-12	(47,600)	74,186	(69,465)	42,879	-	-	-
Smith Transmission	(8,723)	(15,061)	29,573	17,910	46,995	-	70,695
Spurlock #1 Scrubber	84	-	-	145,032	-	-	145,116
Spurlock #2 Scrubber	(74,590)	(13,893)	63,312	13,319	-	-	(11,852)
Cooper 1 & 2 SCR	-	-	-	-	86,946	-	86,946
Cooper 1 & 2 Scrubber	-	-	-	87,810	87,967	-	175,777
Warren Transmission	759	508	672	6,716	-	-	8,655
Gilbert	(7,028)	11,247	9,109	2,151	-	-	15,479
LFGTE	(14,236)	7,987	16,244	8,422	(2,726)	4,748	20,439
CTS Generation	-	-	-	-	-	(35,579)	(35,579)
Other Generation	(124)	18,674	13,902	10,451	728	6,466	50,097
Other Transmission/Telecom	(13,493)	29,369	9,187	26,659	(3,216)	(22,008)	26,497
General	(13,075)	651	7,539	1,196	(85)	(88)	(3,861)
Totals	(170,269)	121,532	41,556	354,181	369,003	114,538	830,542

COMPLIANCE CERTIFICATE

I, Roy M. Palk, the President & Chief Executive Officer of East Kentucky Power Cooperative, Inc. (the "Company"), and, as such, a Responsible Officer of the Company, DO HEREBY CERTIFY that:

(a) I have conducted a review of the Credit Agreement dated as of September 2, 2005 (the "Credit Agreement") and amended as of April 6, 2006 between the Company, the lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, the financial statements of the Company and such other documents as I have deemed necessary for this certificate. The statements present fairly in all material respects the financial condition and results of operations of the Borrower and its subsidiaries on a consolidated basis in accordance with GAAP consistently applied. Capitalized terms used and not defined herein shall have the meanings assigned to them in the Credit Agreement. This Compliance Certificate is being delivered pursuant to Section 5.01(c) of the Credit Agreement.

(b) No Default has occurred during the period beginning on January 1, 2006 and ending on the date hereof.

(c) Attached hereto as Schedules 1, 2, 3, and 4 are detailed calculations demonstrating compliance with the covenants set forth in Sections 6.01, 6.02, 6.05 and 6.08, respectively, of the Credit Agreement as of the date hereof.

WITNESS my hand this 28th day of August, 2006.



Title: President & Chief Executive Officer

As of the date hereof, the Company has not created, incurred, assumed, or permitted to exist any Indebtedness, except that which is permitted under Section 6.01 of the Credit Agreement.

As of the date hereof, neither the Company nor any of its Subsidiaries have created, incurred, assumed, or permitted to exist any Lien on any property or asset now owned by it, or assigned or sold any income or revenues (including accounts receivable) or rights in respect of any thereof, except that which is permitted under Section 6.02 of the Credit Agreement.

Schedule 3

As of the date hereof, neither the Company nor any of its Subsidiaries have made or permitted to remain outstanding any Investments, except that which is permitted under Section 6.05 of the Credit Agreement.

Compliance to SECTION 6.08. Certain Financial Covenants

- (a) Debt Service Coverage Ratio. The Borrower will not permit, as of the last day of any calendar year, the average Debt Service Coverage Ratio during the two best years out of three calendar years then ended to be less than 1.00 to 1.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Average of Best Two</u>
1.35	0.72	1.09	1.22

- (b) Total Members' Equities. The Borrower will not permit the aggregate amount of its Total Members' Equities to be less than the following respective amounts as at the last day of any calendar year ending during the following respective periods:

<u>Period</u>	<u>Amount</u>
From January 1, 2005 through December 31, 2007	\$ 90,000,000
From January 1, 2008 through December 31, 2010	\$ 100,000,000

Total Members' Equities at December 31, 2005 was \$96,108,000.

- (c) Times Interest Earned Ratio. The Borrower will not permit, as to the last day of any calendar year, the average Times Interest Earned Ratio during the two best years out of three calendar years then ended to be less than 1.05 to 1.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Average of Best Two</u>
1.66	0.49	1.09	1.35

- (d) Equity to Assets Ratio. The Borrower will not permit the Equity to Assets Ratio to be less than 3% as at the last day of any calendar quarter.

Quarter ending 6/30/2006

<u>Assets</u>	<u>Equity</u>	<u>Equity to Asset Ratio</u>
\$ 1,827,941,000	\$ 95,438,000	5.22%

EXHIBIT F

Pursuant to Section 5.09 (b) of the Credit Agreement, below is a status report setting forth a detailed summary of the status of any applications submitted by EKPC to the RUS pursuant to Section 5.09 (a) of the Credit Agreement.

Report Period: June 30, 2006

Loan applications Submitted, Approved, and Funded					
Loan Application Date	Loan Amounts Applied	Loan Purposes	Loan Approval Date	Loan Amounts Approved	Loan Funds Available Date
4/29/1992	\$ 108,808,000	Combustion Turbines 1-3	7/28/1993	\$ 108,808,000	10/11/1995
10/28/1994	\$ 43,594,300	Construction of Transmission Facilities	3/19/1996	\$ 32,910,000	11/4/1999
1/24/1997	\$ 6,626,000	Generation Upgrades	9/17/1997	\$ 6,626,000	11/4/1999
1/24/1997	\$ 61,436,530	Generation Upgrades	1/21/1998	\$ 56,833,000	11/4/1999
12/21/1999	\$ 86,096,000	Construction of Transmission Facilities	7/27/2000	\$ 85,600,000	8/2/2001
3/27/2000	\$ 92,400,000	Combustion Turbines 4-5	8/28/2001	\$ 92,300,000	7/11/2002
7/18/2001	\$ 217,500,000	Generation Upgrades - Pollution Control Equipment	9/5/2002	\$ 223,500,000	6/26/2003
9/14/2001	\$ 410,000,000	Construction of Gilbert Unit at Spurlock Station	9/23/2003	\$ 433,863,000	12/7/2004
4/10/2003	\$ 27,105,000	Construction of 5-Landfill Gas Units	9/25/2003	\$ 27,645,000	5/13/2005
Total	\$ 1,053,565,830			\$ 1,068,085,000	

Loan Applications Submitted and Approved					
Loan Application Date	Loan Amounts Applied	Loan Purposes	Loan Approval Date	Loan Amounts Approved	Loan Funds Available Date ^(a)
9/23/2004	\$ 55,240,000	Combustion Turbines 6-7	5/11/2005	\$ 55,240,000	8/1/2006
12/21/2004	\$ 75,813,000	Construction of Transmission Facilities	8/9/2005	\$ 64,240,000	1/31/2007
4/26/2005	\$ 481,388,000	Construction of Spurlock 4 Unit	3/2/2006	\$ 481,388,000	3/31/2007
Total	\$ 612,441,000			\$ 600,868,000	

New Loan Applications Submitted					
Loan Application Date	Loan Amounts Applied	Loan Purposes ^(a)	Loan Approval Date	Loan Amounts Approved	Loan Funds Available Date ^(a)
5/24/2005	\$ 906,973,000	Construction of Smith 1 and CT's 8-12	8/31/2007 & 5/31/2008	\$ 906,973,000	5/31/2008 & 12/31/2008
Total	\$ 906,973,000			\$ 906,973,000	

^(a) EKPC estimates.



East Kentucky Power Cooperative
FIRST ANNUAL BANK MEETING

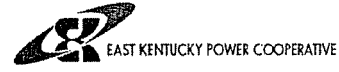
You are cordially invited
to attend the
First Annual EKPC Bank Meeting
to be held at the
French Quarter Inn and Spurlock Power Station
in Maysville Kentucky


Thursday, April 27, 2006
Starting at 9:30 A.M. at
French Quarter Inn and concluding
at Spurlock Power Station
approximately 4:00 P.M.

RSVP to Della Damron
at 1-800-262-7464 x 309 or
della.damron@ekpc.coop

Dress: business casual • comfortable shoes

PressRelease



A Touchstone Energy Cooperative 

For immediate release:

June 13, 2006

STATE GRANTS FINAL APPROVAL FOR EAST KENTUCKY POWER TO BUILD CLEAN-COAL GENERATING UNIT IN MAYSVILLE

Project to create up to 700 construction jobs

The Kentucky Division of Air Quality today approved the final air permit for Winchester-based East Kentucky Power Cooperative (EKPC) to build a clean-coal generating unit at H.L. Spurlock Station in Maysville.

With the final air permit approved, EKPC cleared the last remaining regulatory hurdle to start building the new unit adjacent to three existing units at Spurlock Station. Construction of the unit, at a cost of approximately \$470 million, will begin immediately and take about three years to complete.

“We’re extremely pleased to proceed with this project,” said Roy Palk, president and CEO of East Kentucky Power. “This is a major investment in the environment, the economy and the people of Kentucky and our future. Spurlock Unit #4 will create hundreds of jobs. It will bring millions of dollars in new tax revenues to local and state government.”

Unit #4 will generate 278 megawatts. It will be identical to Spurlock Station’s Unit #3, which is called the E.A. Gilbert Generating Unit and which went on-line in March 2005. The units rank among America’s cleanest coal-generating units.

Both Spurlock Unit #4 and the Gilbert Unit use a technology known as the Circulating Fluidized Bed (CFB) process, which is recognized for extremely low emissions. The process burns fuel at a lower temperature while removing 98 percent of the sulfur dioxide and producing 80 percent less nitrogen oxide than conventional pulverized-coal units.

The power from Spurlock Unit #4 will be shipped to East Kentucky Power’s 16 member electric cooperatives, which serve about 500,000 Kentucky homes, farms, businesses and industries across 89 counties, and Unit #4 will serve the growth needs of EKPC’s system, including Bowling Green-based Warren RECC, which will join the system.

No additional transmission lines will be needed to accommodate Spurlock Unit #4.

Building the unit will create up to 700 construction jobs, at an average wage of \$60,000, according to Palk, CEO of EKPC. He said the unit would:

- Create about 40 permanent jobs for people at Spurlock Station during the lifetime of the unit.
- Be capable of using a wide variety of coals. The unit will create a market for up to 1.2 million tons of coal annually for the lowest cost suppliers.
- Pump \$20 million in construction payroll into Mason County and the surrounding region.
- Generate about \$1 million in payroll taxes for the City of Maysville.
- The unit will generate more than \$9 million in property taxes for the state of Kentucky during its first 20 years of operation.

EKPC is a not-for-profit organization providing wholesale electricity to 16 distribution cooperatives that serve 500,000 Kentucky homes, farms, businesses and industries across 89 counties. EKPC provides power through plants located in Mason, Clark and Pulaski counties, renewable energy plants in Boone, Hardin, Laurel and Greenup counties, along with gas peaking units, hydro power and more than 2,800 miles of transmission lines. Together, EKPC and the member cooperatives are known as Kentucky's Touchstone Energy Cooperatives.

For more information, call:

Kevin Osbourn, East Kentucky Power Cooperative
Phone: (859) 745-9419



Ernie Fletcher
Governor

Mark David Goss
Chairman

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
**Environmental and Public Protection
Cabinet**

Teresa Hill
Vice Chairman

Christopher L. Lilly
Commissioner
Department of Public Protection

Public Service Commission
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NEWS RELEASE

PSC APPROVES POWER PLANT EXPANSION IN CLARK COUNTY
EKPC to add units at J.K. Smith facility near Trapp

FRANKFORT, Ky. (Aug. 29, 2006) – The Kentucky Public Service Commission (PSC) today granted East Kentucky Power Cooperative, Inc. (EKPC) permission to construct a coal-fired unit and five gas-fired units at its J.K. Smith Power Station in Clark County.

EKPC requires the additional generating capacity to meet rising demand from its 16 member electric cooperatives and additional load that will be created when it begins supplying power in 2008 to the Warren Rural Electric Cooperative Corp. (RECC).

The coal-fired unit, with a capacity of 278 megawatts, will be the first at Smith. It will use a technology known as circulating fluidized bed (CFB), which burns coal more cleanly than conventional boilers without the need for extensive pollution-control equipment. EKPC last year began operating a nearly identical CFB unit at its Spurlock Generating Station in Mason County, and is building a second CFB unit at Spurlock.

EKPC currently operates seven gas-fired turbine generators of varying capacities at the Smith facility.

The five additional gas-fired turbines will have a capacity of 90 megawatts each and will be used to supply power at times of peak demand. Three of the units are needed to meet the increasing needs of EKPC's current members, while two will be needed in 2008 to supply Warren RECC.

Warren RECC currently buys its electricity from the Tennessee Valley Authority, but will end that relationship in 2008.

-more-

PSC APPROVES POWER PLANT EXPANSION IN CLARK COUNTY – Page 2

In its review of EKPC's application, the PSC concluded that construction of the new plant would be the most cost-effective way for the utility to meet its future need for base load and peaking generation. The additional generation will reduce EKPC's need to purchase power from outside sources.

In approving construction of the new generating units, the PSC noted that a site assessment found no adverse impact on the surrounding area. EKPC will take steps to reduce noise from the facilities and will schedule construction work to avoid creating traffic congestion on area roads.

The new generating facilities will be in the same general location as a 540-megawatt plant proposed earlier by Kentucky Pioneer Energy, which in 2000 had contracted to sell power to EKPC. Kentucky Pioneer was unable to begin construction of the plant on schedule and EKPC terminated the contract in October 2004.

EKPC is owned by the 16 distribution cooperatives to which it provides wholesale electric generation and transmission service. Those distribution cooperatives serve about 500,000 customers in 89 Kentucky counties.

Today's order and other documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2005-00053.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

-30-

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY,)	
AND A SITE COMPATIBILITY CERTIFICATE,)	CASE NO.
FOR THE CONSTRUCTION OF A 278 MW)	2005-00053
(NOMINAL) CIRCULATING FLUIDIZED BED)	
COAL FIRED UNIT AND FIVE 90 MW)	
(NOMINAL) COMBUSTION TURBINES IN)	
CLARK COUNTY, KENTUCKY)	

O R D E R

East Kentucky Power Cooperative, Inc. ("EKPC") filed an application on January 31, 2005 for a Certificate of Public Convenience and Necessity ("CPCN") under KRS 278.020(1), and a Certificate of Site Compatibility under KRS 278.216, to construct electric generating facilities at its J. K. Smith power station located in Clark County, Kentucky. The proposed facilities include a 278 MW circulating fluidized bed coal-fired unit ("Smith CFB") and five 90 MW combustion turbines ("Smith CTs 8-12"). The estimated installed costs are \$533 million for the Smith CFB and \$259.2 million for the Smith CTs 8-12. EKPC intends to finance the facilities through long-term indebtedness which will be subject to the supervision and control of the Rural Utilities Service ("RUS"), an agency of the federal government. This financing will be exempt from review by the Commission under KRS 278.300(10).

The Attorney General's Office ("AG") and Gallatin Steel Company, the largest retail customer of electricity supplied by EKPC, requested and were granted

intervention. Motions to intervene were also filed by EnviroPower, LLC, developer of a merchant power plant in Knott County, Kentucky, and by Siemens-Westinghouse Power Corporation, a manufacturer of combustion turbines. EnviroPower, LLC and Siemens-Westinghouse Power Corporation had submitted bids to supply EKPC's power supply needs, but neither bid was accepted by EKPC. Both requests to intervene were denied on the grounds that the movants did not consume power supplied by EKPC, had no interest in either the rates or service supplied by EKPC, and their only interests were as unsuccessful bidders in a private power supply solicitation. EKPC filed numerous responses to requests for information and a public hearing was held on November 29, 2005.

BACKGROUND

EKPC is a generating and transmission cooperative which is organized under KRS Chapter 279 and currently provides service to 16 electric distribution cooperatives in Kentucky. The proposed Smith CFB unit will provide base load capacity needed to meet the growing demand of EKPC's 16-member cooperatives. The proposed CTs will provide peaking capacity and will partially replace a purchase power contract, which expired in 2005, for peaking capacity of 150 MW in the winter and 75 MW in the summer. Two of the proposed CTs will provide the future peaking requirements, including reserves, for EKPC's newest distribution cooperative member, Warren Rural Electric Cooperative Corporation ("Warren RECC"). Although Warren RECC has historically received its power supply from the Tennessee Valley Authority, Warren RECC has terminated that supply agreement effective April 2008 and has entered into a membership agreement with EKPC.

NEED FOR ADDITIONAL GENERATION

EKPC had previously filed in April 2003 an Integrated Resource Plan ("IRP") containing 20-year forecasts of electric loads and capacity needs.¹ That IRP was based on a strategy of having firm resources to meet its summer peak while maintaining a long-term reserve margin of 12 percent. To meet its systems' winter peak, EKPC limits power purchases to the level it considers can be reliably imported, which is 300 MW to 400 MW. After reflecting the addition of the 268 MW at F.B. Gilbert Unit in April 2005, EKPC's 2003 IRP projected a need for additional base load generation of approximately 270 MW by 2011 and additional peaking generation of approximately 500 MW in the 2004 through 2009 time period.

EKPC filed an IRP Update Report which reflects recent and significant changes to both its load and resources.² As a result of the addition of Warren RECC as a member, EKPC's projected peak load in 2008 is approximately 433 MW higher in the winter and 400 MW higher in the summer. Allowing for a 15 percent reserve margin, EKPC determined that it needed an additional 270 MW of base load capacity and 200 MW of peaking capacity to serve Warren RECC. Revisions to the load forecast of EKPC's current 16 members show a reduction of 100 MW in the summer peak, with a slight increase in the winter peak.

EKPC's resources have also increased by the addition of two combustion turbines totaling 160 MW of peaking capacity at the Smith Station ("Smith CTs 6 and 7")

¹ Case No. 2003-00051, The 2003 Integrated Resource Plan of East Kentucky Power Cooperative, Inc.

² Application Exhibit No. 3.

and the addition of the 278 MW circulating fluidized bed coal-fired unit at its Spurlock Generating Station in Maysville, Kentucky ("Spurlock 4"). The Spurlock 4 unit, which is projected to be online in late 2008, was added specifically to meet the base load power requirements of Warren RECC, which has agreed to pay the incremental costs of the generation and transmission needed to serve its load. After reflecting these capacity additions, which have been previously approved by the Commission, EKPC's load forecast shows a base load capacity deficiency of approximately 270 MW by 2011 and a peaking capacity deficiency of approximately 440 MW by 2007 through 2008. Further analysis by EKPC shows that as a result of recent record-high natural gas prices, advancing the online date of the needed base load capacity from 2011 to 2009 will reduce the net present value cost of that unit by over \$53 million.³ Based on a review of EKPC's IRP Update Report, the Commission finds that these load projections are reasonable and they demonstrate a need for approximately 270 MW of base load generation and 440 MW of peaking generation.

PROPOSED GENERATION PROJECT

EKPC issued RFP 2004-01 on April 2, 2004 to request proposals for base load and peaking capacity to meet the needs of current member systems and Warren RECC. EKPC hired EnerVision, Inc., an energy services consultant, to assist in the evaluation of proposals for base load and peaking capacity and to rank the proposals based on their economics. The RFP stated that the purpose of its issuance was to evaluate alternatives to EKPC's self-construct options. Over 30 power supply proposals were received and evaluated by EnerVision and EKPC. Fourteen bids for base load power

³ Application Exhibit 3 at 2-3.

and five bids for peaking power were analyzed in detail, including EKPC's self-construct bids. The remaining bids were eliminated because they did not comply with the RFP or they were too highly priced.

EKPC's self-construct bids included the Smith CFB and a similar coal-fired unit known as Spurlock 5 at EKPC's H. L. Spurlock Station in Maysville, Kentucky. EnerVision's analysis shows that the Smith CFB and Spurlock 5 base load generating units were the least cost options based on a 32-year net present value analysis. The difference in economics between these two alternatives is less than one percent. The Smith CFB was selected based on the need for, and cost of, transmission facilities at the two generating stations. Constructing Spurlock 5 will necessitate an additional \$41.4 million of transmission additions at the Spurlock Station, while constructing the Smith CFB will not necessitate any transmission additions other than those already underway to accommodate the additional CTs proposed in this case.

In response to EKPC's need for peaking capacity, EnerVision recommended the Siemens V84.3A gas turbines based on the results of EnerVision's economic analysis. However, EKPC did not accept that recommendation due to concerns regarding the past performance of the Siemens V84.3A turbines. Based on discussions with other utilities that currently own and operate these gas turbines, EKPC concluded that some utilities had experienced operational reliability problems. Consequently, EKPC selected the next lowest cost alternative, the GE LMS100s. EKPC indicated that the GE LMS100 units offer additional value to the EKPC system by virtue of their design, which makes them capable of running at higher capacity factors than traditional peaking gas turbines.

All parties to this case agree on EKPC's need for additional generating capacity. The AG and Gallatin Steel Company have not questioned EnerVision's results or analysis. EKPC and EnerVision developed evaluation criteria which were used to evaluate each bid that was in compliance with the RFP. The criteria were finalized prior to EnerVision's receipt of any of the bids. Summaries were developed to characterize each bid. After the initial review, EnerVision began its detailed economic analysis of the remaining bids at its office in Atlanta, and EKPC performed its analysis at its office in Winchester, Kentucky. The results of the analyses were not shared between EKPC and EnerVision until the end of the evaluation process.

At the November 29, 2005 hearing, EKPC indicated that construction of the transmission facilities needed to provide export capacity for the proposed CTs will not be completed until 2009. Therefore, EKPC will not be able to operate all the proposed CTs, which are scheduled for completion in 2008, simultaneously with the existing seven Smith CTs. EKPC's analysis filed after the hearing shows that delaying commercial operation of the proposed CTs until completion of the needed transmission facilities will result in approximately \$22.8 million in increased costs, consisting of \$11.9 million in higher power production and/or power purchase costs and \$10.9 million in additional costs due to construction schedule delay charges. EKPC indicates that, at a price of \$10 per MCF for natural gas (a price which has been experienced in recent months), operating the proposed CTs with their high efficiency levels will save about \$30 per MWh compared to the cost of operating EKPC's existing CTs, which are less efficient.

SITE ASSESSMENT REPORT

KRS 278.216 provides that no utility may begin the construction of a generating unit greater than 10 MW without first obtaining a Site Compatibility Certificate from the Commission. To obtain a Site Compatibility Certificate, a utility can prepare and submit a site assessment report, as prescribed in KRS 278.708(3) and (4), which describes in detail surrounding land uses, the location of existing facilities and infrastructure, anticipated noise levels, compatibility with scenic surroundings, potential changes in property values, and the impact on road and rail traffic. In lieu of submitting a site assessment report, KRS 278.216(2) provides that a utility may file, and the Commission may accept, documentation of compliance with the National Environmental Policy Act ("NEPA").

EKPC's application included copies of environmental assessment reports prepared for the Smith Site for submission to RUS to demonstrate compliance with NEPA. Those reports were filed here to support EKPC's request for a Certificate of Site Compatibility based on NEPA compliance in lieu of filing a site assessment report as described in KRS 278.216(2). The application stated that RUS approval under NEPA was anticipated.

EKPC subsequently indicated in response to a data request that, as of March 27, 2006, the NEPA review process was still ongoing and no definitive dates for completion of that process was given. The Commission then issued an Order on April 18, 2006 holding this case in abeyance until such time as EKPC would file documentation of compliance with NEPA or, alternatively, a site assessment report pursuant to KRS 278.216(2). EKPC then filed, on May 8, 2006, a site assessment report prepared

by its own employees. On June 26, 2006, EKPC notified the Commission that EKPC had commenced taking bids on major components of the equipment needed to construct the proposed generating facilities, that a number of those bids were about to expire, and that EKPC would incur significant and escalating cost increases if a CPCN was not issued by July 1, 2006. The Commission then held an informal conference on July 5, 2006 to discuss EKPC's site assessment report and its equipment bids.

EKPC agreed at the informal conference to submit a revised site assessment report prepared by an independent consultant, and that report was filed on July 25, 2006. EKPC subsequently filed on July 28, 2006 supplemental information relating to mitigation of increased traffic flows in the vicinity of the Smith site.

The Commission finds that the revised site assessment report satisfies the requirements of KRS 278.216(2) and is reasonable. The report shows that there will be no significant impact to the land surrounding the Smith site and that the proposed generating facilities will have no adverse impact on the area surrounding the site. To mitigate noise impacts from the proposed generating facilities, EKPC will install mufflers and silencers on the units. In addition, the work schedules for construction workers will be staggered to mitigate traffic congestion at the intersection of KY 89 and the site access road. The Commission concludes that the proposed facilities will have no adverse impact on the area surrounding the site.

SUMMARY OF FINDINGS

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds:

1. EKPC needs additional base load and peaking generating capacity to meet the projected demands of its 16 existing distribution cooperative members and to serve the power requirements of Warren RECC beginning April 2008.

2. EKPC's analyses, which show that the proposed Smith CFB and the Smith CTs 8-12 are the best, least-cost options to meet its system's projected demands, are reasonable.

3. EKPC's revised site assessment report prepared by an independent consultant is reasonable and the mitigation measures discussed therein should be adopted by EKPC.

IT IS THEREFORE ORDERED that:

1. EKPC is granted a CPCN to construct the 278 MW Smith CFB generating unit and the five 90 MW Smith CTs 8-12 in Clark County, Kentucky.

2. EKPC is granted a Certificate of Site Compatibility to construct the 278 MW Smith CFB generating unit and the five 90 MW Smith CTs 8-12 in Clark County, Kentucky.

Done at Frankfort, Kentucky, this 29th day of August, 2006.

By the Commission

ATTEST:



Executive Director

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
LEXINGTON

Eastern District of Kentucky
FILED

AUG 18 2006

AT LEXINGTON
LESLIE G WHITMER
CLERK U S DISTRICT COURT

CIVIL ACTION NO. 04-34-KSF

UNITED STATES OF AMERICA

PLAINTIFF

V.

ORDER

EAST KENTUCKY POWER COOPERATIVE, INC.

DEFENDANT

* * * * *

This matter is before the Court on the plaintiff's notice concerning related litigation [DE #144]. Therein, the plaintiff notified the Court that oral arguments in the case of United States v. Duke Energy Corp., 411 F.3d 539 (4th Cir. 2005), would be heard before the United States Supreme Court on November 1, 2006.

Upon closer review of the pending motions for summary judgment, the Court initiated informal discussions with counsel in this matter, who indicated that there are a number of central issues in this case that would be affected by a decision by the Supreme Court in the Duke Energy case, and that a decision in that case would also likely inform the manner in which the trial would be conducted. However, counsel also indicated that there are several outstanding issues and motions for summary judgment that could be decided *without* reference to Duke Energy and related cases.

Having reviewed the record and being further informed by counsel's comments, the Court is of the opinion that it would make the most sense to wait to try this matter until after the Supreme Court has issued a decision in Duke Energy. However, rather than stay the entire case, the Court prefers to render a decision on those motions for summary judgment which do not

implicate the issues raised in the Duke Energy case. To that end, the Court will ask counsel to file brief simultaneous statements asserting specifically which outstanding motions for summary judgment *clearly* implicate the issues raised in the Duke Energy case, and to the extent the parties may agree in advance, so much the better. Thereafter, the Court will determine which motions should go forward for decision and which motions should be dismissed without prejudice to refile same after a decision is rendered by the Supreme Court.

Accordingly, the Court, being otherwise fully and sufficiently advised, HEREBY

ORDERS that

- (1) the pretrial conference and trial of this matter are SET ASIDE pending further orders of the Court;
- (2) no later than September 4, 2006, the parties SHALL FILE with the Court a statement no longer than three (3) pages setting forth which of the outstanding motions for summary judgment clearly implicate the issues raised in the Duke Energy case and, thus, should await a decision from the Supreme Court, and which of the outstanding motions for summary judgment should go forward for decision.

This 18th day of August, 2006.



KARL S. FORESTER, SENIOR JUDGE

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SUPPLEMENTAL DATA REQUEST RESPONSE

**COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 7**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. Provide a copy of all correspondence between you and RUS regarding EKPC's depreciation study.

Response 7. EKPC had several telephone conversations with RUS engineering and program accounting staff during the depreciation study review process. RUS requested that Gannett Fleming, Inc., the firm that conducted EKPC's depreciation study, prepare an engineering analysis to supplement the depreciation study. A copy of this engineering analysis is included on pages 2 through 84.

After RUS received EKPC's supplemental engineering analysis, their program accounting staff questioned, by telephone, the Cooper Station Generating Unit Performance Factors report. EKPC made a correction on the Cooper Station report and faxed the revised version to RUS. The revised report is included on pages 85 and 86.

EAST KENTUCKY POWER COOPERATIVE
WINCHESTER, KENTUCKY

**ADDENDUM TO
DEPRECIATION STUDY
AS OF DECEMBER 31, 2005**

**SUPPORTING INFORMATION FOR
GENERATING STATION LIFE SPAN ESTIMATES**



Gannett Fleming
Valuation and Rate Division

Table of Contents

Executive Summary.....	1
Table 1. Estimated Life Spans and Depreciation Accruals Related to Plant in Service at December 31, 2005...	5
Introduction.....	6
Description of Facilities.....	8
Table 2. Generation Station / Unit Statistics.....	9
Forces of Mortality.....	14
Equipment Failure.....	14
Plant Inspections.....	14
Maintenance and Capital Expenditures.....	20
Table 3. Historical Maintenance Expenditures by Generating Unit.....	21
Table 4. Operating Statistics by Generating Unit.....	23
Economic Obsolescence.....	27
Table 5. Generating Cost Comparison.....	28
Environmental Compliance.....	31
Long Range Plans and Outlook.....	32
Life Span Estimates.....	33
Bases for Life Span Estimates.....	33
Field Review.....	33
Industry Experience.....	34
Conclusions.....	34
 APPENDIX A - Production Management Reporting System Generating Unit Performance Factors	
 APPENDIX B - Production Business Unit Long-Range Work Plan (MEAGER 2024 November 2004	

EAST KENTUCKY POWER COOPERATIVE, INC.

ADDENDUM TO DEPRECIATION STUDY
AS OF DECEMBER 31, 2005SUPPORTING INFORMATION FOR
GENERATING STATION LIFE SPAN ESTIMATES

EXECUTIVE SUMMARY

The purpose of this addendum to the depreciation study prepared by Gannett Fleming on behalf of East Kentucky Power Cooperative, Inc. (EKPC) as of December 31, 2005 is to provide supporting information for the life span estimates underlying the annual depreciation accrual recommended for EKPC. This addendum relates specifically to the depreciation study prepared by Gannett Fleming and should be considered with the information contained in the main body of the report.

EKPC, headquartered in Winchester, Kentucky is an electric generation and transmission cooperative that serves 16 member distribution cooperatives in 89 counties throughout eastern and central Kentucky. As of December 31, 2005 EKPC has installed generating capacity of approximately 2385 MW (name plate rating) at seven plant locations, 2,663 miles of transmission and distribution lines and 311 substations with an installed capacity of 8,920 MVA.

EKPC's original cost of utility plant, excluding construction work in progress, as of December 31, 2005 was approximately \$2.04 billion, and the related accumulated depreciation was approximately \$775 million. Approximately 76% of EKPC's fixed assets are generating assets both on an original cost basis and on a net book value basis.

Given that generating assets represents a large portion of the total asset base, the life span estimates for the generating stations are an important factor in setting proper depreciation rates for EKPC. If the life spans are too short depreciation rates will be too high. If the life spans are too long depreciation rates will be too low.

Although the life spans are an important factor in determining the annual depreciation accrual rates, the rates are also influenced by the accumulated provision for depreciation, interim survivor curve estimates and the ages of the surviving plant.

The life spans estimated by Gannett Fleming are based on informed judgment that considered a number of potentially life limiting factors. The life limiting factors may be collectively described as the "forces of mortality" or the

potential causes of final retirement. Generally the “forces of mortality” include equipment failure, economic obsolescence and non-compliance with applicable laws or government regulations. Based upon our understanding of each of the potential life limiting factors and the specific circumstances at EKPC, it was concluded that no single factor or combination of factors would be life limiting in the foreseeable future. Each potential cause of retirement is reviewed in more detail in the following sections of this addendum.

To arrive at the specific life spans estimates for the EKPC generating stations Gannett Fleming considered Company policies and outlook, information on operations and conditions gathered during field visits, reviews of operating and maintenance records, summary inspection reports, plant accounting records, the attained age of each station and the range of estimates for other electric companies with similar generating stations.

During the field trip it was generally observed that the stations are in excellent condition. During discussion with management personnel at each station and at the corporate level, it was confirmed that the Company is committed to maintaining and improving its fleet for the foreseeable future. Significant investments over the long term are planned and no station is currently scheduled to be removed from service.

In discussions at the corporate level it was confirmed that the Company plans to continue operating each station currently in its fleet for the foreseeable future and will continue to make significant investments to keep the fleet in service and operating in an efficient and environmentally sound manner.

A review of historical maintenance expenditures by station showed that over the last 10 years the Company has averaged \$5.1 million, \$6.1 million, \$17.2 million and \$881 thousand at Dale, Cooper, Spurlock and Smith, respectively. The Company’s long range spending plan shows that over the next 18 years¹ the Company plans to spend over \$600 million on its existing stations.

A review of 10 years of historical operating performance showed that forced outage rates have been low, availability has been high, capacity factors have been reasonable and the heat rates are typical for the types and ages of the plants.

Given the Company’s past and continuing maintenance, capital spending and the historical operating performance of the EKPC plants; it is unlikely that equipment failure will be the cause for retirement of any EKPC plant in the foreseeable future.

¹ Data taken from the report titled “Production Business Unit Long range Work Plan (MEAGER 2024)” dated November 2004.

EKPC operates in the North American Electric Reliability Council's (NERC's) SERC Reliability Corporation (SERC) and TVA sub-region. The projected growth in the SERC region over the next 10 years is 1.7% on a net energy basis and 2.08% on a peak demand basis². EKPC energy sales to members have grown at an average of 3.7%³ over the last five years or at approximately twice the SERC average.

EKPC's plants compare favorably to other plants in the SERC region with respect to heat rates and the cost of EKPC's plants compares favorably with the cost of new generation

Kentucky has studied whether or not to implement retail competition for electricity. To date the legislature has taken a "wait and see" attitude and retail competition for electricity is not expected to be implemented in the state for the foreseeable future.

Given the relatively high growth in demand and energy, current plant efficiencies, other generation in the region, the cost of new generation alternatives and lack of retail competition; it is not likely that the existing EKPC plants will be forced out of service due to economic obsolescence for the foreseeable future.

Although environmental compliance is always of concern to an electricity generator, EKPC has made and is planning to make additional substantial investments in pollution control equipment. Over the long term, environmental regulations are likely to become more stringent with ever lower emissions standards for SO₂, NO_x, and new compliance areas such as CO₂ and heavy metals such as mercury. Given that all generators will be affected by increasing environmental standards, EKPC's position should not be any worse than any other generator in the region.

Given its current position in the region and its demonstrated commitment to making the necessary investments in pollution control equipment when required, it is not likely that environmental compliance will force the early shutdown of any of its existing units⁴.

The range of life span estimates for other Gannett Fleming clients with similar generating stations are, as follows:

Pulverized Coal Units	45 to 65 years
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² Source: SERC Reliability Council, "Information Summary", July 2006

³ Source: EKPC 2005 Annual Report

⁴ It should be noted that the Dale station is currently involved in litigation with EPA which could result in the early shutdown of the station. However the net book value of the plant as of 2005 was only \$176,162 including \$140,789 of land. It is expected that if Dale is forced to shutdown early most planned future capital expenditures would not be made.

CTs and Fluidized Bed Units 35 to 40 years

It should be noted that the recent trend has been to estimate life spans in the 55 to 65 year range for coal fired generating stations. Also, the life span ranges shown represent the maximum life spans and not the average life of the investment in generating stations.⁵

The life spans estimated in this study are as follows:

Pulverized Coal Units	58 - 65 years
CTs and Fluidized Bed Units	36 - 40 years
Landfill Gas Units	35 years

The life spans estimated by Gannett Fleming for EKPC are at the upper end of the range of estimates made for similar generating stations of other electric companies. However these life spans are achievable given the current condition of the facilities, continuation of current the maintenance practices and the level of planned investments to be made in the stations over the next 18 years.

Table 1 on page 5 summarizes the life spans and depreciation rates by station and unit.

The balance of this addendum includes station descriptions, selected operating and maintenance statistics, a discussion of "forces of mortality" and additional support for the life span conclusions.

⁵ Since the Company has made significant investments in its coal fired generation since the original in-service dates the average age of the investment in pulverized coal fired generating stations as of December 31, 2005 is 16.7 years and the average remaining life is 30.7 years.

East Kentucky Power Cooperative, Inc.

Table 1. Estimated Life Spans and Depreciation Accruals Related to Plant in Service as of December 31, 2005
(\$'000)

Unit (1)	Initial Investment Year (2)	Probable Retirement Year (3)	Life Span (4)	Average Age (5)	Composite Remaining Life (6)	Original Cost (7)	Theoretical Reserve (8)	Book Reserve (9)	Net Book Cost (10)	Whole Life (11)	Annual Depreciation Accruals True-up (12)	Total (13)	Rate (14)
STEAM PRODUCTION													
Pulverized Coal													
Dale - Unit 1*	1954	2019	65	13.6	13.6	\$ 87,251	\$ 41,915	\$ 87,075	\$ 176	\$ 3,396	\$ (3,393)	3	0.00
Dale - Unit 2*	1954	2019	65										
Dale - Unit 3*	1958	2019	61										
Dale - Unit 4*	1961	2019	58	21.8	23.9	91,337	38,053	81,507	9,830	2,426	(2,043)	382	0.42
Cooper - Unit 1*	1966	2030	64										
Cooper - Unit 2*	1970	2030	60										
Spurlock - Unit 1	1980**	2040	60	11.6	31.3	250,124	54,438	102,365	147,759	6,366	(1,719)	4,646	1.86
Spurlock - Unit 2	1982	2042	60	18.1	30.7	445,931	147,606	263,814	182,118	9,923	(4,037)	5,886	1.32
Total Pulverized Coal				16.7	30.7	874,643	282,012	534,761	339,883	22,110	(11,193)	10,917	1.25
Fluidized Bed Coal													
Spurlock - Unit 3	2005	2045	40	0.4	36.1	401,940	3,255	11,666	390,254	11,011	(228)	10,783	2.68
Other													
Central Labs**	1977	2030	53	12.7	22.1	1,626	535	1,071	555	50	(25)	25	1.54
TOTAL STEAM PRODUCTION				11.5	33.4	1,278,209	285,801	547,518	730,692	33,171	(11,446)	21,725	1.70
OTHER PRODUCTION													
Combustion Turbines													
Smith - Unit 1 CT	1999	2035	36	5.4	32.4	37,450	5,225	9,372	28,078	970	(129)	841	2.25
Smith - Unit 2 CT	1999	2035	36	5.3	32.5	36,495	5,066	9,207	27,288	943	(129)	815	2.23
Smith - Unit 3 CT	1999	2035	36	5.4	32.4	37,426	5,221	9,256	28,169	969	(125)	844	2.25
Smith - Unit 4 CT	2001	2041	40	3.8	36.6	43,217	3,970	7,157	36,059	1,057	(86)	971	2.25
Smith - Unit 5 CT	2001	2041	40	4.0	36.6	38,505	3,693	6,541	31,964	934	(77)	857	2.23
Smith - Unit 6 CT	2005	2045	40	1.2	40.0	30,765	754	2,323	28,442	735	(38)	697	2.27
Smith - Unit 7 CT	2005	2045	40	1.2	40.0	30,526	752	2,314	28,213	729	(38)	691	2.26
Total Combustion Turbines				3.9	35.6	254,385	24,680	46,171	208,214	6,337	(621)	5,716	2.25
Landfill Gas													
Bavarian	2003	2038	35	2.0	33.0	3,668	209	571	3,098	105	(11)	94	2.56
Green Valley	2003	2038	35	2.0	33.0	2,922	167	456	2,466	84	(9)	75	2.56
Laurel Ridge	2003	2038	35	2.0	33.0	3,488	199	543	2,945	100	(11)	89	2.56
Total Landfill Gas				2.0	33.0	10,078	575	1,569	8,509	288	(30)	258	2.56
TOTAL OTHER PRODUCTION				3.8	35.5	264,463	25,255	47,740	216,723	6,625	(652)	5,974	2.26
TOTAL PRODUCTION				10.2	33.8	\$ 1,542,672	\$ 311,057	\$ 595,258	\$ 947,415	\$ 39,797	\$ (12,098)	\$ 27,699	1.80

* The company does not keep accounting records by unit for Dale and Cooper.

** A small amount of investment was made in 1979.

*** Life span is based on the probable retirement date of the headquarters building.

INTRODUCTION

The purpose of this addendum to the depreciation study prepared by Gannett Fleming on behalf of East Kentucky Power Cooperative, Inc. (EKPC) as of December 31, 2005 is to provide supporting information for the life span estimates underlying the annual depreciation accrual recommended for EKPC. This addendum relates specifically to the depreciation study prepared by Gannett Fleming and should be considered with the information contained in the main body of the report.

East Kentucky Power Cooperative, Inc. (EKPC) headquartered in Winchester, Kentucky is an electric generation and transmission cooperative that serves 16 member distribution cooperatives in 89 counties throughout eastern and central Kentucky. The Company was originally formed in 1941 and but did not begin commercial operations until 1954 when the Dale station was placed in service. Over the years since its initial operations EKPC has grown significantly.

As of December 31, 2005 EKPC has installed generating capacity of approximately 2385 MW (name plate rating) at seven plant locations, 2,663 miles of transmission and distribution lines and 311 substations with an installed capacity of 8,920 MVA.

EKPC's investment in utility plant, excluding construction work in progress, as of December 31, 2005 was, as follows:

	<u>Original Cost</u> (000)	<u>Accumulated Depreciation</u> (000)	<u>Net Book Value</u> (000)
Production	\$1,543	\$586	\$ 957
Transmission	307	120	187
Distribution	118	30	88
General & Intangible	<u>71</u>	<u>39</u>	<u>32</u>
Total	\$2,039	\$775	\$1,264

Approximately 76% of EKPC's fixed assets are generating assets both on an original cost basis and on a net book value basis. Given that generating assets represents a large portion of the total asset base, the life span estimates for the generating stations are an important factor in setting proper depreciation rates for EKPC. If the life spans are too short depreciation rates will be too high. If the life spans are too long depreciation rates will be too low.

Although the life spans are an important factor in determining the annual depreciation accrual rates, the life spans are not the only factor which influences

the recommended depreciation accrual rates. The rates for EKPC are based on the straight line method using the average service life procedure on a remaining life basis. As such, in addition to the life span estimates, the annual depreciation accrual rates are also influenced by the accumulated provision for depreciation, interim survivor curve estimates and the ages of the surviving plant.

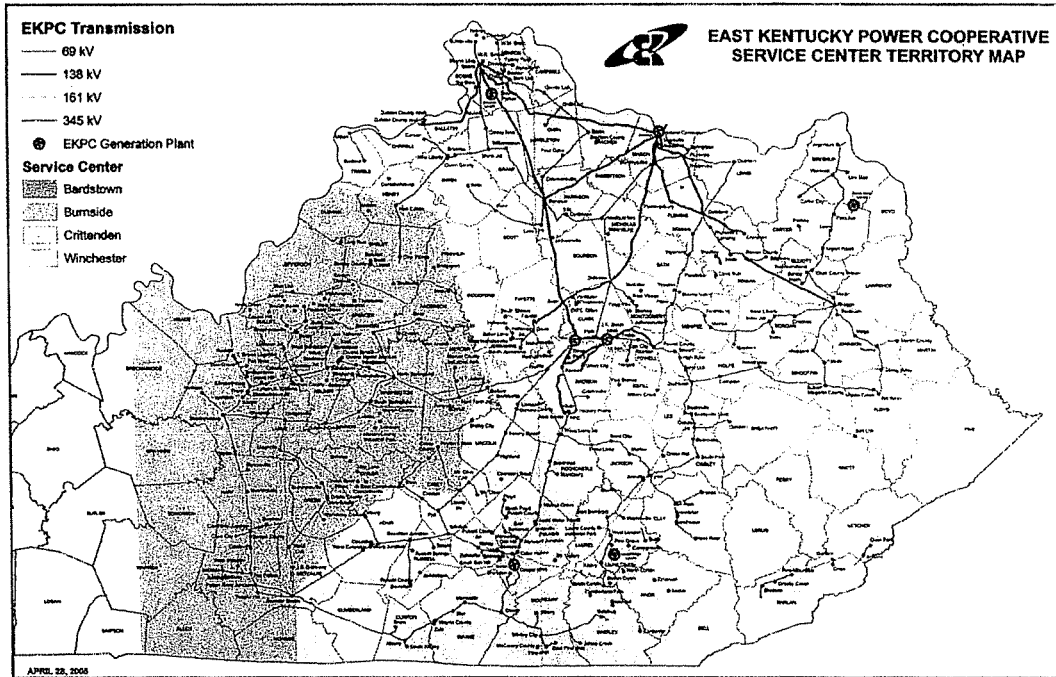


Fig. 1. EKPC System Map

DESCRIPTION OF FACILITIES

A summary which shows the year of initial investment, installed cost, rated capacity, boiler statistics and fuel is presented in Table 2. on page 9. More detailed descriptions of each unit follow.

Dale Station

The Dale Station is located on the Kentucky River in Ford, Kentucky. Units 1 and 2 have a rated gross capacity of 24,000 kW; Units 3 and 4 have a rated gross capacity of 79,836 kW.

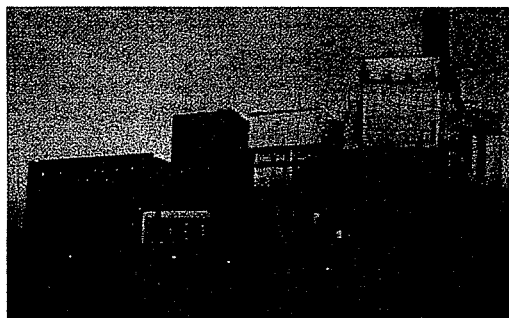


Fig. 2. Dale Station

Dale Unit 1 is a Foster Wheeler radiant boiler, which is a balanced draft two-drum boiler. This unit has natural circulation and is designed for firing medium slagging and medium fouling eastern bituminous coal. Pulverized coal from two Babcock & Wilcox (B&W) E-50 pulverizers is fired through four modified B&W circular burners. The boiler was built in 1952. The design pressure is 975 psi. Final steam temperature is 900 degrees F. The capacity is 220K lb/hr. steam flow. The Dale Unit 1 turbine was replaced in December 1998.

Dale Unit 2 is a Foster Wheeler radiant boiler, which is a balanced draft two-drum boiler. This unit has natural circulation and is designed for firing medium slagging and medium fouling eastern bituminous coal. Pulverized coal from two B&W E-50 pulverizers is fired through four modified B&W circular burners. The boiler was built in 1952. The design pressure is 975 psi. Final steam temperature is 900 degrees F. The capacity is 220K lb/hr. steam flow. The Dale Unit 2 turbine was replaced in December 1998.

Dale Unit 3 is a Riley Stoker Sterling type boiler. The boiler was designed and built as a natural draft boiler. The unit has natural circulation and is designed for firing medium slagging and medium fouling eastern bituminous coal. Pulverized coal from Riley Stoker pulverizers is fired through eight Riley low NOx burners installed in 1996. The boiler was built in 1955. The unit is designed for a maximum continuous main steam flow of 623,000 lbs/hr. The design temperature is 955 degrees F and the design pressure of the secondary superheater outlet is 1,300 psig. Main steam temperature is controlled by a combination of burner selection, excess air, and spray attemperation. The unit is not equipped with a Reheat Superheater section of an Economizer section. The Dale Unit 3 turbine was replaced in January 1997.

East Kentucky Power Cooperative, Inc.

Table 2. Generating Station / Unit Statistics

<u>Unit</u> (1)	<u>Initial Investment</u> <u>Year</u> (2)	<u>Net Installed Cost (\$/kW)</u> (3)	<u>Rated Capacity (MW)</u> (4)	<u>Boiler / Rating Pressure / Temperature</u> (5)	<u>Fuel</u> (6)
STEAM PRODUCTION					
Pulverized Coal					
Dale - Unit 1*	1954	0.85	24	220,000 lb/hr / 975 psi / 900° F	Pulverized Coal
Dale - Unit 2*	1954		24	220,000 lb/hr / 975 psi / 900° F	Pulverized Coal
Dale - Unit 3*	1958		80	623,000 lb/hr / 1300 psi / 955° F	Pulverized Coal
Dale - Unit 4*	1961		80	623,000 lb/hr / 1300 psi / 955° F	Pulverized Coal
Cooper - Unit 1*	1966	30.62	100	825,000 lb/hr / 1875 psi / 1005° F	Pulverized Coal
Cooper - Unit 2*	1970		221	1,550,000 lb/hr / 2150 psi / 1005° F	Pulverized Coal
Spurlock - Unit 1	1980**	434.58	340	2,410,000 lb/hr / 2400 psi / 1005° F	Pulverized Coal
Spurlock - Unit 2	1982	310.78	586	4,000,000 lb/hr / 2400 psi / 1005° F	Pulverized Coal
Total Pulverized Coal		233.60	1,455		
Fluidized Bed Coal					
Spurlock - Unit 3	2005	1,327.39	294	1,922,040 lb/hr / 2520 / 1005° F	Fluidized Bed Coal
TOTAL STEAM PRODUCTION		417.46	1,749		
OTHER PRODUCTION					
Combustion Turbines					
Smith - Unit 1 CT	1999	255.25	110	n/a	Natural Gas / Oil
Smith - Unit 2 CT	1999	248.07	110	n/a	Natural Gas / Oil
Smith - Unit 3 CT	1999	256.09	110	n/a	Natural Gas / Oil
Smith - Unit 4 CT	2001	487.29	74	n/a	Natural Gas / Oil
Smith - Unit 5 CT	2001	431.95	74	n/a	Natural Gas / Oil
Smith - Unit 6 CT	2005	384.35	74	n/a	Natural Gas / Oil
Smith - Unit 7 CT	2005	381.25	74	n/a	Natural Gas / Oil
Total Combustion Turbines		332.61	626		
Landfill Gas					
Bavarian	2003	1,032.58	3	n/a	Landfill Gas
Green Valley	2003	822.14	3	n/a	Landfill Gas
Laurel Ridge	2003	736.30	4	n/a	Landfill Gas
Total Landfill Gas		850.94	10		
TOTAL OTHER PRODUCTION		340.76	636		
TOTAL PRODUCTION		397.01	2,385		

* The company does not keep accounting records by unit for Dale and Cooper.

** A small amount of investment was made in 1979.

Dale Unit 4 is a Radiant Heat natural circulation boiler built in 1959. The boiler was originally pressure fired but was later converted to balanced draft. There are nine B&W DRB-XCL low NO_x burners arranged three high by three wide on the front wall. The burners are supplied pulverized coal from three B&WEL-64 pulverizers. The boiler has a design steam flow capacity of 623,000 lbs/hr with superheated steam at 955 degrees F. There is no reheat on this boiler. The Dale Unit 4 turbine was replaced in January 1996.

All of the coal used by the station is delivered by truck and there is sufficient ash disposal for the foreseeable future.

Cooper Station

The Cooper Station is located on Lake Cumberland near Burnside, Kentucky. Unit 1 has a rated net capacity of 100,000 kW, and Unit 2 is rated at 220,850 kW. Both of these units burn pulverized coal. Cooper Station has been retrofitted with low nitrogen oxides (NO_x) burners and electrostatic precipitators. Neither of the Cooper units have SO₂ scrubbers. In the early 1990's Cooper Station went from a wet ash to a dry ash collection and disposal system.



Fig. 3. Cooper Station

Cooper Unit 1 is a B&W Radiant Boiler, which was built in 1964 as a pressurized boiler. The boiler was converted to balanced draft during the 1988 outage. The unit has natural circulation and is designed for firing medium slagging to medium fouling eastern bituminous coal. Pulverized coal is provided by three EL-76 pulverizers. The unit is front wall fired using nine DRB-XCL Low NO_x burners. The unit is designed for a maximum continuous main steam flow of 825,000 lbs/hr at 1005 degrees F and a reheated steam flow of 717,000 lbs/hr at 1005 degrees F. The design pressure of the drum is 1875 psi, with an operating pressure at the superheater outlet of 1525 psi. Main steam and reheat steam temperatures are controlled at 1005 degrees F by a combination of burner selection, excess air, and spray attemperation. The low load control point is 437,000 lbs/hr steam flow (50% of MCR flow.)

Cooper Unit 2 is a B&W Radiant Boiler, which was built in 1969. The boiler was designed as a pressurized boiler, but was converted to balanced draft during the 1988 outage. The unit has natural circulation and is designed for firing medium slagging and medium fouling eastern bituminous coal. Pulverized coal from six EL-76 pulverizers is fired through eighteen DRB-XCL Low NO_x burners. The unit is designed for a maximum continuous main steam flow of 1,550,000 lbs/hr and a reheated steam flow of 1,390,000 lbs/hr with steam temperatures of

1005 degrees F/1005 degrees F. The design pressure of the drum is 2150 psi, with an operating pressure at the superheater outlet of 1890 psi. Main steam and reheat steam temperatures are controlled at 1005 degrees F by a combination of burner selection, excess air, and spray attemperation. The low load control point is 775,000 lbs/hr steam flow (50% of MCR flow).

All coal is delivered to the station by truck. The station has permitted landfill capacity in excess of 20 years.

Spurlock Station

The Spurlock Station is located on the Ohio River in Maysville, Kentucky. Spurlock Unit 1 has a rated capacity of 340,277 kW, Unit 2 is rated at 585,765 kW and Unit 3 is rated at 293,597 kW. Units 1 and 2 burn pulverized coal. Unit 3 has a circulating fluidized bed boiler. On the pulverized coal units, Spurlock Station installed low NO_x burners, electrostatic precipitators and a scrubber to reduce emissions. EKPC stopped using its scrubber in the early 1980's, as it became more economical to use low-sulfur coal than to operate the scrubber. EKPC plans to install scrubbers on both Units 1 and 2 in 2008. Like Cooper, Spurlock Station has a dry ash disposal system. In order to comply with emission regulations for NO_x mandated by the EPA, EKPC installed selective catalytic reduction "SCR" technology and upgraded precipitators on both units. The SCR on Spurlock Unit 2 became operational in May 2002, and the SCR on Spurlock Unit 1 became operational in June 2003.



Fig. 4. Spurlock Station

Spurlock Unit 1 began commercial operation in September of 1977. It is an opposed wall fired, natural circulation, pulverized coal unit designed to burn bituminous coal. The boiler was designed and manufactured by Babcock Wilcox. The turbine is a General Electric D-8 rated at 340,277 kW. The unit is rated for 2,410,000 Lb/Hr & 2400 PSIG, 1005 Degrees F throttle steam and 1005 Degrees F Reheat steam.

Spurlock Unit 2 began commercial operation in March of 1981. It is a tangential fired, forced circulation, pulverized coal unit designed to burn bituminous coal. The boiler was designed by Combustion Engineering. The turbine is a General Electric G-2 rated at 585,765 kW. The unit is rated for 4,000,000 Lb/Hr & 2400 PSIG, 1005 Deg. F throttle steam and 1005 Degrees F Reheat steam.

Spurlock Unit 3, which began commercial operation in 2005, is a circulating fluid bed boiler. The boiler was designed to fire high sulfur, high ash

coal. SH outlet steam flow from the boiler feeds the finishing superheat links to the HP turbine. Maximum continuous rating flow rate of the RH is 1,922,040 pounds of steam per hour at 2520 psig and 1005 degrees F. RH outlet steam flow is supplied by each reheat FBHE which feeds the hot reheat links to the IP-LP turbines at a MCR flow rate of 1,683,977 pounds of steam per hour at 610 psig and 1005 degrees F.

Approximately 70% of the coal used by the station is delivered by barge via the Ohio River and 30% is delivered by rail. Unit 2 originally had a scrubber installed but it has been out of service since 1984. Compliance coal has been used at the station since that time. High sulfur coal will be used at the station once scrubbers are installed.

The permitted ash disposal site has approximately 20 years of remaining capacity. The Company has an additional 1000 acres (another 20 or more years of capacity) which may be permitted when the current site is at capacity. Cooling water and mercury are not important issues at Spurlock.

Significant expenditures after initial Unit 1 and Unit 2 construction at Spurlock include SCRs for Units 1 and 2 and the addition of Unit 3.

Smith Station

The Smith Site is located in Trapp, Kentucky, near Winchester. Currently, Smith has seven combustion turbines. Units 1, 2 and 3, which became operational in 1999, have a rated capacity of 110,000 KW. Units 4 and 5, which became operational in 2002, and Units 6 and 7, which became operational in 2004, are all General Electric units. Units 4 through 7 have a capacity of 74,000 kW each.

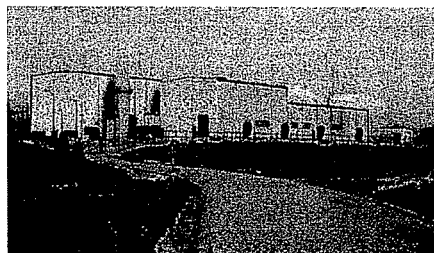


Fig. 5. Smith Station

The Smith units have dual fuel capability and can be fired with either gas or oil. Units 1 to 5 are under roof and units 6 and 7 are exposed to the elements. The Smith site also includes four large water storage tanks (primarily for the ABB units which use a large amount of water) an oil storage tank, a large water treatment facility and a black start diesel generator facility. Also a partially constructed coal fired station which was abandoned in the early 1980s is located on the site.

Landfill Units

As of the end of 2005, EKPC had 3 plants with a total capacity of 10.4 MW and operating on landfill gas. Each plant consists of a gas gathering system, control equipment and generators. The 3.2 MW Bavarian plant is located in Boone County, the 4 MW Laurel Ridge plant is located in Laurel County and the 3.2 MW Green Valley plant is located in Greenup County. The Laurel Ridge facility has 5 Caterpillar .8 MW engines and the Bavarian and green Valley facilities each have four .8 MW Caterpillar engines. At the time of our visit one of the Caterpillar generators had experienced a forced outage.



Fig. 6. Laurel Ridge Station

FORCES OF MORTALITY

The “forces of mortality”, or causes of final retirement for generating stations generally fall into three categories; equipment failure, economic obsolescence, or non-compliance with environmental or other government regulations. Any or all of these factors may be present at the time a decision is made to remove a plant from service. Ultimately the decision to retire or not to retire is a management decision. Each of the forces of mortality identified above was further considered by Gannett Fleming given the specific circumstances of EKPC.

Equipment Failure

As generating units age, equipment failure of a catastrophic nature which would cause a final retirement event becomes more likely. Generally equipment failure for newer plant is not likely as such occurrences are covered by insurance or by manufacturer’s warranties and would not be the cause of final retirement.

Plant Inspections

Each EKPC plant is routinely inspected and significant preventive maintenance programs are in place. Gannett Fleming reviewed the results of each recent inspection⁶ and noted that no critical items that might lead to catastrophic equipment failure were left unaddressed. For the all of the deficiencies identified in each inspection, the Company has either completed or scheduled remediation. The date of the most recent inspection by unit and the parties conducting the inspection are as follows:

Spurlock Unit 1	Summer 2004	Babcock & Wilcox / General Electric
Spurlock Unit 2	Spring 2006	Alstom
Spurlock Unit 3	Fall 2005	Alstom
Cooper Unit 1	Winter 2006	Babcock & Wilcox
Cooper Unit 2	Spring 2006	Babcock & Wilcox
Dale Unit 1	Winter 2006	Babcock & Wilcox
Dale Unit 2	Winter 2006	Babcock & Wilcox
Dale Unit 3	Spring 2006	Babcock & Wilcox
Dale Unit 4	Spring 2006	Babcock & Wilcox / General Electric
J. K. Smith Unit 1	Spring 2006	Alstom
J. K. Smith Unit 4	Spring 2006	General Electric

⁶ The detailed inspection reports are available from the Company on request.

Summaries of the inspection reports follow.

Dale Unit 1

On March 6 and March 13, 2006, B&W performed a Boiler Outage Inspection of Dale Unit 1. The components inspected were:

- Secondary Superheater Pendants
- Primary Superheater
- Generating Bank
- Steam Drum
- Mud Drum
- Penthouse
- Burners
- Windbox & Ducts
- Air Heater
- Bottom Vestibule

The inspection revealed normal maintenance items. Overall the unit was found to be in good condition.

Dale Unit 2

On March 13, 2006, B&W performed a Boiler Outage Inspection of Dale Unit 2. The components inspected were:

- Secondary Superheater Pendants
- Primary Superheater
- Generating Bank
- Steam Drum
- Mud Drum
- Burners
- Penthouse
- Bottom Ash Hopper
- Windbox & Ducts
- Air Heater
- Vestibule

The inspection revealed normal maintenance items. Overall the unit was found to be in good condition.

Dale Unit 3

On April 4 and 5, 2006, B&W performed a Boiler Inspection of Dale Unit 3. The components inspected were:

- Generating Bank
- Primary Superheater & Screen Tubes
- Secondary Superheater
- Bottom Ash Hopper
- Air Heater
- Windbox & Burners (Windbox side only)
- Penthouse
- Steam Drum
- Mud Drum

The inspection found normal maintenance items. In general, the unit was found to be in satisfactory condition. The major item of concern was the condition of the Generating Bank, which is scheduled to be replaced during the fall 2006 turbine overhaul outage.

Dale Unit 4

From April 25-28, 2006, B&W performed a Boiler Inspection of Dale Unit 4. The components inspected were:

- Furnace
- Furnace Screen Tubes
- Secondary Superheater
- Primary Superheater
- Economizer
- Ash Hopper
- Windbox & Burners
- Penthouse
- Steam Drum
- Vestibules
- Ducts

The inspection revealed normal maintenance items. Overall the unit was found to be in good condition.

GE Energy Services performed a steam turbine inspection of Dale Unit 4 from March 30, 2006 to April 15, 2006. The outage work scope included

inspection of the main steam and extraction non-return valves, the HP and LP turbine sections, the generator and most of the unit auxiliary systems.

The inspection revealed normal maintenance items. Overall the turbine was found to be in good condition.

Cooper Unit 1

On March 14-16, 2006, Babcock & Wilcox (B&W) performed a Boiler Inspection of Cooper Unit 1. The components inspected were:

- Windbox, Flues, Ducts, & Vestibules
- Burners (From Windbox and Furnace Rear Wall Observation Ports)
- Secondary Superheater (From Behind Front Screen Tubes)
- Reheat Superheater
- Primary Superheater
- Economizer
- Penthouse
- Steam Drum

The inspection revealed normal maintenance items. Overall the unit was found to be in good condition.

Cooper Unit 2

From April 29 to May 11, 2006, B&W performed a Boiler Inspection of Cooper Unit 2. The components inspected were:

- Windbox, Flues, & Ducts
- Burners
- Furnace
- Secondary Superheater
- Reheat Superheater & Screen Tubes
- Primary Superheater
- Economizer
- Penthouse & Dead Air Space
- Steam Drum
- Air Heater

The inspection revealed normal maintenance items. Overall the unit was found to be in good condition.

Spurlock 1

In July, August & September of 2004 a major outage was conducted on this unit. B & W performed the boiler inspection and General Electric performed a turbine inspection. The items inspected & repairs were:

- Inspected all pressure parts on the gas side and made minor repairs
- Removed drum internals for full inspection and refurbishment
- Replaced Primary Superheater
- Replaced a portion of the boiler water wall tubing. (center side walls)
- Modified Reheat Superheater support clips to eliminate tube cracking
- Rebuilt all coal burners & installed new oil lighters
- Inspected all air ducts, gas ducts, & fans, made minor repairs
- Inspected regenerative air heater & made minor repairs
- Inspected precipitator and made repairs
- Overhaul cycle inspection and repair of Main and BFP turbines
 - Replaced 8th stage buckets
 - Clean, NDE and repaired all buckets & diaphragms
 - Replace worn steam seals & inspected & repaired all valves
 - Inspected & refurbished all oil pumping systems
 - Rewound generator (Winding had failed)
- Rebuilt cooling tower
- The condenser was inspected, cleaned and static hydro tested
- The ash removal system was inspected repaired and tested
- All outage PM's and inspections of equipment were completed
- Various other inspections & repairs associated with a major outage

Spurlock Unit 2

In the spring of 2006, an inspection outage was completed by Alstom. Items inspected and repaired were:

- Inspect all pressure parts on the gas side and made minor repairs
- Replaced the economizer tubing
- Inspected boiler drums
- Inspected all air ducts, gas ducts & fans. Made minor repairs
- Replaced "2A" FD fan rotor
- Replaced "2A" ID fan rotor
- Inspected regenerative air heater & made minor repairs
- Inspected precipitator and made repairs
- Inspected pulverizers and made repairs. "2C" pulverizer was overhauled do to a cracked bowl.
- Work scope for the 8 week major inspection scheduled for the fall of 2007 was developed based on this inspection.

- The ash removal system was inspected, repaired and tested
- The condenser was inspected, cleaned and static hydro tested
- Cooling towers were inspected and minor repairs were made
- All outage PM's and inspections of equipment were completed
- Various other inspections & repairs associated with a major outage

Spurlock Unit 3

In October 2005, EKPC and Alstom personnel performed a Boiler Inspection of Unit 3. The components inspected were:

- Lower Furnace & Convection Sections
- Fuel Delivery Equipment
- Air Systems (Including Fans)
- Cyclones and Siphon Seals
- FBHE's
- FBAC's
- Air Preheater
- Gas and Air Ducts
- Emissions and Backend Systems
- Ash Handling

The inspection revealed mostly normal maintenance items. Overall the unit was found to be in good condition.

Smith Unit 1

Alstom performed a C-Inspection of Unit 1. This inspection started on April 10, 2006, and was completed June 2, 2006. The components inspected were:

- Hot Gas Casing
- Cooling Casing
- GT-Vane Carrier
- GT-Vanes Rows 1-4
- Heat Shields
- Rotor
- Variable Inlet Guide Vanes
- Compressor Vanes
- Compressor Vane Carrier
- Bearings
- Blow Off Valves
- Air Intake System
- Exhaust System

- Fuel Gas System
- Lube Oil and Power Oil Systems
- Casing Mantling Air System and Ducting
- Generator
- Combuster

Cracks were found on the GT casing and compressor diffuser assembly during this outage. One crack was repaired using the Metalock technology; all other cracks were grinded and welded. The EGH was removed to be able to replace the damaged insulation.

On June 4, 2006, Alstom conducted a base load adjustment. Alstom concluded that post C-inspection performance was better than usual.

Smith Unit 4

General Electric performed a combustion inspection of Unit 4 during the first week of November 2005; the inspection was completed in five days. Due to the short duration of this inspection, most of the critical components were replaced with new components from EKPC's capital spares. Critical components inspected were:

- Primary and Secondary Fuel Nozzle Assemblies
- Fuel Valves
- Hardware

Minor replacements were recommended, but no major repairs were recommended.

In addition to reviewing the inspection reports, Gannett Fleming reviewed the historical operating performance maintenance expenditures for each station.

Maintenance and Capital Expenditures

EKPC has consistently maintained its plants to be in excellent condition. Based on discussion with operating and management personnel, the Company will continue its current levels of maintenance spending into the foreseeable future.

Table 3. on page 21 shows the maintenance expenditures by station for the last 10 years.

The Company has not tried to extend the time between outages like some other generators and uses original equipment manufactures to perform inspections and develop maintenance and repair plans. The Company's past

East Kentucky Power Cooperative, Inc.

Table 3. Historical Maintenance Expenditures by Generating Station

<u>Year</u> (1)	<u>Station</u>				
	<u>Dale</u> (2)	<u>Cooper</u> (3)	<u>Spurlock</u> (4)	<u>Smith</u> (5)	
1996	\$ 6,454,770	\$ 4,117,835	\$ 18,705,789	-	
1997	3,614,894	4,998,510	17,059,647	-	
1998	3,531,116	4,090,303	9,745,125	-	
1999	5,766,080	5,734,611	15,442,511	571,707	
2000	5,524,131	8,995,312	15,552,209	529,532	
2001	4,988,962	5,019,505	15,553,283	470,426	
2002	3,783,814	7,011,614	11,731,719	272,364	
2003	4,757,431	10,226,549	17,814,324	419,552	
2004	5,799,712	4,722,302	33,659,073	909,883	
2005	7,214,556	5,963,418	16,866,204	2,995,145	
Average	\$ 5,143,547	\$ 6,087,996	\$ 17,212,988	\$ 881,230	
\$ / kW / Yr.	24.73	18.97	14.11	1.41	

Source: RUS Form 12d

maintenance and operating practices have resulted in excellent performance as evidenced by equivalent availability factors and forced outage hours. Table 4 on pages 23 to 26 shows the operating history by unit for the last 10 years.

Dale Station has had average equivalent availability factors in the 85% to 91% range with capacity factors in the 61% to 69% range. Cooper has had equivalent availability factors in the 87% to 88% range and capacity factors of 70% to 73%. Spurlock Units 1 and 2 have had average equivalent availability factors in the 87% to 88% range and capacity factors of 76% to 82%.

A review of the Company's long range spending plan showed that over the next 18 years⁷ the Company plans to make the following investments in its existing stations:

Dale	\$ 25 million
Cooper	171 million
Smith	36 million
Spurlock	<u>371 million</u>
Total	\$ 603 million

Given the Company's past and continuing maintenance practices, planned capital spending and the historical operating performance of the EKPC plants it is unlikely that equipment failure will be the cause for early retirement of any EKPC plant.

⁷ Data taken from the report titled "Production Business Unit Long range Work Plan (MEAGER 2024)" dated November 2004.

East Kentucky Power Cooperative, Inc.

Table 4. Operating Statistics by Generating Unit

Year	Date Unit 1					Date Unit 2						
	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
1996	6,454	10	1,876	75.85%	48.18%	13,602	6,446	13	1,702	80.48%	40.88%	14,177
1997	7,105	1	444	94.92%	53.16%	13,702	6,768	16	841	90.20%	47.78%	13,459
1998	5,687	99	2,974	64.92%	36.56%	12,697	5,767	75	2,918	65.83%	36.55%	12,790
1999	7,798	211	752	89.02%	57.73%	12,283	7,827	110	823	89.35%	58.26%	12,384
2000	8,205	55	523	93.41%	63.91%	12,154	8,112	15	658	92.28%	62.61%	12,122
2001	7,567	350	843	86.03%	63.85%	12,069	7,778	192	742	89.33%	64.67%	11,924
2002	8,078	192	490	92.20%	74.16%	11,932	8,148	144	468	93.01%	74.10%	11,822
2003	7,990	103	667	91.21%	77.82%	11,938	7,881	208	671	89.97%	77.75%	11,852
2004	8,127	52	605	91.93%	74.03%	11,950	8,204	73	508	93.39%	74.70%	11,845
2005	7,937	300	544	90.61%	73.44%	12,163	8,229	90	441	93.94%	74.07%	11,967
10-Yr. Average	7,495	137	972	87.01%	62.28%	12,449	7,516	94	977	87.78%	61.14%	12,434

Year	Date Unit 3					Date Unit 4						
	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
1996	5,341	2	3,443	60.79%	46.20%	11,768	6,698	676	1,410	76.22%	57.28%	11,312
1997	7,446	214	1,101	85.00%	59.37%	11,342	8,049	56	655	91.88%	66.39%	11,321
1998	7,773	487	500	88.65%	63.84%	11,374	8,068	179	513	92.07%	69.42%	11,291
1999	7,144	438	1,178	81.55%	60.94%	11,442	7,920	80	760	90.39%	71.60%	11,261
2000	7,871	218	695	89.61%	65.62%	11,434	8,238	21	524	92.78%	69.56%	11,194
2001	7,995	117	648	91.16%	68.18%	11,426	8,121	19	619	92.59%	70.89%	11,366
2002	8,084	56	621	92.27%	71.17%	11,555	7,955	109	696	90.77%	72.34%	11,392
2003	7,850	284	627	89.61%	71.37%	11,606	7,857	215	688	89.69%	72.95%	11,481
2004	7,861	237	686	89.37%	69.28%	11,663	8,304	173	307	94.50%	71.55%	11,731
2005	8,067	135	558	91.51%	70.07%	11,608	8,493	93	122	97.55%	72.60%	11,725
10-Yr. Average	7,543	219	1,006	85.95%	64.60%	11,522	7,970	162	629	90.84%	69.46%	11,407

Source: Plant Maintenance Reporting System

East Kentucky Power Cooperative, Inc.

Table 4. Operating Statistics by Generating Unit

Year	Cooper Unit 1						Cooper Unit 2					
	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
1996	7,852	75	590	92.37%	61.99%	9,917	7,773	125	927	87.45%	59.29%	10,190
1997	7,680	257	822	87.36%	60.67%	10,100	7,092	440	1,228	80.89%	57.63%	10,158
1998	8,032	104	624	91.52%	60.17%	9,997	7,942	170	648	90.35%	62.16%	10,256
1999	8,014	72	674	91.22%	64.91%	10,139	7,929	129	702	90.38%	65.26%	10,124
2000	6,666	403	1,715	75.85%	58.16%	10,143	7,116	352	1,316	80.92%	59.98%	10,336
2001	8,185	56	519	93.23%	68.57%	10,047	8,072	153	535	91.13%	73.08%	10,209
2002	8,193	3	563	93.43%	87.30%	10,257	7,743	95	923	88.22%	80.99%	10,202
2003	8,047	116	597	81.76%	85.17%	10,236	6,689	240	1,809	76.32%	80.03%	10,145
2004	8,225	80	479	90.01%	93.62%	10,045	8,184	126	474	92.29%	83.27%	10,135
2005	7,601	596	562	86.62%	87.47%	10,100	8,019	168	591	90.40%	75.66%	10,151
10-Yr.Average	7,850	176	715	88.34%	72.80%	10,098	7,656	200	915	86.84%	69.74%	10,191

Source: Plant Maintenance Reporting System

East Kentucky Power Cooperative, Inc.

Table 4. Operating Statistics by Generating Unit

Year	Spurlock Unit 1					Spurlock Unit 2						
	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
1996	7,076	179	1,817	77.22%	65.87%	9,949	7,837	363	584	88.99%	81.97%	9,783
1997	8,389	5	366	95.51%	77.82%	9,923	7,208	25	1,526	81.40%	74.80%	9,865
1998	7,694	8	1,057	87.56%	72.94%	9,985	8,541	96	123	84.78%	89.66%	9,731
1999	8,264	-	496	93.45%	78.17%	9,937	8,124	108	527	92.70%	86.01%	9,666
2000	8,167	148	470	92.83%	77.02%	9,942	7,986	233	565	90.72%	84.82%	9,805
2001	8,208	65	486	93.43%	75.13%	10,182	7,259	87	1,413	82.73%	72.84%	9,927
2002	8,452	5	302	86.94%	78.16%	10,074	8,177	80	503	93.15%	84.75%	9,919
2003	7,698	100	962	85.47%	79.85%	10,046	7,786	434	540	88.22%	82.24%	9,802
2004	5,215	2,506	1,063	59.17%	80.13%	10,058	8,432	167	185	91.84%	79.74%	9,845
2005	8,655	8	97	98.18%	78.03%	10,136	8,007	19	734	89.56%	80.74%	9,782
10-Yr.Average	7,782	302	712	86.98%	76.29%	10,023	7,936	161	670	88.41%	81.76%	9,813

Year	Spurlock Unit 3					
	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2005*	5,444	930	2,145	73.04%	74.32%	9,758

Source: Plant Maintenance Reporting System

* Start-up year.

East Kentucky Power Cooperative, Inc.

Table 4. Operating Statistics by Generating Unit

Smith CT 1												
Year	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2000	8,754	-	30	99.66%	4.43%	12,719	8,698	54	33	99.02%	5.45%	12,733
2001	8,488	220	53	96.89%	3.19%	13,887	8,542	34	184	97.51%	3.69%	13,591
2002	8,685	-	75	98.14%	4.47%	13,958	8,434	84	242	96.28%	3.74%	13,672
2003	8,742	-	18	99.71%	2.83%	14,190	8,378	325	57	95.64%	3.40%	14,260
2004	7,933	45	806	90.31%	3.32%	14,799	7,835	-	333	89.19%	4.78%	15,419
2005	8,441	-	319	96.36%	1.94%	14,510	7,279	1,303	129	83.09%	9.01%	14,759
6-Yr. Average	8,507	44	217	97.01%	3.36%	14,011	8,194	300	163	93.46%	5.01%	14,072

Smith CT 2												
Year	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2000	8,722	31	31	99.30%	2.24%	11,434	8,751	-	10	99.89%	6.71%	11,695
2001	8,468	-	316	96.67%	4.13%	11,426	8,751	-	-	99.89%	2.60%	11,435
2002	8,760	-	-	100.00%	9.01%	11,555	8,773	10	11	99.87%	3.00%	11,716
2003	8,533	17	211	97.40%	4.24%	11,606	8,737	-	24	99.73%	8.33%	11,726
2004	8,539	31	214	97.21%	3.86%	11,663	8,753	3	11	99.85%	5.16%	11,643
2005	7,324	-	1,436	83.60%	3.43%	11,608	8,753	3	11	99.85%	5.16%	11,643
6-Yr. Average	8,391	13	368	95.70%	4.49%	11,549	8,753	3	11	99.85%	5.16%	11,643

Smith CT 3												
Year	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2002	8,754	-	6	99.93%	7.67%	12,026	8,751	-	10	99.89%	6.71%	11,695
2003	8,760	-	-	100.00%	3.53%	12,240	8,751	-	-	99.89%	2.60%	11,435
2004	8,772	1	11	99.86%	4.10%	12,282	8,773	10	11	99.87%	3.00%	11,716
2005	8,490	119	151	96.92%	15.93%	12,257	8,737	-	24	99.73%	8.33%	11,726
4-Yr. Average	8,694	30	42	99.18%	7.81%	12,201	8,753	3	11	99.85%	5.16%	11,643

Smith CT 4												
Year	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2002	8,754	-	6	99.93%	7.67%	12,026	8,751	-	10	99.89%	6.71%	11,695
2003	8,760	-	-	100.00%	3.53%	12,240	8,751	-	-	99.89%	2.60%	11,435
2004	8,772	1	11	99.86%	4.10%	12,282	8,773	10	11	99.87%	3.00%	11,716
2005	8,490	119	151	96.92%	15.93%	12,257	8,737	-	24	99.73%	8.33%	11,726
4-Yr. Average	8,694	30	42	99.18%	7.81%	12,201	8,753	3	11	99.85%	5.16%	11,643

Smith CT 5												
Year	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2002	8,754	-	6	99.93%	7.67%	12,026	8,751	-	10	99.89%	6.71%	11,695
2003	8,760	-	-	100.00%	3.53%	12,240	8,751	-	-	99.89%	2.60%	11,435
2004	8,772	1	11	99.86%	4.10%	12,282	8,773	10	11	99.87%	3.00%	11,716
2005	8,490	119	151	96.92%	15.93%	12,257	8,737	-	24	99.73%	8.33%	11,726
4-Yr. Average	8,694	30	42	99.18%	7.81%	12,201	8,753	3	11	99.85%	5.16%	11,643

Smith CT 6												
Year	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2005	8,339	-	65	99.23%	14.91%	11,531	8,760	-	-	100.00%	10.49%	12,072

Smith CT 7												
Year	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate	Hours of Operation Per Year	Forced Outage Hours	Scheduled Outage Hours	Equivalent Availability Factor	Capacity Factor	Average Heat Rate
2005	8,339	-	65	99.23%	14.91%	11,531	8,760	-	-	100.00%	10.49%	12,072

Source: Plant Maintenance Reporting System

Economic Obsolescence

The Company operates in the North American Electric Reliability Council's (NERC's) SERC Reliability Corporation (SERC) and TVA sub-region. The projected growth in the SERC region over the next 10 years is 1.7% on a net energy basis and 2.08% on a peak demand basis⁸. EKPC energy sales to members have grown at an average of 3.7%⁹ over the last five years or at approximately twice the SERC average.

Historically EKPC's plants have compared favorably to other plants in the region with respect to heat rates. Although the data is somewhat dated the relative position of EKPC is demonstrated by comparing the system wide gross heat rates of EKPC and other regional generators. As of the first quarter of 2002¹⁰ the 2-year average system wide heat rate for EKPC was 11,158 (Gross) Btu/kWh compared to 11,481 (gross) Btu/kWh for the SERC region and 11,060 (gross) Btu/kWh for the ECAR region¹¹.

The cost of EKPC's plants compares favorably with the cost of new generation. The all-in cost of EKPC's generation was approximately \$33.60 per MWh and \$35.70 per MWh in 2004 and 2005, respectively. A recent report by the Energy Information Administration¹² showed the cost of new generation in 2004 dollars ranged from a low of \$52.50 per MW for gas to a high of \$59.30 per MW for nuclear. If EKPC's maintenance expenditures double and the all of the planned capital expenditures are made the cost of EKPC's generation would only increase by \$8 to \$9 per MW and would still compare very favorably to new sources. Table 5. on page 28 shows the basis for the comparison.

EKPC also enjoys a cost advantage relative to its competitors due to its tax exempt status, high leverage and access to low cost debt financing.

Kentucky has studied whether or not to implement retail competition for electricity. To date the legislature has taken a "wait and see" attitude and retail competition for electricity is not expected to be implemented in the state for the foreseeable future.

Given the relatively high growth in demand and energy, current plant efficiencies, other generation in the region, the cost of new generation

⁸ Source: SERC Reliability Council, "Information Summary", July 2006

⁹ Source: EKPC 2005 Annual Report

¹⁰ Source Continuous Emissions Monitoring data submitted to the Environmental Protection Agency (EPA) on a quarterly basis. Note in 2002 EKPC was part of NERC's ECAR region and as of 1/1/06 became part of the SERC region.

¹¹ The NERC regions were redefined as of January 1, 2006. In 2002 EKPC was in the ECAR region and is now in the SERC region.

¹² Source: Energy Information Administration, *Annual Energy Report*, DOE/EIA-A-0383 (2006) (Washington, DC, February 2006).

Table 5.

**Levelized Cost Comparisons for New Generating
Capacity in the United States**
(2004 Dollars per Megawatthour)

Cost Element	Technology			
	Coal	Gas	Wind	Nuclear
Capital	30.4	11.4	40.7	42.7
O&M	4.7	1.4	8.3	6.6
Fuel	14.5	36.9	-	6.6
Total^a	49.6	49.7	49.0	55.9

^a Includes transmission hookup costs.

O&M = operations and maintenance.

Source: Energy Information Administration, *Annual Energy Outlook 2006*, DOE/EIA-0383 (2006) (Washington DC, February 2006).

EKPC - Existing Plants
(\$ millions)

	<u>2004</u>	<u>2005</u>
Existing Capital ^b	85	100
O&M	45	33
Fuel	174	263
Total	304	396
Additional O&M		33
Planned Capital		63
Total with Additional O&M and Capital		492
Generation (million MWh)	9.0	11.1
Without Additional O&M and Capital (\$/MWh)	33.6	35.7
With Additional O&M and Capital		44.30

^b Assumes a 10.5% levelized fixed charge rate.

alternatives and lack of retail competition, it is not likely that the existing EKPC plants will be forced out of service due to economic obsolescence for the foreseeable future.

Environmental Compliance

Although environmental compliance is always of concern to an electricity generator, EKPC has made and is planning to make additional substantial investments in pollution control equipment. Over the long term environmental regulations are likely to become more stringent with ever lower emissions standards for SO₂, NO_x and new compliance areas such as CO₂ and heavy metals such as mercury. Given that all generators will be affected by increasing environmental standards, EKPC's position should not be any worse than any other generator in the region.

EKPC's planned spending on SCRs and scrubbers are as follows:

Cooper Units 1 and 2	\$125 million
Spurlock Unit 1	\$105 million
Spurlock Unit 2	\$173 million

Given its current position in the region and its demonstrated commitment to making the necessary investments in pollution control equipment when required, it is not likely that environmental compliance will force the early shutdown of any of its existing units¹³.

¹³ It should be noted that the Dale station is currently involved in litigation with EPA which could result in the early shutdown of the station. However the net book value of the plant as of 2005 was only \$176,162 including \$140,789 of land. It is expected that if Dale is forced to shutdown early most planned future capital expenditures would not be made.

LONG RANGE PLANS AND OUTLOOK

Dale Station

The Dale Station is the oldest and least efficient of the EKPC coal stations. There is pending EPA litigation related to overhauls which occurred in the mid-1990s. The dispute involves Federal disagreement with the State approvals given to the Company without increasing the environmental compliance requirements.

Although there are no plans to remove the station from service, the long range plan does not include any large capital projects at the Dale Station (total planned spending is estimated at \$25 million through 2024). Overhauls of units 1, 2 and 3 for a total of \$3.5 million will be completed over the next 3 years. Unit 4 was overhauled in 2005 for a cost of approximately \$2 million. In 2005 Dale Station had the highest generation in its history.

The outlook for the Dale Station is that the station will remain in service for 10 to 15 years.

Cooper Station

The long range plan for Cooper includes \$170 million of spending through 2024. \$125 million of this total is for Unit 1 and Unit 2 Scrubbers and a Unit 2 SCR or possibly a fluidized bed system.

Cooper is an important station in the Company's long range plan. The plant provides critical voltage support in southeastern KY as it is the only plant in that area of the state.

The outlook for the station is that it will remain in service for 20 to 25 years after the 2010 Scrubber and SCR (or fluidized bed) installations.

Spurlock Station

The long range plan for Spurlock includes \$775 million of spending through 2024. Most of this investment relates to Unit 4, a new fluidized bed unit to be built over the next three years at a cost of \$375 million, and Scrubbers for Units 1 and 2. The Unit 2 scrubber is expected to be in service by 2008 at an estimated cost of \$173 million. The Unit 1 scrubber is expected to be in service by 2010 at an estimated cost of \$105 million.

The outlook for the Spurlock is that Units 1 and 2 will remain in service for 30 to 35 years or more after the installation of the new scrubbers. The fluidized bed units will remain in service for a minimum of 40 years.

Smith Station

The Smith site is an important site for EKPC. The long range plan calls for considerable expansion at the site (\$1.4 billion in spending through 2024). A new coal fired unit is being constructed on the site and is expected to be in service in 2008 or early 2009. There are also plans to construct a second coal fired unit in the 2013 to 2017 timeframe. The long range plan also calls for up to 20 additional CTs but it is recognized that many of these units may actually be built at other locations (or not built at all).

The CTs at the Smith site are large and units 1, 2 and 3 are inefficient by today's standards. The outlook for the ABB units is approximately is slightly shorter than for the GE units which are expected to remain in service for 40 years or more.

Landfill Stations

The outlook for the landfill stations is that the associated landfills will be able to produce sufficient gas for approximately 30 to 40 years and that these stations will remain in service until the landfill gas is depleted.

LIFE SPAN ESTIMATES

Bases for Life Span Estimates

The life spans estimated by Gannett Fleming are based on informed judgment that considered a number of potentially life limiting factors. The life limiting factors may be collectively described as the "forces of mortality" or the potential causes of final retirement. Generally the "forces of mortality" include equipment failure, economic obsolescence and non-compliance with applicable laws or government regulations. Based upon our understanding of each of the potential life limiting factors and the specific circumstances at EKPC, it was concluded that no single factor or combination of factors would be life limiting in the foreseeable future.

To arrive at the specific life spans estimates for the EKPC generating stations, Gannett Fleming considered Company policies and outlook, information on operations and conditions gathered during field visits, reviews of operating and maintenance records, summary inspection reports, plant accounting records, the attained age of each station and the range of estimates for other electric companies with similar generating stations.

Field Review

The following stations were visited during the January 31 to February 2, 2006 field trip.

Spurlock
Dale
Cooper
Smith
Laurel Ridge Landfill

The stations visited represent all of the investment in steam production and the vast majority of the investment in other production.

During the field trip it was generally observed that the stations are in excellent condition. During discussion with management personnel at each station it was confirmed that the Company is committed to maintaining and improving its fleet for the foreseeable future. Significant investments over the long term are planned and no station is currently scheduled to be removed from service.

In discussions at the corporate level, it was confirmed that the Company plans to continue operating each station currently in its fleet for the foreseeable

future and will continue to make significant investments to keep the fleet in service and operating in an efficient and environmentally sound manner.

Industry Experience

The range of life span estimates other Gannett Fleming clients with similar generating stations are, as follows:

Pulverized Coal Units	45 to 65 years
CTs and Fluidized Bed Units	35 to 40 years

It should be noted that the recent trend has been to estimate life spans in the 55 to 65 year range for coal fired generating stations. Also, the life span ranges shown represent the maximum life spans and not the average life of the investment in generating stations.¹⁴

Conclusions

The life spans estimated in this study are as follows:

Pulverized Coal Units	58 - 65 years
CTs and Fluidized Bed Units	36 - 40 years
Landfill Gas Units	35 years

The life spans estimated by Gannett Fleming for EKPC are at the upper end of the range of estimates made for similar generating stations of other electric companies but are achievable given the current condition of the facilities, continuation of current the maintenance practices and the level of planned investments to be made in the stations over the next 18 years.

The life span for Dale is based on the attained age of the units and a 65 year life span from the initial in-service dates of Units 1 and 2. The life span together with the estimated interim survivor curves for this station result in a composite remaining life of 13.6 years. Since there is currently no net book value for Dale, the composite depreciation rate resulting from the estimated life span of the station is applicable to future additions to this station.

The life span for Cooper is based on the station remaining in service for 25 years beyond the study date or a probable retirement year of 2030. This probable retirement year results in a 64 year life span for Cooper Unit 1 and a 60 year life span for Cooper Unit 2. The estimated probable retirement date

¹⁴ Since the Company has made significant investments in its coal fired generation since the original in-service dates the average age of the investment in pulverized coal fired generating stations as of December 31, 2005 is 16.7 years and the average remaining life is 30.7 years.

together with the estimated interim survivor curves for this station result in a composite remaining life of 23.9 years.

The life spans for Spurlock 1 and 2 are 60 years from the initial in-service dates of the units. These life spans together with the estimated interim survivor curves result in composite remaining lives of 31.3 years and 30.7 years for Spurlock 1 and Spurlock 2, respectively.

The life spans for the Smith CTs are 36 years for units 1, 2 and 3 and 40 years for units 4, 5, 6 and 7. Units 1, 2, and 3 are larger ABB units and are expected to have a slightly shorter life than GE turbines. The composite remaining lives for Units 1, 2 and 3 are 32.4, 32.5 and 32.4 years, respectively. The composite remaining lives for Units 4, 5, 6 and 7 are 36.6, 36.6, 40.0 and 40.0 years, respectively.

The life spans for the landfill units are all estimated at 35 years and the remaining life for each of these units is 33 years. The life span is based on the expected physical life of the equipment and the expected gas production at each landfill.

APPENDIX A

Production Management Reporting System

Generating Unit Performance Factors

10/3/2006

Production Management Reporting System

Generating Unit Performance Factors

Dale Power Station Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	0	8,760	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1986	8,760	0	8,760	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1987	8,760	0	8,760	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1988	8,784	473	7,532	1	1,252	0.00	0	0.00	1	0.00	0.00 %	0.00 %	85.75 %	85.75 %	14,332	2.69 %	49.97 %	49.97 %
1989	8,760	613	8,755	6	0	0.00	2	5.00	8	0.00	0.80 %	0.80 %	99.63 %	99.64 %	14,905	4.20 %	60.13 %	60.13 %
1990	8,760	1,752	8,604	11	125	0.00	5	31.00	17	0.00	1.74 %	1.74 %	98.22 %	98.22 %	14,854	10.82 %	54.09 %	54.09 %
1991	8,760	1,111	7,848	9	900	0.00	1	12.00	9	0.00	1.07 %	1.07 %	89.59 %	89.59 %	15,101	6.33 %	49.92 %	49.92 %
1992	8,784	1,692	7,976	4	652	0.00	5	156.00	9	0.00	8.44 %	8.44 %	90.80 %	90.80 %	14,207	6.68 %	50.34 %	50.34 %
1993	8,760	4,892	8,018	7	685	0.00	2	56.00	9	0.00	1.13 %	1.13 %	91.53 %	91.53 %	14,235	29.28 %	52.44 %	52.44 %
1994	8,760	3,591	6,113	8	2,586	0.00	9	61.00	18	225.46	1.67 %	7.84 %	69.78 %	67.21 %	14,688	21.29 %	51.93 %	55.40 %
1995	8,760	6,277	7,958	6	801	0.00	1	1.00	7	9.58	0.01 %	0.16 %	90.84 %	90.84 %	14,304	40.58 %	56.63 %	56.71 %
1996	8,784	6,454	6,663	4	1,876	0.00	3	10.00	9	0.50	0.15 %	0.16 %	75.85 %	75.85 %	13,602	48.18 %	65.58 %	65.58 %
1997	8,760	7,105	8,315	2	444	0.00	1	1.00	4	0.00	0.00 %	0.00 %	94.92 %	94.92 %	13,702	53.16 %	65.54 %	65.54 %
1998	8,760	5,687	5,687	6	2,974	0.00	6	99.00	12	0.00	1.71 %	1.71 %	64.92 %	64.92 %	12,697	36.56 %	56.32 %	56.32 %
1999	8,760	7,798	7,798	3	752	0.00	11	211.00	13	0.00	2.63 %	2.63 %	89.02 %	89.02 %	12,283	57.73 %	64.85 %	64.85 %
2000	8,784	8,205	8,205	2	523	0.00	5	55.00	6	0.00	0.67 %	0.67 %	93.41 %	93.41 %	12,154	63.91 %	68.42 %	68.42 %
2001	8,760	7,567	7,567	2	843	0.00	8	350.00	10	31.02	4.42 %	4.82 %	86.38 %	86.03 %	12,069	63.85 %	73.92 %	74.22 %
2002	8,760	8,078	8,078	3	490	0.00	6	191.50	8	1.41	2.19 %	2.33 %	92.22 %	92.20 %	11,932	74.16 %	71.43 %	71.45 %
2003	8,760	7,990	7,990	2	667	0.00	8	102.78	10	0.00	1.17 %	1.27 %	91.21 %	91.21 %	11,938	77.82 %	75.44 %	75.44 %
2004	8,784	8,127	8,127	2	605	0.00	8	52.90	10	51.73	0.60 %	1.28 %	92.52 %	91.93 %	11,950	74.03 %	72.57 %	73.00 %
2005	8,760	7,937	7,937	2	544	0.00	9	300.02	11	0.00	3.40 %	3.40 %	90.61 %	90.61 %	12,163	73.44 %	70.71 %	70.71 %
2006	5,832	5,244	5,244	3	406	0.00	6	152.75	9	35.38	3.36 %	4.01 %	89.92 %	89.31 %	12,086	72.76 %	69.42 %	69.84 %

10/3/2006

Production Management Reporting System

Generating Unit Performance Factors

Dale Power Station Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	0	8,760	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1986	8,760	0	8,760	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1987	8,760	0	8,760	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1988	8,784	0	5,509	0	3,275	0.00	0	0.00	0	0.00	0.00 %	0.00 %	62.72 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1989	8,760	268	7,415	4	1,343	0.00	1	5.00	5	0.00	1.83 %	1.83 %	86.70 %	86.72 %	20,809	1.24 %	40.78 %	40.78 %
1990	8,760	1,617	7,959	15	654	0.00	5	147.00	21	0.00	8.33 %	8.33 %	90.86 %	90.86 %	14,882	10.35 %	56.07 %	56.07 %
1991	8,760	1,820	7,718	10	1,042	0.00	0	0.00	9	0.00	0.00 %	0.00 %	88.11 %	88.11 %	15,222	9.72 %	46.76 %	46.76 %
1992	8,784	1,364	7,782	5	1,002	0.00	0	0.00	5	0.00	0.00 %	0.00 %	88.59 %	88.59 %	14,601	6.68 %	43.04 %	43.04 %
1993	8,760	4,352	7,649	16	1,111	0.00	0	0.00	16	0.00	0.00 %	0.00 %	87.32 %	87.32 %	13,655	34.50 %	69.44 %	69.44 %
1994	8,760	3,689	6,266	9	2,410	0.00	5	84.00	15	0.00	2.23 %	2.23 %	71.53 %	71.53 %	14,240	21.84 %	51.87 %	51.87 %
1995	8,760	5,937	7,473	8	898	0.00	11	389.00	19	0.00	6.15 %	6.15 %	85.31 %	85.31 %	14,425	33.27 %	49.10 %	49.10 %
1996	8,784	6,446	7,069	3	1,702	0.00	4	13.00	9	0.00	0.19 %	0.19 %	80.48 %	80.48 %	14,177	40.88 %	55.71 %	55.71 %
1997	8,760	6,768	7,801	3	841	0.00	5	16.00	9	1.40	0.24 %	0.26 %	89.05 %	89.05 %	13,459	47.78 %	61.84 %	61.84 %
1998	8,760	5,767	5,767	4	2,918	0.00	5	75.00	9	0.00	1.28 %	1.28 %	65.83 %	65.83 %	12,790	36.55 %	55.52 %	55.52 %
1999	8,760	7,827	7,827	3	823	0.00	7	110.00	10	0.00	1.39 %	1.39 %	89.35 %	89.35 %	12,384	58.26 %	62.96 %	62.96 %
2000	8,784	8,112	8,112	3	658	0.00	7	15.00	10	5.50	0.18 %	0.25 %	92.35 %	92.28 %	12,122	62.61 %	67.80 %	67.95 %
2001	8,760	7,778	7,825	3	742	0.00	7	192.00	11	0.00	2.41 %	2.41 %	89.33 %	89.33 %	11,924	64.67 %	72.84 %	72.84 %
2002	8,760	8,148	8,148	3	468	0.00	7	144.42	8	0.00	1.65 %	1.74 %	93.01 %	93.01 %	11,822	74.10 %	71.80 %	71.80 %
2003	8,760	7,881	7,881	4	671	0.00	11	208.23	15	0.00	2.38 %	2.57 %	89.97 %	89.97 %	11,852	77.75 %	74.12 %	74.12 %
2004	8,784	8,204	8,204	2	508	0.00	6	72.65	8	0.00	0.83 %	0.88 %	93.39 %	93.39 %	11,845	74.70 %	73.76 %	73.76 %
2005	8,760	8,229	8,229	2	441	0.00	5	89.77	7	0.00	1.08 %	1.08 %	93.94 %	93.94 %	11,967	74.07 %	73.83 %	73.83 %
2006	5,832	5,403	5,403	1	282	0.00	3	147.02	3	0.00	2.65 %	2.65 %	92.65 %	92.65 %	11,864	72.38 %	71.30 %	71.30 %

Production Management Reporting System

Generating Unit Performance Factors

Dale Power Station Unit # 003

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derrated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derrated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	7,276	7,848	4	709	0.00	3	203.00	8	22.00	2.71 %	3.01 %	89.59 %	89.34 %	12,673	46.83 %	56.38 %	56.55 %
1986	8,760	4,866	6,188	9	2,524	0.00	3	48.00	12	2.00	0.98 %	1.02 %	70.64 %	70.62 %	12,181	30.04 %	54.09 %	54.11 %
1987	8,760	6,359	7,275	7	1,342	0.00	3	143.00	11	94.00	2.20 %	3.65 %	83.05 %	81.97 %	11,929	44.11 %	60.77 %	61.68 %
1988	8,784	7,431	8,148	4	508	0.00	4	128.00	8	30.00	1.69 %	2.09 %	92.76 %	92.42 %	12,075	49.85 %	58.92 %	59.16 %
1989	8,760	6,164	7,752	8	1,004	0.00	2	4.00	10	0.00	0.06 %	0.07 %	88.49 %	88.49 %	12,104	37.29 %	53.00 %	53.01 %
1990	8,760	6,994	8,595	8	165	0.00	0	0.00	8	0.00	0.00 %	0.00 %	98.12 %	98.12 %	12,357	42.99 %	53.84 %	53.84 %
1991	8,760	6,212	7,191	4	1,569	0.00	2	0.00	5	0.00	0.00 %	0.00 %	82.09 %	82.09 %	12,252	35.31 %	49.79 %	49.79 %
1992	8,784	7,464	8,393	3	379	0.00	1	12.00	5	3.20	0.16 %	0.20 %	95.55 %	95.51 %	11,848	48.88 %	57.53 %	57.55 %
1993	8,760	7,195	8,214	4	546	4.00	0	0.00	4	0.26	0.00 %	0.00 %	93.77 %	93.72 %	11,745	60.15 %	73.23 %	73.20 %
1994	8,760	7,745	7,978	6	721	40.00	0	61.00	7	0.00	0.78 %	0.78 %	91.07 %	90.62 %	11,963	58.94 %	66.67 %	66.32 %
1995	8,760	7,715	7,715	4	820	0.00	5	225.00	8	3.95	2.83 %	2.88 %	88.07 %	88.03 %	11,936	64.60 %	73.35 %	73.39 %
1996	8,784	5,341	5,341	6	3,443	0.00	1	2.00	6	0.90	0.03 %	0.04 %	60.80 %	60.79 %	11,768	46.20 %	75.98 %	75.99 %
1997	8,760	7,446	7,446	4	1,101	0.00	9	214.00	14	0.36	2.79 %	2.80 %	85.00 %	85.00 %	11,342	59.37 %	69.84 %	69.85 %
1998	8,760	7,773	7,773	2	500	0.00	13	487.00	16	7.15	5.90 %	5.98 %	88.73 %	88.65 %	11,374	63.84 %	71.95 %	72.02 %
1999	8,760	7,144	7,144	4	1,178	0.00	14	438.00	16	0.00	5.78 %	5.78 %	81.55 %	81.55 %	11,442	60.94 %	74.72 %	74.72 %
2000	8,784	7,871	7,871	2	695	0.00	8	218.08	15	0.00	2.70 %	2.70 %	89.61 %	89.61 %	11,434	65.62 %	72.23 %	72.23 %
2001	8,760	7,995	7,995	3	648	0.00	8	116.68	11	9.50	1.44 %	1.56 %	91.27 %	91.16 %	11,426	68.18 %	74.70 %	74.79 %
2002	8,760	8,084	8,084	3	621	0.00	3	55.65	4	1.50	0.64 %	0.70 %	92.28 %	92.27 %	11,555	71.17 %	70.86 %	70.88 %
2003	8,760	7,850	7,850	8	627	0.00	8	283.58	15	0.00	3.24 %	3.49 %	89.61 %	89.61 %	11,606	71.37 %	70.02 %	70.02 %
2004	8,784	7,861	7,861	4	686	0.00	10	237.15	11	10.82	2.70 %	3.06 %	89.49 %	89.37 %	11,663	69.28 %	67.16 %	67.24 %
2005	8,760	8,067	8,067	2	558	0.00	9	134.60	11	50.70	1.64 %	2.26 %	92.09 %	91.51 %	11,608	70.07 %	70.63 %	71.05 %
2006	5,832	5,566	5,566	1	208	0.00	2	57.12	2	0.00	1.13 %	1.13 %	95.45 %	95.45 %	11,621	66.89 %	69.96 %	69.96 %

10/3/2006

Production Management Reporting System

Generating Unit Performance Factors

Dale Power Station Unit # 004

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equip. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	4,960	6,063	4	2,655	0.00	1	42.00	6	20.00	0.84 %	1.24 %	69.21 %	68.98 %	12,496	37.42 %	66.09 %	66.36 %
1986	8,760	6,426	7,411	7	1,169	0.00	4	180.00	11	24.00	2.72 %	3.09 %	84.60 %	84.33 %	11,891	46.24 %	63.03 %	63.27 %
1987	8,760	5,923	6,911	5	1,849	0.00	0	0.00	5	12.00	0.00 %	0.20 %	78.89 %	78.76 %	11,800	46.08 %	68.16 %	68.29 %
1988	8,784	6,830	7,238	5	1,531	0.00	4	15.00	9	50.00	0.22 %	0.95 %	82.40 %	81.83 %	12,186	45.30 %	58.26 %	58.69 %
1989	8,760	6,608	7,640	7	1,115	0.00	2	5.00	10	3.00	0.07 %	0.12 %	87.20 %	87.17 %	12,005	43.08 %	57.11 %	57.13 %
1990	8,760	4,508	6,417	8	2,215	0.00	2	128.00	10	0.20	2.76 %	2.77 %	73.25 %	73.25 %	12,447	28.05 %	54.51 %	54.52 %
1991	8,760	6,596	7,719	6	1,017	0.00	1	24.00	7	2.64	0.36 %	0.40 %	88.12 %	88.09 %	11,848	47.32 %	62.85 %	62.87 %
1992	8,784	6,467	8,399	3	372	0.00	1	13.00	4	2.47	0.20 %	0.24 %	95.62 %	95.59 %	11,353	54.86 %	74.51 %	74.54 %
1993	8,760	7,062	7,572	2	1,060	0.00	4	128.00	6	1.81	1.78 %	1.81 %	86.44 %	86.42 %	11,467	68.71 %	85.22 %	85.24 %
1994	8,760	6,158	7,211	8	1,511	0.00	5	38.00	14	0.49	0.61 %	0.62 %	82.32 %	82.31 %	11,625	54.00 %	76.82 %	76.82 %
1995	8,760	5,031	5,031	16	3,729	0.00	0	0.00	16	0.25	0.00 %	0.00 %	57.43 %	57.43 %	11,790	43.84 %	76.33 %	76.33 %
1996	8,784	6,698	6,698	8	1,410	0.00	36	676.00	44	3.09	9.17 %	9.21 %	76.25 %	76.22 %	11,312	57.28 %	75.13 %	75.16 %
1997	8,760	8,049	5,049	5	655	0.00	18	56.00	22	0.00	0.69 %	0.69 %	91.88 %	91.88 %	11,321	66.39 %	72.25 %	72.25 %
1998	8,760	8,068	6,068	5	513	0.00	11	179.00	11	3.01	2.17 %	2.21 %	92.10 %	92.07 %	11,291	69.42 %	75.38 %	75.41 %
1999	8,760	7,920	7,920	2	760	0.00	7	80.00	7	1.47	1.00 %	1.02 %	90.41 %	90.39 %	11,261	71.60 %	79.20 %	79.21 %
2000	8,784	8,238	8,238	4	524	0.00	5	21.00	8	87.31	0.26 %	1.31 %	93.78 %	92.78 %	11,194	69.56 %	74.17 %	74.97 %
2001	8,760	8,121	8,121	3	619	0.00	3	19.00	6	10.25	0.24 %	0.37 %	92.71 %	92.59 %	11,366	70.89 %	76.47 %	76.56 %
2002	8,760	7,955	7,955	4	696	0.00	4	109.12	5	4.74	1.25 %	1.41 %	90.81 %	90.77 %	11,392	72.34 %	70.96 %	71.00 %
2003	8,760	7,857	7,857	3	688	0.00	11	215.33	13	0.00	2.46 %	2.67 %	89.69 %	89.69 %	11,481	72.95 %	70.70 %	70.70 %
2004	8,784	8,304	8,304	2	307	3.44	2	172.62	3	0.00	1.97 %	2.04 %	94.54 %	94.50 %	11,731	71.55 %	73.26 %	73.29 %
2005	8,760	8,493	8,545	1	122	0.00	4	92.57	6	0.00	1.08 %	1.08 %	97.55 %	97.55 %	11,725	72.60 %	78.72 %	78.72 %
2006	5,832	4,433	4,445	5	1,263	0.00	7	124.40	10	0.00	2.73 %	2.73 %	76.21 %	76.21 %	11,549	66.09 %	54.72 %	54.72 %

10/3/2006

Production Management Reporting System

Generating Unit Performance Factors

Cooper Power Station Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	7,474	7,874	7	852	0.00	2	34.00	9	222.00	0.45 %	3.41 %	89.89 %	87.35 %	10,205	60.41 %	70.80 %	72.97 %
1986	8,760	6,596	6,648	11	1,783	0.00	6	329.00	17	254.00	4.75 %	8.42 %	75.89 %	72.99 %	9,963	51.48 %	68.37 %	71.11 %
1987	8,760	7,121	7,732	7	888	0.00	5	140.00	12	25.00	1.93 %	2.27 %	88.26 %	87.98 %	9,984	62.77 %	77.22 %	77.49 %
1988	8,784	6,007	6,203	6	2,572	0.00	2	9.00	8	185.00	0.15 %	0.15 %	70.62 %	65.50 %	9,960	50.70 %	74.14 %	76.51 %
1989	8,760	5,685	6,437	9	2,323	0.00	2	0.00	11	139.00	0.52 %	2.95 %	73.12 %	86.50 %	10,216	58.97 %	70.37 %	59.82 %
1990	8,760	7,285	7,604	10	1,068	0.00	9	88.00	19	92.18	1.19 %	2.44 %	86.80 %	85.75 %	10,181	52.54 %	63.18 %	63.99 %
1991	8,760	7,455	7,680	2	893	2.12	6	187.00	8	47.56	2.45 %	3.07 %	87.67 %	87.10 %	10,293	54.33 %	63.84 %	64.23 %
1992	8,784	7,196	7,838	7	875	0.00	6	71.00	13	22.64	0.98 %	1.29 %	89.23 %	88.97 %	10,206	54.43 %	66.44 %	66.65 %
1993	8,760	4,428	4,737	12	1,708	0.00	14	2314.00	26	32.74	34.32 %	34.81 %	54.08 %	53.70 %	10,202	37.13 %	73.46 %	74.01 %
1994	8,760	8,077	8,191	14	530	0.00	16	41.00	30	8.22	0.51 %	0.61 %	93.50 %	93.41 %	10,184	64.14 %	69.56 %	69.63 %
1995	8,760	7,790	7,894	4	660	0.00	10	205.00	15	25.25	2.56 %	2.88 %	90.11 %	89.82 %	9,958	54.58 %	61.38 %	61.38 %
1996	8,784	7,852	8,120	6	590	0.00	6	75.00	11	5.89	0.94 %	1.01 %	92.44 %	92.37 %	9,917	61.99 %	69.35 %	69.40 %
1997	8,760	7,680	7,680	4	822	0.00	11	257.00	15	27.39	3.24 %	3.58 %	87.67 %	87.36 %	10,100	60.67 %	69.20 %	69.45 %
1998	8,760	8,032	8,032	3	624	0.00	9	104.00	11	14.49	1.28 %	1.46 %	91.69 %	91.52 %	9,997	60.17 %	65.62 %	65.74 %
1999	8,760	8,014	8,014	4	674	0.00	6	72.00	10	22.90	0.89 %	1.17 %	91.49 %	91.22 %	10,139	64.91 %	70.95 %	74.15 %
2000	8,784	6,666	6,666	4	1,715	0.00	6	403.00	9	3.47	5.70 %	5.74 %	75.89 %	75.85 %	10,143	58.16 %	76.64 %	76.68 %
2001	8,760	8,185	8,185	3	519	0.00	5	56.00	8	17.57	0.68 %	0.90 %	93.43 %	93.23 %	10,047	68.57 %	73.39 %	73.55 %
2002	8,760	8,193	8,193	3	563	0.00	2	3.17	4	9.03	0.04 %	0.15 %	93.53 %	93.43 %	10,257	87.30 %	80.75 %	80.84 %
2003	8,760	8,047	8,047	7	597	0.00	7	115.70	11	801.85	1.32 %	11.24 %	91.86 %	81.76 %	10,236	85.17 %	75.74 %	83.38 %
2004	8,784	8,225	8,225	7	479	0.00	6	80.18	13	319.16	0.91 %	4.81 %	93.64 %	90.01 %	10,045	93.62 %	81.39 %	84.46 %
2005	8,760	7,601	7,601	3	562	0.00	14	596.37	16	13.40	7.27 %	7.44 %	86.77 %	86.62 %	10,100	87.47 %	74.22 %	74.33 %
2006	6,552	6,187	6,194	1	275	0.00	1	77.72	4	0.40	1.25 %	1.26 %	94.53 %	94.53 %	10,212	85.06 %	221.61 %	221.62 %

Production Management Reporting System

Generating Unit Performance Factors

Cooper Power Station Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	6,385	6,445	7	2,206	0.00	5	109.00	12	68.00	1.68 %	2.73 %	73.57 %	72.80 %	10,301	53.86 %	73.90 %	74.69 %
1986	8,760	7,578	7,578	8	1,096	0.00	6	86.00	14	47.00	1.12 %	1.74 %	86.51 %	85.97 %	10,419	64.82 %	74.93 %	75.40 %
1987	8,760	7,553	7,554	6	1,114	36.00	4	92.00	10	63.00	1.20 %	2.03 %	86.23 %	85.10 %	10,329	65.66 %	76.15 %	77.16 %
1988	8,784	5,428	5,428	9	3,149	0.00	5	207.00	14	165.00	3.67 %	6.60 %	61.79 %	59.92 %	10,323	47.45 %	76.78 %	79.19 %
1989	8,760	7,341	8,236	6	398	0.00	6	126.00	12	45.00	1.68 %	2.29 %	87.00 %	86.50 %	10,216	58.97 %	70.37 %	70.70 %
1990	8,760	6,145	6,145	10	2,551	0.00	7	64.00	17	17.94	1.03 %	1.32 %	70.15 %	69.94 %	10,297	49.12 %	70.02 %	70.22 %
1991	8,760	7,501	7,511	7	1,102	0.00	4	147.00	11	16.66	1.92 %	2.14 %	85.74 %	85.55 %	10,249	64.15 %	74.92 %	75.08 %
1992	8,784	7,639	7,996	5	684	15.00	6	104.00	11	109.82	1.34 %	2.76 %	91.03 %	89.61 %	10,228	61.99 %	71.28 %	72.18 %
1993	8,760	7,119	9,119	4	1,382	0.00	6	259.00	10	53.29	3.54 %	4.23 %	81.27 %	80.66 %	10,083	67.71 %	83.32 %	83.95 %
1994	8,760	6,239	6,239	8	2,331	0.00	11	190.00	19	23.10	2.96 %	3.54 %	71.22 %	70.96 %	10,284	53.62 %	75.28 %	75.56 %
1995	8,760	8,008	8,022	4	573	1.00	15	165.00	19	124.62	2.02 %	3.54 %	91.58 %	90.15 %	10,201	61.94 %	67.75 %	68.82 %
1996	8,784	7,773	7,731	5	927	0.00	10	125.00	16	49.63	1.58 %	2.21 %	88.01 %	87.45 %	10,190	59.29 %	68.52 %	68.96 %
1997	8,760	7,092	7,092	8	1,228	0.00	9	440.00	18	6.22	5.84 %	5.92 %	80.96 %	80.89 %	10,158	57.63 %	71.19 %	71.25 %
1998	8,760	7,942	7,942	4	648	21.54	8	170.00	10	5.76	2.10 %	2.17 %	90.66 %	90.35 %	10,250	62.16 %	68.56 %	68.80 %
1999	8,760	7,929	7,929	6	702	0.00	10	129.00	16	11.07	1.60 %	1.74 %	90.51 %	90.38 %	10,124	65.26 %	72.10 %	72.21 %
2000	8,784	7,116	7,116	2	1,316	0.00	14	352.00	15	7.56	4.71 %	4.81 %	81.01 %	80.92 %	10,336	59.98 %	74.04 %	74.11 %
2001	8,760	8,072	8,072	3	535	0.00	9	153.00	12	88.46	1.87 %	2.94 %	92.14 %	91.13 %	10,209	73.08 %	79.31 %	79.31 %
2002	8,760	7,743	7,743	3	923	0.00	10	94.85	10	26.56	1.08 %	1.55 %	88.39 %	88.22 %	10,202	80.99 %	70.40 %	70.61 %
2003	8,760	6,689	6,689	8	1,809	0.00	12	240.08	18	1.16	2.74 %	3.48 %	76.36 %	76.32 %	10,145	80.03 %	59.51 %	59.51 %
2004	8,784	8,184	8,184	5	474	72.57	3	125.72	7	4.88	1.43 %	1.57 %	93.17 %	92.29 %	10,135	83.27 %	72.20 %	72.84 %
2005	8,760	8,019	8,019	3	591	0.00	14	167.73	16	100.35	1.83 %	3.06 %	91.55 %	90.40 %	10,151	75.66 %	66.64 %	67.41 %
2006	6,552	6,113	6,113	6	326	0.00	5	53.60	11	11.93	1.63 %	1.83 %	93.30 %	93.12 %	10,312	73.32 %	96.57 %	96.74 %

Production Management Reporting System

Generating Unit Performance Factors

Spurlock Power Station Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equip. Planned Derrated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derrated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	6,937	7,810	3	937	0.00	2	13.00	5	13.00	0.19 %	0.37 %	89.16 %	89.01 %	10,022	64.19 %	81.07 %	81.22 %
1986	8,760	7,487	7,579	3	1,181	64.00	0	0.00	3	0.00	0.00 %	0.00 %	86.52 %	85.79 %	9,968	69.23 %	81.01 %	81.71 %
1987	8,760	7,383	7,383	2	1,188	0.00	6	189.00	8	6.00	2.50 %	2.58 %	84.28 %	84.21 %	10,062	73.43 %	87.12 %	87.20 %
1988	8,784	7,901	7,901	2	807	0.00	2	76.00	4	0.00	0.95 %	0.95 %	89.95 %	89.95 %	10,062	79.30 %	88.17 %	88.17 %
1989	8,760	6,593	6,825	4	1,849	0.00	5	86.00	9	1.00	1.28 %	1.30 %	77.91 %	77.89 %	10,048	59.03 %	78.43 %	78.44 %
1990	8,760	8,002	8,144	2	612	0.00	2	4.00	5	0.00	0.05 %	0.05 %	92.97 %	92.97 %	9,851	76.53 %	83.78 %	83.78 %
1991	8,760	6,421	6,421	4	2,337	27.42	1	2.00	5	0.67	0.03 %	0.04 %	73.30 %	72.78 %	10,037	63.86 %	87.12 %	86.76 %
1992	8,784	8,121	8,122	3	652	0.00	3	10.00	6	31.37	0.12 %	0.51 %	92.46 %	92.11 %	9,905	83.08 %	89.86 %	90.21 %
1993	8,760	8,135	8,135	2	619	0.00	1	6.00	3	7.87	0.07 %	0.17 %	92.87 %	92.78 %	9,955	86.39 %	93.02 %	93.11 %
1994	8,760	7,706	7,706	3	986	2.00	5	68.00	8	130.03	0.87 %	2.55 %	87.97 %	86.46 %	10,114	78.32 %	89.03 %	90.53 %
1995	8,760	8,322	8,322	2	391	30.00	2	48.00	4	0.75	0.57 %	0.58 %	95.00 %	94.65 %	10,034	83.40 %	87.79 %	87.49 %
1996	8,784	7,076	6,788	3	1,817	2.00	3	179.00	6	2.51	2.47 %	5.50 %	77.27 %	77.22 %	9,949	65.87 %	88.58 %	88.58 %
1997	8,760	8,389	8,389	1	366	2.00	2	5.00	3	22.46	0.06 %	0.33 %	95.76 %	95.51 %	9,923	77.62 %	81.06 %	81.25 %
1998	8,760	7,694	7,694	3	1,057	0.00	2	8.00	5	23.68	0.10 %	0.41 %	87.83 %	87.56 %	9,985	72.94 %	83.05 %	83.30 %
1999	8,760	8,264	8,264	1	496	44.68	0	0.00	1	33.26	0.00 %	0.40 %	94.34 %	93.45 %	9,937	78.17 %	82.86 %	83.65 %
2000	8,784	8,167	8,167	1	470	0.00	2	148.00	3	12.36	0.00 %	0.40 %	92.97 %	92.83 %	9,942	77.02 %	82.84 %	82.97 %
2001	8,760	8,208	8,208	1	486	10.85	3	65.00	4	12.88	0.79 %	0.95 %	93.70 %	93.43 %	10,182	75.13 %	80.22 %	80.45 %
2002	8,760	8,452	8,452	1	302	429.92	1	5.23	2	381.17	0.06 %	4.57 %	96.49 %	86.94 %	10,074	78.16 %	79.21 %	87.29 %
2003	8,760	7,698	7,698	4	962	0.00	11	99.68	2	198.83	1.14 %	3.83 %	87.88 %	85.47 %	10,046	79.85 %	74.99 %	76.73 %
2004	8,784	5,215	5,215	3	1,063	3.10	14	2506.02	3	13.85	28.53 %	32.64 %	59.37 %	59.17 %	10,058	80.13 %	49.29 %	49.39 %
2005	8,760	8,655	8,655	1	97	0.00	2	7.57	3	54.37	0.09 %	0.71 %	98.81 %	98.18 %	10,136	78.03 %	82.30 %	82.81 %
2006	5,832	5,831	5,831	0	0	0.00	1	1.30	1	0.00	0.02 %	0.02 %	99.98 %	99.98 %	10,113	78.67 %	83.86 %	83.86 %

10/3/2006

Production Management Reporting System

Generating Unit Performance Factors

Spurlock Power Station Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	7,798	7,798	2	946	0.00	5	16.00	7	13.00	0.20 %	37.00 %	89.02 %	88.87 %	10,287	57.82 %	64.96 %	65.07 %
1986	8,760	7,820	7,870	3	884	0.00	4	6.00	7	51.00	0.08 %	0.73 %	89.84 %	89.26 %	10,068	58.81 %	65.88 %	66.31 %
1987	8,760	7,331	7,331	7	1,417	0.00	3	12.00	10	65.00	0.16 %	1.05 %	83.69 %	82.95 %	10,044	61.41 %	73.38 %	74.04 %
1988	8,784	8,325	8,325	2	454	0.00	2	5.00	4	72.00	0.06 %	0.92 %	94.77 %	93.95 %	9,952	70.61 %	74.50 %	75.15 %
1989	8,760	7,464	7,563	4	1,184	0.00	8	13.00	12	232.00	0.17 %	3.28 %	86.33 %	83.68 %	10,298	49.07 %	57.60 %	59.44 %
1990	8,760	8,032	8,091	2	653	0.00	3	16.00	5	1.52	0.20 %	0.22 %	92.36 %	92.35 %	9,943	56.82 %	61.97 %	61.98 %
1991	8,760	8,238	8,238	1	518	0.00	2	4.00	3	2.93	0.05 %	0.08 %	94.04 %	94.01 %	10,124	57.37 %	61.00 %	61.03 %
1992	8,784	5,836	5,874	5	2,783	31.00	9	127.00	14	0.00	2.13 %	2.13 %	66.51 %	66.51 %	10,034	41.41 %	62.33 %	62.00 %
1993	8,760	8,137	8,137	2	606	0.00	2	17.00	4	0.23	0.21 %	0.21 %	92.89 %	92.89 %	9,838	68.70 %	73.96 %	73.96 %
1994	8,760	8,332	8,336	2	372	3.00	8	55.00	10	26.86	0.66 %	0.98 %	95.16 %	94.82 %	9,852	73.00 %	76.75 %	76.98 %
1995	8,760	7,974	7,974	1	687	95.00	5	98.00	6	4.49	1.21 %	1.27 %	91.03 %	89.90 %	9,880	77.47 %	85.10 %	84.15 %
1996	8,784	7,837	7,837	1	584	3.00	3	363.00	4	17.13	4.43 %	4.64 %	89.22 %	88.99 %	9,783	81.97 %	91.88 %	92.04 %
1997	8,760	7,208	8,208	2	1,526	3.00	7	25.00	8	76.20	0.35 %	1.40 %	82.28 %	81.40 %	9,865	74.80 %	90.90 %	91.83 %
1998	8,760	8,541	8,541	2	123	14.72	5	96.00	7	2.09	1.11 %	1.14 %	97.50 %	84.78 %	9,731	89.66 %	91.95 %	92.14 %
1999	8,760	8,124	8,124	1	527	0.00	4	108.00	5	4.12	1.32 %	1.37 %	92.74 %	92.70 %	9,666	86.01 %	92.74 %	92.79 %
2000	8,784	7,986	7,986	1	565	1.19	7	233.00	5	16.43	2.83 %	3.03 %	90.02 %	90.72 %	9,805	84.82 %	93.29 %	93.50 %
2001	8,760	7,259	7,259	3	1,413	2.60	10	87.00	13	9.29	1.19 %	1.32 %	82.87 %	82.73 %	9,927	72.84 %	87.90 %	88.04 %
2002	8,760	8,177	8,177	4	503	4.39	6	80.25	6	2.15	0.92 %	1.00 %	93.35 %	93.15 %	9,919	84.75 %	84.60 %	84.67 %
2003	8,760	7,786	7,786	2	540	9.29	6	433.70	3	52.67	4.95 %	5.92 %	88.88 %	88.22 %	9,802	82.24 %	76.38 %	76.92 %
2004	8,784	8,432	8,432	3	185	0.00	3	166.80	3	364.17	1.90 %	6.18 %	95.99 %	91.84 %	9,845	79.74 %	84.43 %	88.09 %
2005	8,760	8,007	8,007	2	734	0.00	3	18.70	4	162.17	0.23 %	2.25 %	91.41 %	89.56 %	9,782	80.74 %	83.65 %	85.23 %
2006	5,832	5,627	5,627	2	186	0.00	2	18.63	3	0.00	0.33 %	0.33 %	96.49 %	96.49 %	9,898	81.49 %	85.41 %	85.41 %

Production Management Reporting System

Generating Unit Performance Factors

Spurlock Power Station Unit # 003

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2005	7,344	5,444	5,444	9	2,145	0.00	34	929.52	13	79.75	11.34 %	12.64 %	74.12 %	73.04 %	9,758	74.32 %	60.30 %	60.96 %
2006	5,832	3,957	3,957	5	693	0.00	9	443.00	9	0.00	23.02 %	23.02 %	67.84 %	67.84 %	9,758	83.29 %	62.05 %	62.05 %

Production Management Reporting System

Generating Unit Performance Factors

J.K. Smith Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1995	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1996	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1997	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1998	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
1999	8,760	528	0	6	0	0.00	2	118.10	82	0.00	0.00 %	0.00 %	0.00 %	83.25 %	12,673	5.40 %	87.82 %	0.00 %
2000	8,784	450	8,754	1	30	0.00	0	0.00	61	0.00	0.00 %	0.00 %	99.66 %	99.66 %	12,719	4.43 %	86.44 %	86.44 %
2001	8,760	433	8,488	1	53	0.00	1	219.77	74	0.00	33.62 %	33.62 %	96.89 %	96.89 %	13,875	3.19 %	64.39 %	64.39 %
2002	8,760	634	8,685	1	75	0.00	0	0.00	104	0.00	0.00 %	0.00 %	99.14 %	99.14 %	13,958	4.47 %	3.79 %	3.79 %
2003	8,760	420	8,742	2	18	0.00	0	0.00	85	12.57	0.00 %	2.99 %	99.79 %	99.71 %	14,190	2.83 %	2.44 %	2.45 %
2004	8,784	493	7,933	3	806	0.00	1	45.00	106	0.00	8.37 %	8.37 %	90.31 %	90.31 %	14,799	3.32 %	2.38 %	2.38 %
2005	8,760	281	8,441	4	319	0.00	0	0.00	51	0.00	0.00 %	0.00 %	96.36 %	96.36 %	14,510	1.94 %	1.32 %	1.32 %
2006	6,552	218	5,137	7	1,320	0.00	2	95.32	34	0.00	30.38 %	30.38 %	78.40 %	78.40 %	16,082	1.96 %	1.24 %	1.24 %

Production Management Reporting System

Generating Unit Performance Factors

J.K. Smith Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1999	8,760	563	0	2	0	0.00	1	0.06	68	0.00	0.00 %	0.00 %	0.00 %	82.33 %	12,697	5.83 %	90.55 %	0.00 %
2000	8,784	551	8,698	1	33	0.00	1	54.00	83	0.00	8.85 %	8.85 %	99.02 %	99.02 %	12,733	5.45 %	86.82 %	86.82 %
2001	8,760	464	8,542	3	184	0.00	2	34.00	78	0.00	6.91 %	6.91 %	97.51 %	97.51 %	13,591	3.69 %	69.77 %	69.77 %
2002	8,760	467	8,434	1	242	0.00	1	84.00	81	0.00	15.24 %	15.24 %	96.28 %	96.28 %	13,672	3.74 %	3.08 %	3.08 %
2003	8,760	467	8,378	1	57	0.00	4	324.57	96	0.00	40.99 %	40.99 %	95.64 %	95.64 %	14,260	3.40 %	2.81 %	2.81 %
2004	8,784	728	7,835	2	333	0.00	0	0.00	136	0.00	0.00 %	0.00 %	89.19 %	89.19 %	15,419	4.78 %	3.38 %	3.38 %
2005	8,760	1,184	7,279	2	129	0.00	3	1303.22	122	0.00	53.33 %	53.33 %	83.09 %	83.09 %	14,759	9.01 %	5.27 %	5.27 %
2006	6,552	497	6,549	0	0	0.00	1	3.18	65	0.00	0.64 %	0.64 %	99.95 %	99.95 %	16,740	3.42 %	2.84 %	2.84 %

Production Management Reporting System

Generating Unit Performance Factors

J.K. Smith Unit # 003

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1999	8,760	432	0	11	0	0.00	2	5.12	69	0.00	0.00 %	0.00 %	0.00 %	75.35 %	12,397	4.43 %	85.94 %	0.00 %
2000	8,784	240	8,722	1	31	0.00	4	31.00	38	0.00	11.55 %	11.55 %	99.30 %	99.30 %	13,009	2.24 %	82.13 %	82.13 %
2001	8,760	508	8,468	1	316	0.00	0	0.00	80	0.00	0.00 %	0.00 %	96.67 %	96.67 %	13,503	4.13 %	71.09 %	71.09 %
2002	8,760	1,229	8,760	0	0	0.00	1	0.42	163	0.00	0.03 %	0.03 %	100.00 %	100.00 %	13,740	9.01 %	7.71 %	7.71 %
2003	8,760	612	8,533	2	211	0.00	3	16.77	120	0.93	2.69 %	2.84 %	97.40 %	97.40 %	14,263	4.24 %	3.58 %	3.58 %
2004	8,784	604	8,539	4	214	0.00	4	30.83	120	0.00	4.85 %	4.85 %	97.21 %	97.21 %	14,798	3.86 %	2.97 %	2.97 %
2005	8,760	466	7,324	6	1,436	0.00	0	0.00	63	0.00	0.00 %	0.00 %	83.60 %	83.60 %	15,187	3.43 %	2.02 %	2.02 %
2006	6,552	208	6,547	0	0	0.00	1	5.17	33	0.00	2.42 %	2.42 %	99.92 %	99.92 %	15,619	1.69 %	1.40 %	1.40 %

Production Management Reporting System

Generating Unit Performance Factors

J.K. Smith Unit # 004

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2002	8,760	704	8,754	1	6	0.00	0	0.00	102	0.00	0.00 %	0.00 %	99.93 %	99.93 %	12,026	7.67 %	6.73 %	6.73 %
2003	8,760	326	8,760	0	0	0.00	0	0.00	71	0.00	0.00 %	0.00 %	100.00 %	100.00 %	12,240	3.53 %	3.13 %	3.13 %
2004	8,784	394	8,772	1	11	0.00	1	0.78	87	0.00	0.20 %	0.20 %	99.86 %	99.86 %	12,282	4.10 %	3.33 %	3.33 %
2005	8,760	1,524	8,490	3	151	0.00	1	118.83	172	0.00	7.23 %	7.23 %	96.92 %	96.92 %	12,257	15.93 %	11.17 %	11.17 %
2006	6,552	431	6,552	0	0	0.00	0	0.00	56	0.00	0.00 %	0.00 %	100.00 %	100.00 %	12,882	5.50 %	4.57 %	4.57 %

Production Management Reporting System

Generating Unit Performance Factors

J.K. Smith Unit # 005

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equip. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2002	8,760	581	8,751	1	10	0.00	0	0.00	94	0.00	0.00 %	0.00 %	99.89 %	99.89 %	11,695	6.71 %	5.89 %	5.89 %
2003	8,760	215	8,751	0	0	0.00	1	9.50	45	0.00	4.23 %	4.23 %	99.89 %	99.89 %	11,435	2.60 %	2.31 %	2.31 %
2004	8,784	255	8,773	1	11	0.00	0	0.00	62	0.00	0.00 %	0.00 %	99.87 %	99.87 %	11,716	3.00 %	2.44 %	2.44 %
2005	8,760	741	8,737	1	24	0.00	0	0.00	99	0.00	0.00 %	0.00 %	99.73 %	99.73 %	11,726	8.33 %	6.00 %	6.00 %
2006	6,552	269	6,552	0	0	0.00	0	0.00	43	0.00	0.00 %	0.00 %	100.00 %	100.00 %	12,364	3.77 %	3.13 %	3.13 %

Production Management Reporting System

Generating Unit Performance Factors

J.K. Smith Unit # 006

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2002	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
2003	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
2004	744	63	744	0	0	0.00	0	0.00	10	0.00	0.00 %	0.00 %	100.00 %	100.00 %	11,446	9.07 %	7.36 %	1.10 %
2005	8,404	1,232	8,339	1	65	0.00	0	0.00	169	0.00	0.00 %	0.00 %	99.23 %	99.23 %	11,531	14.91 %	10.63 %	1.59 %
2006	6,552	487	6,279	1	273	0.00	0	0.00	61	0.00	0.00 %	0.00 %	95.84 %	95.84 %	11,904	7.54 %	5.85 %	0.88 %

Production Management Reporting System

Generating Unit Performance Factors

J.K. Smith Unit # 007

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equip. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2002	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
2003	0	0	0	0	0	0.00	0	0.00	0	0.00	0.00 %	0.00 %	0.00 %	0.00 %	0	0.00 %	0.00 %	0.00 %
2004	744	26	744	0	0	0.00	0	0.00	5	0.00	0.00 %	0.00 %	100.00 %	100.00 %	11,697	3.56 %	2.89 %	0.43 %
2005	8,760	933	8,760	0	0	0.00	0	0.00	153	0.00	0.00 %	0.00 %	100.00 %	100.00 %	12,072	10.49 %	7.56 %	1.13 %
2006	6,552	415	6,552	0	0	0.00	0	0.00	59	0.00	0.00 %	0.00 %	100.00 %	100.00 %	11,960	6.07 %	4.93 %	0.74 %

Production Management Reporting System

Generating Unit Performance Factors

Green Valley Landfill Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equip. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	640	640	0	0	0.00	0	0.00	1	0.00	11.64 %	11.93 %	85.99 %	85.99 %	0	33.08 %	30.68 %	30.68 %

Production Management Reporting System

Generating Unit Performance Factors

Green Valley Landfill Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	649	649	0	0	0.00	0	0.00	2	0.00	10.92 %	11.13 %	87.20 %	87.20 %	0	33.40 %	31.39 %	31.39 %

Production Management Reporting System

Generating Unit Performance Factors

Green Valley Landfill Unit # 003

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	610	610	0	0	0.00	0	0.00	2	0.00	16.06 %	16.38 %	81.98 %	81.98 %	0	33.37 %	29.55 %	29.55 %

Production Management Reporting System

Generating Unit Performance Factors

Laurel Ridge Landfill Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	490	490	0	0	0.00	0	0.00	2	0.00	25.26 %	27.71 %	65.87 %	65.87 %	0	24.49 %	21.11 %	21.11 %

Production Management Reporting System

Generating Unit Performance Factors

Laurel Ridge Landfill Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equip. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	261	261	0	0	0.00	0	0.00	2	0.00	19.76 %	36.07 %	35.01 %	35.01 %	0	23.55 %	11.24 %	11.24 %



Production Management Reporting System

10/3/2006

Generating Unit Performance Factors

Laurel Ridge Landfill Unit # 003

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	388	388	0	0	0.00	0	0.00	2	0.00	22.03 %	29.69 %	52.16 %	52.16 %	0	25.37 %	17.48 %	17.48 %



Production Management Reporting System

10/3/2006

Generating Unit Performance Factors

Laurel Ridge Landfill Unit # 004

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equip. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	579	579	0	0	0.00	0	0.00	1	0.00	22.16 %	22.16 %	77.84 %	77.84 %	0	23.93 %	24.23 %	24.23 %

Production Management Reporting System

Generating Unit Performance Factors

Bavarian Landfill Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	482	482	0	0	0.00	0	0.00	3	0.00	35.22 %	35.22 %	64.78 %	64.78 %	0	20.30 %	14.08 %	14.08 %

Production Management Reporting System

Generating Unit Performance Factors

Bavarian Landfill Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	676	676	0	0	0.00	0	0.00	2	0.00	8.87 %	8.89 %	90.86 %	90.86 %	0	24.54 %	23.42 %	23.42 %

Production Management Reporting System

Generating Unit Performance Factors

Bavarian Landfill Unit # 003

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	403	403	0	0	0.00	0	0.00	1	0.00	45.70 %	45.76 %	54.17 %	54.17 %	0	24.28 %	14.08 %	14.08 %

Production Management Reporting System

Generating Unit Performance Factors

Bavarian Landfill Unit # 004

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
2004	744	678	678	0	0	0.00	0	0.00	2	0.00	8.87 %	8.87 %	91.13 %	91.13 %	0	25.21 %	24.12 %	24.12 %

APPENDIX B

Production Business Unit

**Long-Range Work Plan
(MEAGER 2024)**

November 2004

PRODUCTION BUSINESS UNIT

**LONG-RANGE WORK PLAN
(MEAGER 2024)**

NOVEMBER 2004

Cc: Randy Dials
Sam Holloway
Ronnie Thomas
Wayne Isaacs
Craig Johnson
Earl Ferguson
Susan Gill

Fran Waddle
Frank Oliva
Dave Eames
Jim Shipp
Bob Hughes
Jerry Bordes
Thea Kamber
Tom Volz

		MEAGER 2024		11/17/04	
		Spurlock			
Capital/ Maintenance	MEAGER No.	Description	Cost Estimate (2004\$)	Date of Anticipated Expenditure	
				Comments	
C	SP273	Demolish Precipitator - Unit #1	\$2,500,000	2004	Included in NOx Project \$4,000,000. Will be completed by 12/04
C	SP300	Eng., Purchase, & Construct Gilbert Unit #3	\$95,775,000	2004	
C	SP429	Spurlock Unit #4 Engineering and Permitting	\$9,000,000	2004	
C	SP429	Spurlock Unit #4 Construction and Equipment	\$79,000,000	2005	
C	SP268	NOx Reduction - SCR Unit 1 Final Payment	\$312,000	2005	Probably January 2005.
C	SP300	Eng., Purchase, & Construct Gilbert Unit #3	\$18,450,000	2005	
C	SP431	Install Unit Subs & Mcc's	\$353,000	2005	
C	SP432	Install Ground Fault Protection Unit #2	\$152,000	2005	
M	SP225	Install Circulating Water Linings - Unit #2	\$150,000	2005	
C	SP225	Economizer Replacement-Unit #2 (0S240)	\$3,394,500	2005	Staggered tube economizer now to be replaced with
M	SP401	Inspect/Overhaul Unit #2 Turbine Valves	\$325,000	2005	
C	SP404	Replace Portion of U#2 Lwr. Box Electrodes (0S245)	\$706,000	2005	
C	SP411	Replace Hydraulic Crane	\$265,000	2005	
C	SP433	Purchase Loader for Unit #3	\$470,000	2005	
M	SP407	Replace 1/2 of Cooling Tower Hot Water Deck	\$900,000	2005	
C	SP434	New Air Compressor Filter Unit #3	\$91,000	2005	
C	SP435	Cardox Fire Prot. Sys Upgrades	\$75,000	2005	
C	SP277	Landfill Expansion	\$1,200,000	2005	
C	SP436	Land Purchases	\$251,000	2005	
C	SP437	Bentley Nevada Sys. Upgrade	\$175,000	2005	
C	SP438	Manganese Water Filters	\$2,152,000	2005	
C	SP406	Modify Coal Handling System (0S241)	\$13,015,000	2005	
C	SP439	Spurlock Unit #1 Cond. Storage Tank Liner	\$450,000	2005	

Spurlock Page Two	MEAGER No.	Description	Cost Estimate (2004\$)	Date of Anticipated Expenditure	Comments
C	SP429	Spurlock Unit #4 Construction and Equipment	\$160,440,000	2006	
C	SP212	Scrubber - Unit #2:	\$173,000,000	2006 - 2008	\$82,000,000 in 2006; \$10,180,000 in 2007; \$80,820,000 in 2008
M	SP440	Replace 500 Ft. Steel Ash Line	\$70,000	2006	
C	SP412	Install Nash Air Removal Pump on Unit #1	\$503,000	2006	
C	SP413	Relocate Landfill Maintenance Building	\$250,000	2006	
M	SP416	Inspect/Overhaul Unit #1 Turbine Valves	\$325,000	2006	
C	SP441	Drill New Well	\$125,000	2006	
M	SP442	Replace 1/2 of Unit #2 Cooling Tower Hot Water Basin	\$900,000	2006	
C	SP443	Plant Conveyor Fire Protection	\$1,000,000	2006	
M	SP415	Replace Portion DMW's U#2 Boiler	\$1,000,000	2007	
C	SP226	Rebuild Cooling Tower - Unit #2	\$3,000,000	2007	
M	SP224	Major Overhaul - Unit #2	\$4,000,000	2007	
C	SP403	Install Coal Line Monitors Unit #1	\$258,000	2007	
C	SP429	Spurlock Unit #4 Construction and Equipment	\$123,600,000	2007	
C	SP263	Replace Dozer	\$600,000	2007	
M	SP444	Inspect/Overhaul Turbine Valves Unit #3	\$325,000	2008	
C	SP429	Spurlock Unit #4 Construction and Equipment	\$91,000,000	2008	
M	SP417	Inspect/Overhaul Unit #2 Turbine Valves	\$325,000	2008	
C	SP218	Retube Reboiler	\$350,000	2008	
M	SP418	Inspect/Overhaul Unit #1 Turbine Valves	\$325,000	2009	
C	SP430	Scrubber - Unit #1	\$105,000,000	2010	
M	SP445	Inspect/Overhaul Turbine Valves Unit #3	\$325,000	2011	
M	SP419	Inspect/Overhaul Unit #2 Turbine Valves	\$3,000,000	2011	
M	SP420	Inspect/Overhaul Unit #1 Turbine Valves	\$325,000	2012	

Spurlock							
Page Four							
Capital/ Maintenance	MEAGER No.	Description	Cost Estimate (2004\$)	Date of Anticipated Expenditure	Comments		
M	SP453	Inspect/Overhaul Unit #3 Turbine Valves	\$325,000	2023			
M	SP228	Turbine Overhaul - Unit #1	\$4,000,000	2024			
M	SP454	Inspect/Overhaul Turbine Valves Unit #1	\$325,000	2024			
Spurlock Total MEAGER Projects 2004-2024			\$975,270,500				

		Cooper				
Capital/ Maintenance	MEAGER No.	Description	Cost Estimate (2004\$)	Date of Anticipated Expenditure	<u>Comments</u>	
C	C217	Replace Submerged Drag Chain - Units #1 & #2	\$500,000	2004		
C	C210	Replace Bulldozer	\$900,000	2004		
C	C401	Replace Air Heat Baskets	\$1,000,000	2005		
M	C281	Turbine Valve Outage -- Unit #1	\$500,000	2005		
C	C217	Replace Submerged Drag Chain	\$500,000	2006		
C	C263	Replace Primary Superheat Panels -- Unit #2	\$2,000,000	2007		
M	C282	Turbine Valve Outage -- Unit #2	\$500,000	2008		
C	C217	Replace Submerged Drag Chain	\$500,000	2008		
C	C402	Condenser Tubes - Unit #1	\$1,000,000	2010		
M	C226	Replace Submerged Drag Chain - Units #1 & #2	\$500,000	2010		
C	C219	Rebuild Precipitators - Unit #1	\$6,000,000	2010		
M	C220	Major Overhaul - Unit #1	\$3,000,000	2010		
C	C221	Replace Primary Superheater - Unit #1	\$2,000,000	2010		
M	C251	High Energy Hanger & Piping Testing - Unit #1	\$250,000	2010		
C	C264	Replace Economizer -- Unit #1	\$2,500,000	2010		
M	C253	High Energy Hanger & Piping Testing-Unit #1	\$250,000	2010		
M	C256	Replace Reheat Panels - Unit #1	\$2,000,000	2010		
C	C405	Unit Two SCR and a Unit #1 & #2 Scrubber	\$125,000,000	2011		
C	C217	Replace Submerged Drag Chain 1&2	\$500,000	2012		
C	C265	Replace Primary Superheat Panels -- Unit #2	\$2,500,000	2013		
M	C222	Major Overhaul - Unit #2	\$3,200,000	2013		
M	C267	Replace Reheat Panels -- Unit #2	\$2,500,000	2013		
C	C269	Replace Economizer -- Unit #2	\$2,500,000	2013		
C	C403	Condenser Tubes - Unit #2	\$1,500,000	2013		
M	C253	High Energy Hanger & Piping Testing Unit #2	\$250,000	2013		

Cooper									
Page Two									
Capital/ Maintenance	MEAGER No.	Description	Estimate (2004\$)	Date of Anticipated Expenditure	Comments				
C	C217	Replace Submerged Drag Chain 1&2	\$500,000	2014					
C	C266	Replace Switchgear - Unit #2	\$1,000,000	2014					
C	C285	Turbine Valve Outage - Unit #1	\$500,000	2015					
M	C268	Replace Submerged Drag Chains - Units #1 & #2	\$500,000	2016					
C	C286	Turbine Valve Outage-Unit #2	\$500,000	2018					
M	C271	Replace Submerged Drag Chains - Units #1 & #2	\$500,000	2018					
C	C217	Replace Submerged Drag Chain - Units #1 & #2	\$500,000	2020					
M	C227	Major Overhaul - Unit #1	\$3,500,000	2020					
M	C253	High Energy Hanger & Piping Testing - Unit #1	\$250,000	2020					
M	C404	Replace Submerged Drag Chain - Units #1 & #2	\$500,000	2022					
M	C288	Turbine Valve Outage - Unit #2	\$500,000	2023					
M	C253	High Energy Hanger & Piping Testing Unit #2	\$250,000	2023					
M	C406	Major Overhaul - Unit #2	\$3,200,000	2023					
		Cooper Total MEAGER Projects 2004 - 2024	\$174,050,000						

		Dale					
				Cost	Date of		
Capital/ Maintenance	MEAGER No.	Description	Estimate (2004\$)	Anticipated Expenditure	Comments		
M	D214	Clean #4 Ash Pond	\$1,100,000	2004/2005			
M	D220	Major Overhaul - Unit #4	\$2,000,000	2005	Fall		
M	D224	Major Overhaul - Unit #3	\$2,000,000	2006	Fall		
C	D277	Upgrade Regeneration Tubes & Refractory #3	\$1,500,000	2006			
M	D262	Clean #2 Ash Pond	\$1,100,000	2006/2007			
M	D276	Acid Clean - Unit #3 Boiler	\$250,000	2007			
M	D257	Retube Condensers - Units #1 & 2	\$150,000	2007			
M	D282	Major Overhauls - Units #1 & #2	\$1,500,000	2008			
M	D278	Clean #4 Ash Pond	\$1,100,000	2008/2009			
M	D258	Retube Condenser - Unit #4	\$150,000	2008			
C	D281	J. K. Smith Landfill Development	\$1,000,000	2008			
M	D259	Retube Condenser - Unit #3	\$150,000	2009			
M	D279	Clean #2 Ash Pond	\$1,100,000	2010/2011			
M	D283	Clean #4 Ash Pond	\$1,100,000	2012/2013			
M	D284	Acid Clean - Unit #4 Boiler	\$200,000	2013			
M	D285	Clean #2 Ash Pond	\$1,100,000	2014/2015			
C	D221	Econ. & Pri. Superheater Upgrade - Unit #4	\$1,500,000	2014			
M	D286	Acid Clean - Unit #3	\$200,000	2015			
M	D228	Major Overhaul - Unit #4	\$2,000,000	2015			
M	D287	Clean #4 Ash Pond	\$1,100,000	2016/2017			
M	D229	Major Overhaul - Unit #3	\$2,000,000	2016			
M	D288	Clean #2 Ash Pond	\$1,100,000	2018/2019			

Dale					
Page Two					
Capital/ Maintenance	MEAGER No.	Description	Cost Estimate (2004\$)	Date of Anticipated Expenditure	Comments
M	D289	Major Overhauls - Units #1 & 2	\$1,500,000	2018	
M	D290	Clean #4 Ash Pond	\$1,100,000	2020/2021	
M	D291	Clean #2 Ash Pond	\$1,100,000	2022/2023	
M	D292	Clean #4 Ash Pond	\$1,100,000	2024/2025	
		Dale Total MEAGER Projects 2004 - 2024	\$28,200,000		

		Smith Station					
Capital/ Maintenance	MEAGER No.	Description	Cost Estimate (2004\$)	Date of Anticipated Expenditure	Comments		
C	SM265	Combustion Turbines #6 & #7	\$34,000,000	2004			
C	SM273	Smith Unit 1 Coal-Fired Unit	\$2,000,000	2004	Preliminary Engineering.		
C	SM265	Combustion Turbines #6 & #7	\$18,000,000	2005			
M	SM260	Units #4 Combustion Inspection	\$250,000	2005			
C	SM273	Smith Unit 1 Coal-Fired Unit	\$25,000,000	2005	Engineering and equipment.		
M	SM202	Unit #3 "C" Inspection	\$3,500,000	2005	Fall		
C	SM273	Smith Unit 1 Coal-Fired Unit	\$80,000,000	2006	Engineering, equipment, and construction.		
M	SM201	Unit #2 "C" Inspection	\$6,000,000	2006	Fall		
C	SM262	Controls System Upgrade	\$3,000,000	2006			
M	SM200	Unit #1 "C" Inspection	\$6,000,000	2006	Spring		
M	SM261	Unit #5 Combustion Inspection	\$250,000	2006			
C	SM274	Combustion Turbine #8 & #9	\$60,000,000	2006			
C	SM273	Smith Unit 1 Coal-Fired Unit	\$150,000,000	2007	Engineering, equipment, and construction.		
C	SM275	Combustion Turbine #10 & #11	\$60,000,000	2007			
C	SM273	Smith Unit 1 Coal-Fired Unit	\$100,000,000	2008	Engineering, equipment, and construction.		
C	SM276	Combustion Turbine #12 & #13	\$60,000,000	2008			
M	SM267	Unit #4 Hot Gas Path Inspection	\$800,000	2009			
C	SM273	Smith Unit 1 Coal-Fired Unit	\$10,000,000	2009	Completion of unit.		
M	SM268	Unit #5 Hot Gas Path Inspection	\$800,000	2010			
C	SM277	Combustion Turbines #14 & #15	\$60,000,000	2012	May not be built at Smith Station Site.		
M	SM269	Unit #4 Major Inspection	\$2,000,000	2013	At Smith Station.		
C	SM278	Smith Unit 2 Coal-Fired Unit	\$3,000,000	2013			
C	SM279	Combustion Turbine #16	\$30,000,000	2013	May not be built at Smith Station Site.		
M	SM270	Unit #5 Major Inspection	\$2,000,000	2014			
M	SM257	Unit #1 "C" Inspection	\$6,000,000	2014			
C	SM277	Smith Unit 2 Coal-Fired Unit	\$30,000,000	2014	At Smith Station.		

MEAGER YEARLY COST SUMMARY		PLANT	YEARLY
		YRLY COST	TOTALS
2004	SMITH CTS	\$36,000,000	
	DALE	\$1,100,000	
	COOPER	\$1,400,000	
	SPURLOCK	\$107,275,000	\$145,775,000
2005	SMITH CTS	\$46,750,000	
	DALE	\$2,000,000	
	COOPER	\$1,500,000	
	SPURLOCK	\$121,886,500	\$172,136,500
2006	SMITH CTS	\$155,250,000	
	DALE	\$4,600,000	
	COOPER	\$500,000	
	SPURLOCK	\$336,613,000	\$496,963,000
2007	SMITH CTS	\$210,000,000	
	DALE	\$400,000	
	COOPER	\$2,000,000	
	SPURLOCK	\$132,458,000	\$344,858,000

MEAGER YEARLY COST SUMMARY		PLANT	YEARLY
		YRLY COST	TOTALS
2008	SMITH CTS	\$160,000,000	
	DALE	\$3,750,000	
	COOPER	\$1,000,000	
	SPURLOCK	\$92,000,000	\$256,750,000
2009	SMITH CTS	\$10,800,000	
	DALE	\$150,000	
	COOPER	\$0	
	SPURLOCK	\$325,000	\$11,275,000
2010	SMITH CTS	\$800,000	
	DALE	\$1,100,000	
	COOPER	\$17,500,000	
	SPURLOCK	\$105,000,000	\$124,400,000
2011	SMITH CTS	\$0	
	DALE	\$0	
	COOPER	\$125,000,000	
	SPURLOCK	\$3,325,000	\$128,325,000

MEAGER YEARLY COST SUMMARY				PLANT	YEARLY
				<u>YRLY COST</u>	<u>TOTALS</u>
2012	SMITH CTS		\$60,000,000		
	DALE		\$1,100,000		
	COOPER		\$500,000		
	SPURLOCK		\$325,000		
					\$61,925,000
2013	SMITH CTS		\$35,000,000		
	DALE		\$200,000		
	COOPER		\$12,450,000		
	SPURLOCK		\$0		
					\$47,650,000
2014	SMITH CTS		\$68,000,000		
	DALE		\$2,600,000		
	COOPER		\$1,500,000		
	SPURLOCK		\$28,463,000		
					\$100,563,000
2015	SMITH CTS		\$116,000,000		
	DALE		\$2,200,000		
	COOPER		\$500,000		
	SPURLOCK		\$6,825,000		
					\$125,525,000

MEAGER YEARLY COST SUMMARY			
		PLANT YRLY COST	YEARLY TOTALS
2016	SMITH CTS	\$210,000,000	
	DALE	\$3,100,000	
	COOPER	\$500,000	
	SPURLOCK	\$0	\$213,600,000
2017	SMITH CTS	\$130,250,000	
	DALE	\$0	
	COOPER	\$0	
	SPURLOCK	\$34,250,000	\$164,500,000
2018	SMITH CTS	\$15,250,000	
	DALE	\$2,600,000	
	COOPER	\$1,000,000	
	SPURLOCK	\$575,000	\$19,425,000
2019	SMITH CTS	\$0	
	DALE	\$0	
	COOPER	\$0	
	SPURLOCK	\$0	\$0

MEAGER YEARLY COST SUMMARY			
		PLANT YRLY COST	YEARLY TOTALS
2020	SMITH CTS	\$30,000,000	
	DALE	\$1,100,000	
	COOPER	\$4,250,000	
	SPURLOCK	\$650,000	\$36,000,000
2021	SMITH CTS	\$60,000,000	
	DALE	\$0	
	COOPER	\$0	
	SPURLOCK	\$325,000	\$60,325,000
2022	SMITH CTS	\$30,000,000	
	DALE	\$1,100,000	
	COOPER	\$500,000	
	SPURLOCK	\$0	\$31,600,000
2023	SMITH CTS	\$30,000,000	
	DALE	\$0	
	COOPER	\$3,950,000	
	SPURLOCK	\$650,000	\$34,600,000

Production Manager- Reporting System

Generating Unit Performance Factors

Cooper Power Station Unit # 001

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	7,474	7,874	7	852	0.00	2	34.00	9	222.00	0.45 %	3.41 %	89.89 %	87.35 %	10,205	60.41 %	70.80 %	72.97 %
1986	8,760	6,596	6,648	11	1,783	0.00	6	329.00	17	254.00	4.75 %	8.42 %	75.89 %	72.99 %	9,963	51.48 %	68.37 %	71.11 %
1987	8,760	7,121	7,732	7	888	0.00	5	140.00	12	25.00	1.93 %	2.27 %	88.26 %	87.98 %	9,984	62.77 %	77.22 %	77.49 %
1988	8,784	6,007	6,203	6	2,572	0.00	2	9.00	8	185.00	0.15 %	0.15 %	70.62 %	65.50 %	9,960	50.70 %	74.14 %	76.51 %
1989	8,760	5,685	6,437	9	2,323	0.00	2	0.00	11	139.00	0.52 %	2.95 %	73.12 %	86.50 %	10,216	58.97 %	70.37 %	59.82 %
1990	8,760	7,285	7,604	10	1,068	0.00	9	88.00	19	92.18	1.19 %	2.44 %	86.80 %	85.75 %	10,181	52.54 %	63.18 %	63.99 %
1991	8,760	7,455	7,680	2	893	2.12	6	187.00	8	47.56	2.45 %	3.07 %	87.67 %	87.10 %	10,293	54.33 %	63.84 %	64.23 %
1992	8,784	7,196	7,838	7	875	0.00	6	71.00	13	22.64	0.98 %	1.29 %	89.23 %	88.97 %	10,206	54.43 %	66.44 %	66.65 %
1993	8,760	4,428	4,737	12	1,708	0.00	14	2314.00	26	32.74	34.32 %	34.81 %	54.08 %	53.70 %	10,202	37.13 %	73.46 %	74.01 %
1994	8,760	8,077	8,191	14	530	0.00	16	41.00	30	8.22	0.51 %	0.61 %	93.50 %	93.41 %	10,184	64.14 %	69.56 %	69.63 %
1995	8,760	7,790	7,894	4	660	0.00	10	205.00	15	25.25	2.56 %	2.88 %	90.11 %	89.82 %	9,958	54.58 %	61.38 %	61.38 %
1996	8,784	7,852	8,120	6	590	0.00	6	75.00	11	5.89	0.94 %	1.01 %	92.44 %	92.37 %	9,917	61.99 %	69.35 %	69.40 %
1997	8,760	7,680	7,680	4	822	0.00	11	257.00	15	27.39	3.24 %	3.58 %	87.67 %	87.36 %	10,100	60.67 %	69.20 %	69.45 %
1998	8,760	8,032	8,032	3	624	0.00	9	104.00	11	14.49	1.28 %	1.46 %	91.69 %	91.52 %	9,997	60.17 %	65.62 %	65.74 %
1999	8,760	8,014	8,014	4	674	0.00	6	72.00	10	22.90	0.89 %	1.17 %	91.49 %	91.22 %	10,139	64.91 %	70.95 %	74.15 %
2000	8,784	6,666	6,666	4	1,715	0.00	6	403.00	9	3.47	5.70 %	5.74 %	75.89 %	75.85 %	10,143	58.16 %	76.64 %	76.68 %
2001	8,760	8,185	8,185	3	519	0.00	5	56.00	8	17.57	0.68 %	0.90 %	93.43 %	93.23 %	10,047	68.57 %	73.39 %	73.55 %
2002	8,760	8,193	8,193	3	563	0.00	2	3.17	4	9.03	0.04 %	0.15 %	93.53 %	93.43 %	10,257	87.30 %	80.75 %	80.84 %
2003	8,760	8,047	8,047	7	597	0.00	7	115.70	11	801.85	1.32 %	11.24 %	91.86 %	81.76 %	10,236	85.17 %	75.74 %	83.38 %
2004	8,784	8,225	8,225	7	479	0.00	6	80.18	13	319.16	0.91 %	4.81 %	93.64 %	90.01 %	10,045	93.62 %	81.39 %	84.46 %
2005	8,760	7,601	7,601	3	562	0.00	14	596.37	16	13.40	7.27 %	7.44 %	86.77 %	86.62 %	10,100	87.47 %	74.22 %	74.33 %
2006	8,016	7,401	7,408	4	484	0.00	3	124.23	6	0.40	1.72 %	1.73 %	92.41 %	92.41 %	10,202	85.33 %	75.34 %	75.35 %

Production Management Reporting System
 Generating Unit Performance Factors

Cooper Power Station Unit # 002

Year	Possible Hours	Service Hours	Available Hours	Number Scheduled Outages	Sched. Maint. Outage Hours	Equiv. Planned Derated Hours	Number Forced Outages	Forced (Unplanned) Outage Hours	Number of Starts	Equivalent Unplanned Derated Hour	Forced Outage Rate	Equivalent Forced Outage Rate	Available Factor	Equivalent Available Factor	Net Average Heat Rate	Net Capacity Factor	Load Factor	Equivalent Load Factor
1985	8,760	6,385	6,445	7	2,206	0.00	5	109.00	12	68.00	1.68 %	2.73 %	73.57 %	72.80 %	10,301	53.86 %	73.90 %	74.69 %
1986	8,760	7,578	7,578	8	1,096	0.00	6	86.00	14	47.00	1.12 %	1.74 %	86.51 %	85.97 %	10,419	64.82 %	74.93 %	75.40 %
1987	8,760	7,553	7,554	6	1,114	36.00	4	92.00	10	63.00	1.20 %	2.03 %	86.23 %	85.10 %	10,329	65.66 %	76.15 %	77.16 %
1988	8,784	5,428	5,428	9	3,149	0.00	5	207.00	14	165.00	3.67 %	6.60 %	61.79 %	59.92 %	10,323	47.45 %	76.78 %	79.19 %
1989	8,760	7,341	8,236	6	398	0.00	6	126.00	12	45.00	1.68 %	2.29 %	87.00 %	86.50 %	10,216	58.97 %	70.37 %	70.70 %
1990	8,760	6,145	6,145	10	2,551	0.00	7	64.00	17	17.94	1.03 %	1.32 %	70.15 %	69.94 %	10,297	49.12 %	70.02 %	70.22 %
1991	8,760	7,501	7,511	7	1,102	0.00	4	147.00	11	16.66	1.92 %	2.14 %	85.74 %	85.55 %	10,249	64.15 %	74.92 %	75.08 %
1992	8,784	7,639	7,996	5	684	15.00	6	104.00	11	109.82	1.34 %	2.76 %	91.03 %	89.61 %	10,228	61.99 %	71.28 %	72.18 %
1993	8,760	7,119	9,119	4	1,382	0.00	6	259.00	10	53.29	3.54 %	4.23 %	81.27 %	80.66 %	10,083	67.71 %	83.32 %	83.95 %
1994	8,760	6,239	6,239	8	2,331	0.00	11	190.00	19	23.10	2.96 %	3.31 %	71.22 %	70.96 %	10,284	53.62 %	75.28 %	75.56 %
1995	8,760	8,008	8,022	4	573	1.00	15	165.00	19	124.62	2.02 %	3.54 %	91.58 %	90.15 %	10,201	61.94 %	67.75 %	68.82 %
1996	8,784	7,773	7,731	5	927	0.00	10	125.00	16	49.63	1.58 %	2.21 %	88.01 %	87.45 %	10,190	59.29 %	68.52 %	68.96 %
1997	8,760	7,092	7,092	8	1,228	0.00	9	440.00	18	6.22	5.84 %	5.92 %	80.96 %	80.89 %	10,158	57.63 %	71.19 %	71.25 %
1998	8,760	7,942	7,942	4	648	21.54	8	170.00	10	5.76	2.10 %	2.17 %	90.66 %	90.35 %	10,250	62.16 %	68.56 %	68.80 %
1999	8,760	7,929	7,929	6	702	0.00	10	129.00	16	11.07	1.60 %	1.74 %	90.51 %	90.38 %	10,124	65.26 %	72.10 %	72.21 %
2000	8,784	7,116	7,116	2	1,316	0.00	14	352.00	15	7.56	4.71 %	4.81 %	81.01 %	80.92 %	10,336	59.98 %	74.04 %	74.11 %
2001	8,760	8,072	8,072	3	535	0.00	9	153.00	12	88.46	1.87 %	2.94 %	92.14 %	91.13 %	10,209	73.08 %	79.31 %	79.31 %
2002	8,760	7,743	7,743	3	923	0.00	10	94.85	10	26.56	1.08 %	1.55 %	88.39 %	88.22 %	10,202	80.99 %	70.40 %	70.61 %
2003	8,760	6,689	6,689	8	1,809	0.00	12	240.08	18	1.16	2.74 %	3.48 %	76.36 %	76.32 %	10,145	80.03 %	59.51 %	59.51 %
2004	8,784	8,184	8,184	5	474	72.57	3	125.72	7	4.88	1.43 %	1.57 %	93.17 %	92.29 %	10,135	83.27 %	72.20 %	72.84 %
2005	8,760	8,019	8,019	3	591	0.00	14	167.73	16	100.35	1.83 %	3.06 %	91.55 %	90.40 %	10,151	75.66 %	66.64 %	67.41 %
2006	8,016	7,168	7,168	8	583	0.00	7	265.12	13	11.93	3.57 %	3.73 %	89.41 %	89.27 %	10,309	72.79 %	62.44 %	62.53 %

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SUPPLEMENTAL DATA REQUEST RESPONSE

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07

REQUEST 8

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Within three business days of receipt, provide a copy of any and all documents detailing RUS's final action on EKPC's depreciation study.

Response 8. As required by Commission Order in Case No. 2006-00236, EKPC provided the Commission, within 10 days of receipt, a faxed copy of the RUS approval of the new depreciation rates. A copy of the letter that RUS mailed EKPC is included on pages 2 and 3.



Dave Eames
PSC Request 8

Page 2 of 3
December 21, 2006

**United States Department of Agriculture
Rural Development**

Mr. Roy M. Palk
President and Chief Executive Officer
East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, Kentucky 40392-0707

Dear Mr. Palk:

We have reviewed the depreciation study for East Kentucky Power Cooperative, Inc., (East Kentucky) prepared by Gannett Fleming, Inc., completed based on all assets in service as of December 31, 2005. The study requests the Rural Utilities Service's (RUS) approval of depreciation rates as listed below. RUS approval is required since East Kentucky is setting depreciation rates that vary from those prescribed in RUS Bulletin 183-1, ***Depreciation Rates and Procedures***.

Based upon the information provided in the study and in response to your request, RUS hereby approves the utilization of the following depreciation rates.

	Account	Proposed Rates
	Production Plant	
311	Structures and Improvements	1.06%
312	Boiler Plant and Equipment	1.89%
314	Turbo generator Units	1.29%
315	Accessory Electric Equipment	1.28%
316	Miscellaneous Power Plant Equipment	0.99%
341	Structure and Improvements	2.20%
342	Fuel Holders, Producers and Accessories	2.18%
343	Prime Movers	2.33%
344	Generators	2.37%
345	Accessory Electric Equipment	2.22%
346	CT Common	1.50%
346	Green Valley LF	2.56%
346	Laurel Ridge LF	2.56%
346	Bavarian LF	2.56%
	Transmission Plant	
353	Station Equipment	1.79%
354	Towers and Fixtures	0.71%
355	Poles and Fixtures	1.56%
356	Overhead Conductors and Devices	1.49%
	Distribution Plant	
362	Station Equipment	3.42%
368	Line Transformers	1.80%

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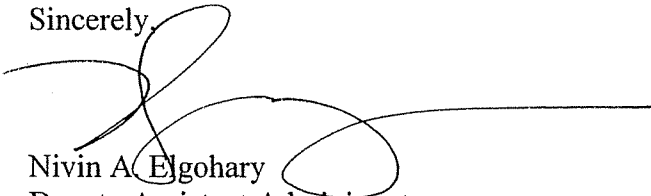
DEC 29 2006

Mr. Roy M. Palk

RUS' approval is granted for a 5-year period beginning January 1, 2006, and terminating December 31, 2010. If East Kentucky wishes to continue to utilize depreciation rates that fall outside of the RUS' prescribed ranges of rates beyond this 5-year period, a revised depreciation study updating this information must be submitted to RUS.

If you have any questions or if we can be of further assistance, please contact Mr. Victor T. Vu, Director, Power Supply Division, 1400 Independence Ave. SW, Stop 1568, Washington, D.C. 20250-1568.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nivin A. Elgohary', with a long horizontal flourish extending to the right.

Nivin A. Elgohary
Deputy Assistant Administrator
Rural Development - Utilities Programs
Electric Programs

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SUPPLEMENTAL DATA REQUEST RESPONSE

**COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 9**

RESPONSIBLE PERSON: Dale Henley

COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. Provide a status report on all pending matters involving the federal Environmental Protection Agency, the federal Department of Justice, or the Kentucky Department of Environmental Protection to which EKPC is a party.

Response 9. Regarding the New Source Review ("NSR") lawsuit filed in the United States Federal District Court at Lexington, and as earlier reported, this matter is effectively stayed pending a decision by the United States Supreme Court in the lawsuit styled United States v. Duke Energy. This case was argued on November 1, 2006, and a decision is expected later this year. Regarding a second lawsuit also filed in the United States Federal District Court at Lexington, as earlier reported, and which focuses on technical compliance issues at the Dale Station power plant associated with the Acid Rain Program and with provisions of the NOx State Implementation Plan, discovery is moving forward. Three EKPC employees gave depositions on January 18 and 19, 2007.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SUPPLEMENTAL DATA REQUEST RESPONSE

**COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 10**

RESPONSIBLE PERSON: Randy Dials

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. Reference is made to the planned deferrals of maintenance from calendar year 2007 to calendar year 2008 as stated at the informal conference held in this case on December 15, 2006. In detail, identify:

- a. Each and every facility where maintenance may be deferred.
- b. The approximate cost of the maintenance being deferred.
- c. Whether maintenance has ever been deferred at this facility before.
- d. The duration of the period wherein the facility is originally anticipated due to be offline due to the maintenance.
- e. The impact of the deferral on planned maintenance in future years.
- f. Whether the deferral will result in any reliability or safety issues.

Response 10. a. The activities planned for deferment are a major overhaul of the Unit 2 steam turbine at the Spurlock Power Station and a major inspection for Combustion Turbine (CT) Unit 3 of the Smith Power Station. The length of the deferral for Spurlock 2 is approximately six months, and one year for Smith 3. The scheduled maintenance interval for Spurlock 2 is ten years and twelve years for Smith 3.

b. The estimated costs are \$5,000,000 for Spurlock 2 and \$4,000,000 for Smith 3, with a total cost of \$9,000,000.

c. Spurlock unit 2 came on-line in 1981. There have been times when maintenance of Spurlock 2 has been deferred for periods of a few weeks to a few months. Smith CT 3 was started in 1995 and entered commercial operation in 1999. Maintenance has never been deferred on this unit.

d. The duration for Spurlock 2 is estimated to be eight weeks and eight weeks for Smith CT 3. The duration is not expected to increase due to the deferral.

e. After maintenance, the clock essentially resets to zero. Future maintenance intervals will be pushed back by the deferral period.

f. At this time there are no major issues. The operating condition of the equipment is continuously monitored and recorded. If unsafe conditions arise the equipment is shut down automatically. Tests of the protective systems are conducted on a regular basis, as recommended by the equipment manufacturer and in consultation with insurance issuers. If analysis shows it is not prudent to continue operation without maintenance a decision may be made for an early shut down.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SUPPLEMENTAL DATA REQUEST RESPONSE

**COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 11**

RESPONSIBLE PERSON: Randy Dials

COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. With regard to each maintenance project EKPC proposes to defer, state:

- a. Why the maintenance was originally scheduled.
- b. The reason for the previously proposed schedule.
- c. Why EKPC believes a deferral will not be prejudicial.

Response 11. a. Turbine manufacturers recommends periodic overhauls for steam turbines, and periodic inspections for CTs. EKPC schedules lengthy maintenance of other plant components at the same time to take advantage of the opportunity. As each plant has several generating units, all maintenance intervals are staggered due to labor considerations and to ensure adequate generation capacity. Major maintenance intervals are staggered on an annual basis for financial considerations.

b. EKPC has developed a maintenance schedule for steam turbines based on evaluations of previous maintenance cycles. Considerable effort has been expended to modify or replace plant components so that longer maintenance interval may be realized. Initially the steam turbine overhaul intervals were five years. The intervals were increased to seven years in the late 1980s. From the mid 1990s the intervals have been ten years. These intervals are believed to be the longest in the utility sector.

The schedule for CT maintenance is based on a formula that takes into account several factors, such as the number of starts and the hours of operation. The historical record of these events has been used to establish the maintenance schedule.

c. Regarding Spurlock 2, there is no indication that continued operation, in the short term, will be detrimental to the equipment. As noted above, the equipment is under constant scrutiny and should adverse conditions develop the unit may be shut down early for maintenance.

As far as Smith CT 3 is concerned, the actual operating conditions have not yet reached the requirement for a major inspection. An event in 2005 required opening of the turbine for inspection, which subsequently showed there were no areas of concern.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

SUPPLEMENTAL DATA REQUEST RESPONSE

**COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 1/3/07
REQUEST 12**

RESPONSIBLE PERSON: Dale Henley

COMPANY: East Kentucky Power Cooperative, Inc.

Request 12. Supplement your answers to any prior data requests issued by the Commission in this matter.

Response 12. Please see attached East Kentucky Power Cooperative, Inc., Board Minutes, Attachments A, B, and C, Monthly Reports, Attachment D and EKPC Business Plan documents, Attachment E.

November 3, 2006

Board of Directors
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

Notice is hereby given that the regular meeting of the **East Kentucky Power Cooperative, Inc.**, Board of Directors will be held on ***Tuesday, November 14, 2006***, at the **East Kentucky Power Cooperative, Inc. headquarters building, 4775 Lexington Road, Winchester, Kentucky 40391**, immediately following the three standing committee meetings (**beginning at 9:30 a.m. EST**), for purposes of considering and taking action on those matters shown on the agenda, to-wit:

A G E N D A

- I. CALL TO ORDER**
- II. INVOCATION**
- III. ROLL CALL**
- IV. ACTION ON PREVIOUS BOARD MINUTES**
- V. ADOPTION OF AGENDA**
- VI. REPORT OF OFFICERS**
- VII. BUSINESS MANAGEMENT PLAN**
- VIII. AUDIT COMMITTEE ITEMS**
 - William Shearer, Chairman
 - A. Board Action Requested:**
 - 1. Approval of Updated Authority Matrices for Energy, Transmission, and Electricity Options - LAMB
 - B. Information and Discussion Items:**

IX. OPERATIONS, SERVICES & SUPPORT COMMITTEE ITEMS

Donnie Crum, Chairman

A. Board Action Requested:

1. Request to Change December Board Meeting Date - PALK

B. Information and Discussion Items:

X. FUEL & POWER SUPPLY COMMITTEE ITEMS

Jimmy Longmire, Chairman

A. Board Action Requested:

1. Approval of Crouse Corporation's Barge Transportation Contract Amendment No. 3 for Spurlock Power Station - BORDES
2. Approval to Award Contract G6 to Yuba Heat Transfer to Furnish the Feedwater Heaters as Required for J.K. Smith Power Station Unit No. 1 - DIALS
3. Approval to Award Contract G11 to Thermal Engineering International to Furnish the Condenser as Required for J.K. Smith Power Station Unit No. 1 - DIALS
4. Approval of Amendment No. 1 to Contract G201 with Alstom Power, Inc., to Construct the Boiler Island and to Engineer, Purchase, and Construct the Pollution Control Equipment for the 278 MW Net Circulating Fluid Bed Boiler Unit for J.K. Smith Power Station Unit No. 1 - DIALS
5. Approval of Amendment No. 1 to Contract G300 with Stanley Consultants, Inc., for Additional Engineering Services for the 278 MW Net Circulating Fluid Bed Boiler at J.K. Smith Power Station Unit No. 1 - DIALS
6. Approval of Greenup Hydro Purchase - LAMB

B. Information and Discussion Items:

XI. POWER DELIVERY COMMITTEE ITEMS

Mike Adams, Chairman

A. Board Action Requested:

1. Approval of Sterling Substation and Tap Project, Flint Ink Substation and Tap Project, Sideview Substation Upgrade

Project, Fayette-Davis-Nicholasville Line Rebuild Project, Clay Lick Normally Open Interconnection Project, Bonds Mill-Clay Lick Junction-Van Arsdell Line Rebuild, and Amendment of EKPC Three Year Work Plan (November 2005-October 2008) - LAMB

2. Final Approval for Close-Out of Contract D15431A with Alcatel - MOODY
3. Approval to Sell Approximately 0.84 Acre of Real Estate in Clark County, Kentucky – TWITCHELL/GOODPASTER

B. Information and Discussion Items:

XII. MEMBER SYSTEM NEEDS

XIII. EKPC BUSINESS UNIT MONTHLY REPORTS

Coordinated Planning
Corporate Strategy & Technology Applications
Finance
Governmental Affairs
Human Resources and Support Services
Legal
Member Services
Power Delivery
Power Production

XIV. AGENDA ITEMS FOR NEXT AGENDA

XV. OTHER BUSINESS

XVI. ADJOURN

EAST KENTUCKY POWER COOPERATIVE, INC.



A. L. Rosenberger, Secretary
c: Alternate Directors

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
NOVEMBER 14, 2006**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday November 14, at 12:25 a.m. EST, pursuant to proper notice.

Chairman Wayne Stratton called the meeting to order. Carol Fraley gave the invocation. The minutes were kept under the supervision of Secretary A. L. Rosenberger. The secretary took the roll call with the following directors present:

Michael Adams	Licking Valley
Fred Brown	Jackson
Donnie Crum	Grayson
P. D. Depp	Taylor County
E. A. Gilbert	Blue Grass
Elbert Hampton	Cumberland Valley
Jim Jacobus, Alternate	Inter-County
Hope Kinman	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
A. L. Rosenberger	Nolin
Randy Sexton	Farmers
William Shearer	Clark Energy
Rick Stephens	South Kentucky
Wayne Stratton	Shelby
Lonnie Vice	Fleming-Mason

Also present were Gerald Hayes, Becky Goad, Joe Neely, Donna White, and Gary Dillard of Warren RECC; Debbie Martin of Shelby Energy; and Mike Norman of RUS.

BOARD MINUTES

On motion of P. D. Depp, seconded by Mike Adams, the minutes of the October 3, 2006, board meeting were approved.

ADOPTION OF AGENDA

The Agenda was adopted as mailed, with a revised page in the item pertaining to sale of property.

REPORT OF THE OFFICERS

Report of the President and Chief Executive Officer

President and CEO Roy Palk gave his report during the morning's Committee Meeting of the Whole while in Executive Session.

BUSINESS MANAGEMENT PLAN

Gary Crawford reviewed and fielded questions on the Business Management Plan as included in the Board book.

AUDIT COMMITTEE ACTION ITEMS

Updated Authority Matrices for ACES

After review of the applicable information, a motion was made by William Shearer and, there being no further discussion, passed to approve the following:

Whereas, From time to time, East Kentucky Power Cooperative, Inc. ("EKPC") must purchase energy, transmission, and electricity options in order to meet member loads;

Whereas, ACES Power Marketing ("APM") serves as EKPC's agent for these transactions and executes the trades for EKPC;

Whereas, In order to ensure that only prior approved trades are made, APM has requested an Authority Matrix designating levels of authority for persons requesting APM to execute certain trades; and

Whereas, EKPC wants to limit these authorities and ensure that proper controls exist to ensure that only authorized trades be made by APM;

Whereas, EKPC needs to update these Matrices on a routine basis to reflect current operating conditions and personnel responsibilities; and

Whereas, Management and the Audit Committee recommend this action; now, therefore, be it

Resolved, That the EKPC Board of Directors approves the attached updated Authority Matrices for energy, transmission, and electricity options.

AUDIT COMMITTEE INFORMATION ITEMS

Audit Committee Chairman, Bill Shearer, informed the Board that following a review of the Conflict of Interest Statements, there did not appear to be any conflicts of interest. None.

OPERATIONS, SERVICES AND SUPPORT ("OSS") COMMITTEE ACTION ITEMS

December Date Change

After review of the applicable information, a motion was made by Donnie Crum and, there being no further discussion, passed to approve the following:

Whereas, The regular December meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors (the "Board") is scheduled for December 12, 2006;

Whereas, Due to a conflict on the Chairman's calendar, the December meeting should be moved to December 5, 2006; and

Whereas, Inasmuch as the Board has no objection to changing the meeting date for December, it is appropriate to reschedule the monthly meeting; now, therefore, be it

Resolved, That the December 2006 Board meeting date be changed to December 5, 2006, in accordance with the Chairman's request.

OSS COMMITTEE INFORMATION ITEMS

Economic Development Loan Fund Program - OSS Committee Chairman Donnie Crum said the Committee heard from Gary Crawford who briefly reviewed the Economic Development Loan Fund Program.

EKPC Budget Material – David Eames reported that this material will be posted on the extranet where the Board Book material is posted each month. An e-mail will be sent when this material is available.

FUEL AND POWER SUPPLY ("F&PS") COMMITTEE ACTION ITEMS

Amendment No. 3-Barge Transportation Contract w/Crouse Corp.-Spurlock Power Station

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) has a contract with Crouse Corporation (“Crouse”) for barge transportation to Spurlock Power Station that expires on January 31, 2007, if a price reopener agreement is not reached;

Whereas, Crouse provided EKPC with notice on July 6, 2006, of the necessity to increase the current barge rates in order for the contract to continue;

Whereas, Operating costs for barging companies have increased dramatically over the past two years while barging capacity along with barging companies has decreased;

Whereas, Management, after a verbal survey of rates and capabilities of the other barge lines, entered into negotiations with Crouse to arrive at the best rates and contract terms for EPKC;

Whereas, The recommended contract amendment will enable EKPC to generate power for the lowest cost possible for its Member Systems and supports EKPC’s key measures for reliable and competitive energy costs; and

Whereas, EKPC management and the Fuel and Power Supply Committee, having carefully reviewed the proposed contract amendment and supporting information, find them reasonable and recommend approval of the contract Amendment No. 3 with Crouse for a four-year period with a four-year reopener; now, therefore, be it

Resolved, That the EKPC Board of Directors hereby approves Amendment No. 3 to the Crouse contract for barge transportation to Spurlock Power Station under the terms and conditions noted in the Executive Summary, and the President and Chief Executive Officer, or his designee, is hereby authorized to execute said contract amendment.

Award Contract G6 to Yuba Heat Transfer for Feedwater Heaters—Construction & Financing—Smith Power Station Unit No. 1

After amendment and further debate, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, On November 9, 2004, the East Kentucky Power Cooperative, Inc.’s (“EKPC”) Board of Directors (“Board”) approved the construction of a circulating fluidized bed base-load unit of 278 MW (net) at J.K. Smith Power Station (“Smith CFB Unit No. 1”);

Whereas, At the December 2004 EKPC Board Meeting, authorization was given to negotiate with the Gilbert Unit contractors in an attempt to obtain a reasonable price for equipment or construction for Smith CFB Unit No. 1;

Whereas, On March 30, 2006, a request for proposal was sent to Yuba Heat Transfer (“Yuba”) to provide a price for the feedwater heaters for Smith CFB Unit No. 1, as they were the lowest bidder for this equipment for the Gilbert Unit;

Whereas, A proposal was received on May 1, 2006, revised proposal on September 11, 2006, and a negotiating meeting was held on September 13th, with representatives from Yuba, EKPC, Stanley Consultants, Inc., and Mr. Gilbert of the EKPC Contracting Subcommittee attending;

Whereas, Yuba demonstrated that its manufacturing cost increased by 31 percent over the last year; the increase in manufacturing cost was due to the escalation in raw materials and labor cost;

Whereas, Yuba’s overhead and profit margins increased by 7 percent due to market conditions;

Whereas, An informal request for an estimate was made to another supplier of feedwater heaters to compare to the Yuba’s proposal, and this cost was approximately \$600,000 higher;

Whereas, Yuba’s estimated price for this equipment is \$1,639,247 for the feedwater heaters for Smith CFB Unit No. 1, with the engineer’s estimate at \$2,100,000;

Whereas, It is recommended that Yuba be given a letter of intent for this equipment;

Whereas, This equipment is included in the 2006 Budget and Work Plan; and

Whereas, The purchase of this equipment supports corporate objectives 2.0 and 3.0 to strategically manage costs and optimize use of assets; now, therefore, be it

Resolved, That the EKPC Board hereby approves the award Contract G6 to Yuba for \$1,639,247 to provide the feedwater heaters for Smith CFB Unit No. 1, and hereby authorizes the President and Chief Executive Officer, or his designee, to execute all necessary documents for the award of these contracts, subject to justification by staff based upon ongoing developments and to report staff’s decision at the December 2006 Board meeting; and

Resolved, That approval is given for use of general funds for this contract, subject to reimbursement from loan funds, when and if such funds become available.

Award Contract G11 to Thermal Engineering Int. for Condenser—Construction & Financing—Smith Power Station Unit No. 1

After amendment and further debate, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following, with Board member Wade May requesting that his dissenting vote be recorded:

Whereas, On November 9, 2004, the East Kentucky Power Cooperative, Inc.'s ("EKPC") Board of Directors ("Board") approved the construction of a circulating fluidized bed base-load unit of 278 MW (net) at J.K. Smith Power Station ("Smith CFB Unit No. 1");

Whereas, At the December 2004 EKPC Board Meeting, authorization was given to negotiate with the Gilbert Unit contractors in an attempt to obtain a reasonable price for equipment or construction for Smith CFB Unit No. 1;

Whereas, On March 31, 2006, a request for proposal was sent to Thermal Engineering International ("TEI") to provide a price for the condenser for Smith CFB Unit No. 1, as they were the lowest bidder for this equipment for the Gilbert Unit;

Whereas, A proposal was received on April 28, 2006, revised proposal on October 16th, and a negotiating meeting was held on October 18th, with representatives from TEI, EKPC, Stanley Consultants, Inc., and Mr. Gilbert of the EKPC Contracting Subcommittee attending;

Whereas, TEI demonstrated that its manufacturing cost increased by 16 percent over the last year. The carbon steel plate increased by 5 percent, stainless steel tubing by 22 percent, tube sheet by 13 percent, and labor by 3.8 percent;

Whereas, This price includes \$47,700 for a change in design for a turbine bypass connection;

Whereas, The price quoted by TEI for the condenser for Smith CFB Unit No. 1 is \$2,661,835, with the engineer's estimate at \$2,465,715;

Whereas, It is recommended that TEI be given a letter of intent for this equipment;

Whereas, This equipment is included in the 2006 Budget and Work Plan; and

Whereas, The purchase of this equipment supports corporate objectives 2.0 and 3.0 to strategically manage costs and optimize use of assets; now, therefore, be it

Resolved, That the EKPC Board hereby approves the award of Contract G11 to TEI for \$2,661,835 to provide the condenser for Smith CFB Unit No. 1, and hereby authorizes the President and Chief Executive Officer, or his designee, to execute all necessary documents

for the award of these contracts, subject to justification by staff based upon ongoing developments and to report staff's decision at the December 2006 Board meeting; and

Resolved, That approval is given for use of general funds for this contract, subject to reimbursement from loan funds, when and if such funds become available.

Amendment No. 1 to Contract G201 w/Alstom Power, Inc. for Boiler Island and Pollution Control Equipment—Smith Power Station Unit No. 1

After amendment and further debate, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following, with Board member Wade May requesting that his dissenting vote be recorded:

Whereas, At the November 9, 2004, East Kentucky Power Cooperative, Inc.'s ("EKPC") Board of Directors ("Board") approved the construction of a circulating fluidized bed base-load unit of 278 MW (net) at J.K. Smith Power Station ("Smith CFB Unit No. 1");

Whereas, The commercial operation date for this unit is anticipated to be the summer of 2010;

Whereas, Circulating Fluid Bed ("CFB") boiler technology has been chosen for the Smith CFB Unit No. 1 as it was for the Gilbert Unit and Spurlock Unit No. 4;

Whereas, CFB technology offers the lowest capital cost, lowest operations and maintenance cost, lowest emissions, and greatest fuel flexibility as compared to a 300 MW class pulverized coal unit;

Whereas, The Smith CFB Unit No. 1 will have to meet a 99 percent removal efficiency of SO₂ as compared to the 98 percent removal efficiency required for the Gilbert Unit and Spurlock Unit No. 4;

Whereas, This is a requirement in obtaining the air permit for Smith CFB Unit No. 1;

Whereas, This new requirement will result in a different type of SO₂ scrubber on the backend of the boiler;

Whereas, The pollution control equipment includes a spray drier absorber ("SDA"), lime handling system, fly ash recycling system, and baghouse;

Whereas, There are very few manufacturers of this type of SDA and Alstom Power, Inc., ("Alstom") has by far the most experience, has proposed a reasonable price, and can meet the required schedule;

Whereas, Alstom will also provide a single-point guarantee for the required SO2 emission rater;

Whereas, It is in best interest of EKPC to waive competitive bidding procedures, subject to the approval of Rural Utilities Service, and choose Alstom to engineer, purchase, and install this equipment;

Whereas, In order to strategically manage costs and optimize the use of assets, careful planning must take place to ensure that the generating units of EKPC have sufficient power supply for our Members Systems in the future;

Whereas, This project is in the 2006 Budget and Work Plan and the latest Three-Year Construction Work Plan; and

Whereas, The Fuel and Power Supply Committee and EKPC management recommend the approval of Amendment No. 1 to the contract for an estimated cost of \$127,268,916; now, therefore, be it;

Resolved, That the EKPC Board hereby approves the approval of Amendment No. 1 to Contract G201 with Alstom to engineer, purchase, and construct the SDA and baghouse, and to construct the boiler island material and equipment for Smith CFB Unit No. 1 for an estimated cost of \$127,268,916, and hereby authorizes the President and Chief Executive Officer, or his designee, to execute the necessary documents to approved Amendment No. 1, subject to justification by staff based upon ongoing developments and to report staff's decision at the December 2006 Board meeting; and

Resolved, That approval is given for use of general funds for this contract, subject to reimbursement from loan funds, when and if such funds become available.

Amendment No. 1 to Contract G300 w/Stanley Consultants, Inc. for Additional Engineering Services—Smith Power Station Unit No. 1

After review and extensive discussion of the applicable information, a motion was made by Jimmy Longmire, with the same stipulation that this item be approved subject to Staff's study of recent developments and Staff's justification, seconded by P. D. Depp and passed, with Board member Wade May requesting that his dissenting vote be recorded, to approve the following:

Whereas, On November 9, 2004, East Kentucky Power Cooperative, Inc.'s ("EKPC") Board of Directors ("Board") approved the construction of a circulating fluidized bed base-load unit of 278 MW (net) at J.K. Smith Power Station ("Smith CFB Unit No. 1");

Whereas, On November 9, 2004, the EKPC Board approved Contract G300 with Stanley Consultants, Inc., ("Stanley") for \$19,809,000 to provide engineering services required to

develop a design outline, plans and specifications, and assist with construction management required to construct Smith CFB Unit No. 1 and EKPC's permitting tasks;

Whereas, The commercial operation date for this unit is anticipated to be the summer of 2010;

Whereas, Circulating Fluid Bed ("CFB") boiler technology has been chosen for the Smith CFB Unit No. 1 as it was for the Gilbert Unit and Spurlock Unit No. 4;

Whereas, CFB technology offers the lowest capital cost, lowest operations and maintenance cost, lowest emissions, and greatest fuel flexibility as compared to a 300 MW class pulverized coal unit;

Whereas, The Smith CFB Unit No. 1 was based on the design being substantially the same as Spurlock Unit No. 4;

Whereas, The project has progressed and several significant modifications have occurred, due to stricter permitting requirements, which has resulted in changes to the basic design of the unit;

Whereas, The Smith CFB Unit No. 1 will have to meet a 99 percent removal efficiency of SO₂ as compared to the 98 percent removal efficiency required for the Gilbert Unit and Spurlock Unit No. 4;

Whereas, This is a requirement in obtaining the air permit for Smith CFB Unit No. 1;

Whereas, Stanley is providing the design for the electrical power and duct bank system from the expanded 69 kV substation to the plant and EKPC's construction power;

Whereas, In order to strategically manage costs and optimize the use of assets, careful planning must take place to ensure that the generating units of EKPC have sufficient power supply for our Members Systems in the future;

Whereas, This project is in the 2006 Budget and Work Plan and the latest Three-Year Construction Work Plan; and

Whereas, The Fuel and Power Supply Committee and EKPC management recommend the approval of Amendment No. 1 to the contract for an estimated cost of \$2,035,000; now, therefore, be it

Resolved, That the EKPC Board hereby approves Amendment No. 1 to Contract G300 with Stanley due to significant modifications that have occurred due to stricter permitting requirements, and providing the design for the electrical power and duct bank system from the expanded 69 kV substation to the plant and EKPC's construction power for the Smith

CFB Unit No. 1 for an estimated cost of \$2,035,000, and hereby authorizes the President and Chief Executive Officer, or his designee, to execute the necessary documents to award Amendment No. 1, subject to justification by staff based upon ongoing developments and to report staff's decision at the December 2006 Board meeting; and

Resolved, That approval is given for use of general funds for this contract, subject to reimbursement from loan funds, when and if such funds become available.

Greenup Hydro Plant Energy Purchase—January 1, 2007, - December 31, 2010

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. ("EKPC") needs additional electric generation resources during the next four years;

Whereas, The Greenup hydro plant is currently dispatched into the EKPC control area and, as such, provides operating benefits to the EKPC system;

Whereas, EKPC has routinely purchased the output of the Greenup hydro plant for several years;

Whereas, The purchase price for the energy, \$56.00/MWh, is reflective of the expected forward market prices at the Cinergy hub; and

Whereas, Management and the Fuel and Power Supply Committee recommend this action; now, therefore, be it

Resolved, That the EKPC Board of Directors hereby approves the purchase of the Greenup hydro plant energy for \$56.00/MWh from January 1, 2007, through December 31, 2010, and authorizes the EKPC President and Chief Executive Officer or his designee to execute all documents required to complete the purchase.

F&PS COMMITTEE INFORMATION ITEMS

No F&PS Committee information items were brought before the Board

POWER DELIVERY ("PD") COMMITTEE ACTION ITEMS

Transmission Projects—Construction & Financing

After review of the applicable information, a motion was made by Mike Adams and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") engineering studies have confirmed the necessity and advisability of the following projects included in the November 2006 Amendment to the EKPC Rural Utilities Service ("RUS") approved Three-Year Work Plan (November 2005-October 2008):

Sterling 12/16/20MVA, 138-12.5 kV Substation	\$1,000,000
Sterling 0.8 Mile, 138 kV Tap Line	\$268,000
Flint Ink 11.2/14 MVA, 69-12.5 kV Substation	\$598,000
Flint Ink 0.3 Mile, 69 kV Tap Line	\$82,000
Sideview 11.2/14 MVA, 69-25 kV Substation Upgrade	\$684,000
Sideview 69 kV Tap Line Modifications	\$50,000
Fayette – Davis 69 kV Line Rebuild	\$792,000
Davis – Nicholasville 69 kV Line Rebuild	\$1,006,000
Clay Lick 69 kV Normally Open Interconnection with KU	\$75,000
Bonds Mill – Clay Lick Junction 69 kV Line Rebuild	\$652,000
Clay Lick – Van Arsdell 69 kV Line Rebuild	\$594,000;

Whereas, Review by the Power Delivery ("PD") Committee and approval of the EKPC Board of Directors ("Board") is required for the construction and financing of these projects pursuant to Board Policies No. 103 and 106;

Whereas, The current EKPC Three-Year Work Plan (November 2005-October 2008) dated November 2005, has been submitted to RUS for approval, which requires that any amendment thereto be approved by the Board and;

Whereas, EKPC management and the PD Committee recommend that the Board amend the current EKPC RUS approved Three Year Work Plan and approve construction of these projects, the acquisition of all real property and easement rights, by condemnation if necessary, and the obtaining of permits and approvals necessary and desirable for these projects and include the financing of these projects with general funds, subject to reimbursement from construction loan funds should they become available and the Board will act upon said recommendation this date; and

Whereas, This recommendation supports the delivery of facilities at a competitive cost, on time, and of good quality; now, therefore, be it

Resolved, That EKPC management is authorized to amend the current EKPC RUS approved Three-Year Work Plan to include the above projects summarized in more detail in the attached Executive Summary;

Resolved, That approval is hereby given for construction of said projects included in the November 14, 2006 Amendment to the EKPC Three-Year Work Plan (November 2005-October 2008), at an estimated total cost of \$5,801,000 and for the acquisition of all real

property and easement rights, by condemnation if necessary, as well as all necessary permits and approvals for these projects; and

Resolved, That approval is hereby given to amend the EKPC Annual Budget and Work Plan to include the projects and to finance them with general funds, subject to reimbursement from construction loan funds should they become available.

Close-out of Contract D15431A w/Alcatel USA for Digital Microwave Radio System.

After review of the applicable information, a motion was made by Mike Adams and, there being no further discussion, passed to approve the following:

Whereas, the East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors ("Board"), at its September 12, 2000 meeting, authorized the award of a contract with Alcatel for a digital microwave radio system;

Whereas, this project was awarded to Alcatel USA under Contract D15431A for a price of \$ 5,342,456 fixed cost plus approximately \$ 1,822,400 variable cost;

Whereas, following terrorist attacks on the United States, EKPC's telecom network topology had to be redesigned to place all three communications rings in the new Backup Control Center, increasing contract cost;

Whereas, upscales for new towers, tower modifications, and site development added 3 purchase orders to the contract and brought the total contract cost to \$ 9,145,253.70;

Whereas, EKPC has paid \$ 8,275,732.00 so far under this contract;

Whereas, radio software, hardware and path problems prevented EKPC from accepting the system for several years;

Whereas, the remaining balance on the contract is \$ 869,521.70 (the sum of invoiced retainage, unbilled retainage, and contested invoices);

Whereas, Alcatel completed this project and eventually solved all equipment and path problems to satisfy the requirements of the contract;

Whereas, Alcatel has offered to settle this contract with a payment by EKPC of \$ 413,223.72, which satisfies outstanding issues under the contract;

Whereas, EKPC's management and the Power Delivery Committee recommends close-out of this contract for the amount of \$ 8,688,955.72 by making a final payment to Alcatel of \$ 413,223.72; and

Whereas, this recommendation supports the delivery of good-quality facilities at a competitive cost, and it supports key measures Competitive Energy, Reliable Energy, and Member Services by completing a company-wide telecommunications system; now, therefore, be it

Resolved, that EKPC's Power Delivery Committee and Board of Directors approves the close-out of Contract D15431A for the sum of \$ 8,688,955.72 and authorizes the President and Chief Executive Officer or his designee, to make final payment of \$413,223.72 to Alcatel and to execute all documents necessary to close-out this contract.

Sale of Real Estate in Clark County, Kentucky

After review of the applicable information, a motion was made by Michael Adams and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. ("EKPC") is the record owner of approximately 0.84 acres, located in Clark County, Kentucky, which is subject to the Rural Utilities Service ("RUS") blanket mortgage. The property was purchased in early 2006 in accordance with the Uniform Relocation Act for the purpose of constructing the Smith - North Clark 345 kV/138kV Transmission Line;

Whereas, EKPC is now constructing the needed line and the existing improvements and appurtenances have been sold and part have been removed from the property;

Whereas, an appropriately expanded and restated easement has been recorded on both the tract to be conveyed and the adjacent tract;

Whereas, The conveyance of this property to an adjacent property owner as partial compensation for an amended and expanded easement will have no impact on present or future operations of EKPC;

Whereas, It is the opinion of management that the value in trade represents an acceptable approximation of the fair market value of the raw property after the transmission line construction; and

Whereas, EKPC Management and the Power Delivery Committee recommend that said property be conveyed to Taylor and Dorothy Reffett as partial compensation for an expanded and restated easement on their adjacent property; now, therefore, be it

Resolved, That the EKPC Board hereby approves the conveyance of approximately 0.84 acres at 295 White-Turley Road in Clark County, Kentucky to Taylor and Dorothy Reffett in trade for an expanded and restated easement on their adjacent property. The President and Chief Executive Officer of EKPC, or his designee, shall have the authority to execute any and all documents or take other steps as necessary to consummate this conveyance; and

Resolved, That EKPC will secure a release for the subject property from the RUS blanket mortgage.

PD COMMITTEE INFORMATION ITEMS

PD Committee Chairman, Mike Adams, noted that the committee heard updates on the following:

- Construction in Progress report, and
- Electric Reliability organization.

MEMBER SYSTEM NEEDS

No member system needs were brought before the Board.

EKPC DIVISION MONTHLY REPORTS

Chairman Stratton noted the monthly reports as included in the Board books.

AGENDA ITEMS FOR NEXT AGENDA

No agenda items for the next agenda were brought before the Board.

OTHER BUSINESS

Hotel Contract

A memo will soon be sent to Board members regarding the 2007 hotel contract.

Board Expenses and Travel


Board Chairman Stratton noted that Board Directors currently have the opportunity to attend, at EKPC expense, the NRECA Directors Conference, EKPC Energy Management Conference, and CFC Annual Forum (as stated in Board Policy No. 115). Mr. Stratton suggested that, for the short term and in order to help cut costs, Directors attend only one of these events. Gary Crawford noted that the Energy Management Conference will be held in alternating years and will not be held in 2007.

Discussion on Rate Increase and Budget -

There being no objection, Mr. Stratton noted that the date set for discussion on the rate increase and budget, as suggested during the Committee of the Whole meeting while

reviewing these topics, will be held Monday, December 4, beginning at 9:30 a.m. in the Board room.

No other business was brought before the Board.


A. L. Rosenberger, Secretary

Approved:



R. Wayne Stratton
Chairman of the Board

Date: 

EKPC Board Minutes for 11/14/2006

Attachment A, Page 1 of 3

CONFIDENTIAL

East Kentucky Power Cooperative
 Electric Energy and Related Transmission
 Trading Authority Matrix and Policy
 Effective 11/14/2006

Title	Product	Per Transaction Limits (up to)			Per Trading Day Limits (up to)		
		Term	MW Size	\$/MWh	Total MWh's	Total \$	
EKPC Board of Directors	Electric Energy, Related Transmission and Electric Options	No Limit	No Max.	No Max.			
EKPC CEO with recommendation from Portfolio Management Committee		Hourly	No Max.	No Max.	No Max.	\$50 million	
		Daily	No Max.	No Max.	No Max.	\$50 million	
		"	Weekly	No Max.	No Max.	No Max.	\$50 million
		"	Monthly / Seasonal - Up To 9 Months	1000 MW	\$150	400,000	\$20 million
		"	1 Year	400 MW	\$100	3,504,000	\$50 million
Portfolio Management Committee	"	Hourly	No Max.	No Max.	No Max.	\$25 million	
	"	Daily	No Max.	No Max.	No Max.	\$25 million	
	"	Weekly	1200 MW	\$400	96,000	\$25 million	
	"	Monthly / Seasonal - Up To 9 Months	500 MW	\$150	200,000	\$10 million	
VP - Coordinated Planning	"	Hourly	1000 MW	No Max.	25,000	\$10 million	
	"	Daily	1000 MW	\$400	35,000	\$10 million	
	"	Weekly	1000 MW	\$300	80,000	\$10 million	
	"	Monthly / Seasonal - Up To 6 Months	300 MW	\$150	100,000	\$5 million	
Mid-Term Planning Supervisor	"	Monthly / Seasonal - Up To 3 Months	100 MW	\$100	50,000	\$2 million	
Generation Dispatch Supervisor	"	Hourly	800 MW	\$250	24,000	\$1 million	
	"	Daily	750 MW	\$150	24,000	\$1 million	
	"	Weekly	300 MW	\$100	24,000	\$1 million	
System Operator	"	Emergency Hourly	No Max.	No Max.	No Max.	No Max.	
	"	Hourly	500 MW	\$200	12,000	\$500,000	

Portfolio Management Committee consists of: VP - Finance; VP - Production; VP - Coordinated Planning Manager - Finance; Generation Dispatch Supervisor; Mid-Term Planning Supervisor

Note: Transactions to be completed with input and consultation from ACES Power Marketing.

CONFIDENTIAL

**East Kentucky Power Cooperative, Inc.
 Transmission Authority Matrix
 Limits Per Transaction
 Effective 11/14/2006**

Title	Product	Quantity MW/Month	Price \$/kW/Mo	Total Dollars
Board of Directors	Transmission \$/kW/M	Unlimited	Unlimited	Unlimited
F&PS Committee	Transmission \$/kW/M	1,000 MW <= 3 years	\$7.50	\$50,000,000
President and CEO	Transmission \$/kW/M	750 MW <= 3 years	\$5.00	\$25,000,000
VP - Coordinated Planning	Transmission \$/kW/M	500 MW <= 1 year	\$4.00	\$15,000,000
Mid-Term Planning Supervisor	Transmission \$/kW/M	300 MW <= 3 months	\$4.50	\$1,250,000
Generation Dispatch Supervisor	Transmission \$/kW/M	500 MW <= 3 months	\$4.50	\$2,500,000
Generation Dispatch Supervisor	Transmission \$/kW/M	300 MW <= 1 month	\$4.00	\$500,000

Note: Transactions to be completed with input and consultation from ACES Power Marketing.

CONFIDENTIAL**East Kentucky Power Cooperative, Inc.
Electricity Options Authority Matrix
Limits Per Transaction
Effective 11/14/2006**

Title	Product	Quantity MW/Month	Price \$/MWh	Total Dollars
Board of Directors	Electricity Options	Unlimited	Unlimited	Unlimited
F&PS Committee	Electricity Options	800 MW <= 3 years	\$15.00	\$50,000,000
President and CEO	Electricity Options	500 MW <= 3 years	\$10.00	\$20,000,000
VP - Finance & Manager - Finance	Electricity Options	300 MW <= 1 year	\$5.00	\$5,000,000

Board Agenda Item

NOVEMBER

TO: Fuel and Power Supply Committee and Board of Directors

FROM: Roy M. Palk *Roy M. Palk*

DATE: November 3, 2006

SUBJECT: Approval of Crouse Corporation's Barge Transportation Contract Amendment No. 3—Spurlock Power Station (Executive Summary)

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

Background

East Kentucky Power Cooperative, Inc.'s ("EKPC") current barge transportation contract for Spurlock Power Station with Crouse Corporation ("Crouse") is due to expire January 31, 2007. The term of the contract would extend an additional five years unless either party provides notice of its intent to cancel the agreement by July 31, 2006. On July 6, 2006, Crouse provided notice that they wished to enter negotiations with EKPC due to increasing transportation costs. Pursuant to an agreement of both parties, the deadline for these negotiations was extended through December 31, 2006, to allow ample time for negotiations.

Barging rates have increased dramatically over the past two years due to increased fuel costs, labor costs, governmental regulations, and barge availability. Buyouts and mergers have reduced the number of barge lines providing services to the Spurlock Power Station area to four. Crouse continues to far exceed its competition in service, reliability, and equipment condition from both a shipper's and receiver's perspective.

Management solicited verbal proposals from the three other barging companies that were felt to have the capabilities to meet EKPC's river transportation needs. Each of the companies surveyed had limitations that curtailed their abilities to provide EKPC with the service that Crouse provides. Ingram Barge Lines ("Ingram") had no available capacity for coal moves to Spurlock Power Station from the west for 2007 and 2008 and could not guarantee capacity in the following years. EKPC has a two-year order beginning in 2007 for 240,000 tons per year to come from the west. Also, scrubber coal that will begin in 2008 could come from the west. Memco Barge Line is owned by AEP and, therefore, caters to AEP during times of limited barge availabilities. American Commercial Barge Line ("ACBL") has just recently emerged from Bankruptcy and has a very limited fleet of open-hopper barges, which is required by Spurlock Power Station.

Board Agenda Item

NOVEMBER

Crouse's original proposed rates for the new contract period beginning February 1, 2007, showed an average increase of 64 percent over the current contract. After further negotiations this increase was reduced to 44 percent. Management also negotiated that the new rate increase be phased in over a four-year period.

Consol Energy Sales Company ("Consol") recently purchased Mon River Towing and will only transport coal purchased from Consol. Consol's rate from their Shoemaker Mine is \$7.84/ton and \$7.66/ton from their McElroy Mine. Crouse's rate from either of these locations is \$5.05/ton. Ingram's rate from these two pools is \$6.52/ton and \$5.52/ton, respectively. Ingram's rate from the Big Sandy is \$3.02/ton compared to Crouse's \$2.85/ton. Ingram did offer a rate from the Marmet pool on the Kanawha River that was less than Crouse's—\$4.82/ton compared to \$5.04/ton. However, management does not project very much tonnage coming from this area after 2007. All rates listed above are subject to very similar quarterly escalations.

This contract shall continue for eight years with a mutual option for rate adjustments after four years. The new contract amendment will allow EKPC three days per barge for unloading as opposed to 12 hours under the current agreement. Also, included in the new agreement will be a 24-hour harbor boat service and security. This will allow EKPC the option to unload coal around the clock if needed. EKPC will have minimum tonnage requirements of 2 million tons per year for 2007 and 2008 and 2.8 million tons for 2009 and 2010.

The contract amendment will adjust the current rates that are in effect on February 1, 2007, to new adjusted rates that will use the base rate schedule below plus escalation from the third quarter 1996 through January 31, 2007. The base months for the index calculation and fuel escalation will remain the same. The expiration date of the contract will be extended from January 31, 2012, to January 31, 2015, and will include a four-year contract extension option based upon a mutual price reopener.

The base rates per tons for barging to Spurlock Power Station from the following origins and the associated rates on August 1, 2006, based on escalations to date are:

Origins	2/1/07—1/31/08	2/1/08—1/31/09	2/1/09 Through Contract Expiration	Escalated Rate 8/1/06
Ohio m0-31.7	\$4.92	\$5.33	\$5.72	\$7.71
Ohio m31.8 - 84.2	\$4.36	\$4.73	\$4.73	\$6.82
Ohio m84.3 - 126.5	\$3.22	\$3.44	\$3.50	\$5.05
Ohio m126.6-161.8	\$2.90	\$3.08	\$3.26	\$4.54
Ohio m161.9-203.9	\$2.63	\$2.79	\$2.86	\$4.12

Board Agenda Item

NOVEMBER

Origins	2/1/07—1/31/08	2/1/08—1/31/09	2/1/09 Through Contract Expiration	Escalated Rate 8/1/06
Ohio m204.0-237.5	\$2.31	\$2.54	\$2.78	\$3.61
Ohio m237.6 - 279.3	\$2.05	\$2.25	\$2.44	\$3.21
Ohio m279.4 - 304.0	\$1.73	\$1.88	\$2.03	\$2.71
Ohio m304.1 - 317.0	\$1.54	\$1.66	\$1.78	\$2.41
Ohio m317.1 - 360.0	\$1.44	\$1.55	\$1.65	\$2.25
Ohio m402.0 - 406.0	\$0.85	\$0.87	\$0.90	\$1.33
Ohio m470.0 - 531.5	\$1.60	\$1.73	\$1.86	\$2.50
Ohio m531.6 - 606.8	\$2.17	\$2.39	\$2.61	\$3.40
Ohio m606.9 - 720.6	\$3.05	\$3.39	\$3.73	\$4.77
Ohio m720.7 - 776.1	\$3.47	\$3.88	\$4.28	\$5.44
Ohio m776.2 - 846.0	\$4.00	\$4.41	\$4.83	\$6.26
Ohio m846.1 - 918.5	\$4.56	\$5.12	\$5.68	\$7.14
Ohio m918.6 - 950	\$4.78	\$5.38	\$5.98	\$7.49
Green Above m63.1	\$4.90	\$5.26	\$5.61	\$7.68
Green Below m63.1	\$4.64	\$5.00	\$5.35	\$7.27
Big Sandy all points	\$1.82	\$1.92	\$2.01	\$2.85
Kanawha Above m82.8	\$3.62	\$3.62	\$3.62	\$5.67
Kanawha m67.7 - 82.8	\$3.22	\$3.22	\$3.22	\$5.04
Kanawha Below 67.7	\$3.09	\$3.09	\$3.09	\$4.84
Mon Above m102.0 (in 6 barge lots)	\$9.17	\$9.70	\$10.23	\$14.36
Mon m85.0 - 102.0 (in 6 barge lots)	\$8.70	\$9.09	\$9.49	\$13.62
Mon m23.8 - 84.9 (in 6 barge lots)	\$7.77	\$8.17	\$7.88	\$12.17
Mon Below m23.8	\$5.16	\$5.58	\$6.00	\$8.08

Justification and Strategic Analysis

This contract amendment will provide EKPC with a highly competent barge transportation service for Spurlock Power Station at a price level less than other barge transportation company rates. It will also provide EKPC with 24-hour harbor boat service and security. This recommended contract amendment supports EKPC's key measures for reliable and

Board Agenda Item

NOVEMBER

competitive energy costs.

Recommendation

Management recommends that the Board of Directors approve the barge transportation contract amendment with Crouse as described herein.

eh/gv

Board Agenda Item

NOVEMBER

TO: Power Delivery Committee and Board of Directors

FROM: Roy M. Palk *Roy M. Palk*

DATE: November 3, 2006

SUBJECT: Approval of Sterling Substation and Tap Project, Flint Ink Substation and Tap Project, Sideview Substation Upgrade Project, Fayette-Davis-Nicholasville Line Rebuild Project, Clay Lick Normally Open Interconnection Project, Bonds Mill-Clay Lick Junction-Van Arsdell Line Rebuild, and Amendment of EKPC Three Year Work Plan (November 2005-October 2008)
(Construction and Finance)
(Executive Summary)

KEY MEASURE(S) This action supports the delivery of facilities at a competitive cost, on time and of good quality, and the reliable delivery of power to our Members.

Background

An Amendment to the East Kentucky Power Cooperative's ("EKPC") Rural Utilities Service ("RUS")-required Three-Year Work Plan (November 2005-October 2008) identifies additional transmission facilities and modifications needed by EKPC to economically and reliably serve projected load growth. This work plan amendment was developed from the results of load flow and economic analysis using input from EKPC member system work plans, EKPC's Market Research Process, Power Delivery Maintenance Process and Power Delivery Expansion Process.

This amendment covers two categories of projects including:

- (1) Transmission Line Additions and/or Modifications
- (2) New Substations, Substation Additions and/or Modifications

Justification and Strategic Analysis

Categories (1) and (2) above consist of facilities related to member system distribution substations and improvements to the transmission system.

Board Agenda Item

NOVEMBER

- B. Owen Electric Cooperative (“OEC”) has a new limestone baking facility locating in its service territory near the Boone/Gallatin County line in 2007. Gallatin Materials, LLC will have an initial demand of 3.0 MW, with an additional 3.0 MW being added in the near future. The new load will operate in conjunction with Sterling Ventures, which is an existing 1.2 MW materials aggregate load located adjacent to Gallatin Materials. Sterling Ventures will expand its operational load by approximately 0.7 MW to support Gallatin Materials. Big Bone and Munk Substations currently serve the loads in the area via two long, 12.5 kV distribution circuits composed mainly of 3/0 ACSR conductor. The existing distribution system cannot reliably serve the new load without costly improvements.

A joint planning study between EKPC and OEC has confirmed the need and justification for a new 138-12.5 kV, 12/16/20 MVA distribution substation (“Sterling”) and 0.8 mile, 138 kV transmission tap line from EKPC’s Boone – Gallatin County 138 kV line. The new Sterling Substation and 138 kV tap line will be located entirely on property and easements that will be provided by Sterling Ventures. The new substation will provide OEC with a strong electrical source for serving the new Gallatin Materials load and will reduce loading on the Munk and Big Bone Substations. It will be located adjacent to the Gallatin Materials load and will protect other customers in the area from experiencing power quality problems during start-up of motors at the industrial facility.

This project is approximately \$187,000, or 7.7 percent, more in twenty-year present worth dollars than the least cost plan. However, the additional reliability benefits outweigh the additional costs. The total estimated project cost is \$1,268,000 with a target in service date of October 2007.

- C. Nolin Rural Electric Cooperative Corporation (“NRECC”) is experiencing significant load growth in the vicinity of the Tharp Substation in Hardin County. The 2006 Power Requirements Study (“PRS”) projects Tharp Substation to reach 15.8 MVA under extreme 2008 summer conditions. The existing transformer has a maximum summer rating of 13.6 MVA and would experience a 16.2 percent overload under these conditions. The Flint Ink Company, which comprises approximately one-half of the Tharp Substation load, has expressed interest in having a more reliable electric supply. In fact, the company has expressed a strong commitment to NRECC to provide the necessary property and rights-of-way easements for location of a new substation.

A joint planning study between EKPC and NRECC has confirmed the need and justification for a new 69-12.5kV, 11.2/14 MVA distribution substation (“Flint Ink”) and 0.3 mile, 69 kV transmission tap line from EKPC’s Tharp – KU Elizabethtown 69 kV line. The new Flint Ink Substation will reduce the Tharp Substation load by one-

Board Agenda Item

NOVEMBER

half and improve power supply reliability for the Flint Ink load. The new substation will also be utilized by NRECC to improve system reliability to other area loads.

The two alternatives studied were very comparable in terms of twenty-year present worth costs. The Flint Ink Substation and Tap project was chosen for the additional reliability benefit it provides to the Flint Ink Company and other area loads. The total estimated project cost is \$680,000 with a target in service date of May 2008.

- D. Clark Energy Cooperative (“CEC”) is experiencing significant load growth in the vicinity of Sideview Substation in Clark County. In July of 2006, the actual substation load reached 6.5 MVA. The existing transformer has a maximum summer rating of 6.27 MVA and it experienced a 3.7 percent overload during the peak condition. A joint planning study between EKPC and CEC has confirmed the need and justification for replacing the existing Sideview Substation with a new 11.2/14 MVA, 69-25 kV substation. The total project cost is \$734,000 with a target in service date of May 2008.
- E. Load flow studies indicate that the Fayette – Davis – Nicholasville 69 kV line will experience loading in excess of its emergency rating, in 2007 summer, for an outage of the LG&E Energy (“LGEE”) Avon – Loudon Avenue 138 kV line with the LGEE Brown Unit #3 off line. It is recommended that the Fayette – Davis – Nicholasville 69 kV line be rebuilt with 954 MCM ACSR conductor, using 138kV construction, to eliminate the potential overload. This project replaces the previously Board Approved Fayette – Davis – Nicholasville 556 MCM ACSR line reconductor project. The total project cost is \$1,798,000 with a target in service date of May 2008.
- F. The Clay Lick and Van Arsdell Distribution Substations, located in Anderson and Mercer Counties, are currently served via a radial 69 kV transmission line extending from EKPC’s North Springfield - KU Bonds Mill 69 kV line. Outages on the Bonds Mill – Clay Lick Junction – Van Arsdell radial 69 kV line are a concern due to the line’s poor condition. Furthermore, in the event that outages do occur on this line, one or both substations will remain out of service until the problem is corrected. The backfeed capability of the Blue Grass Energy distribution system is limited in this area, creating the possibility of extended outages.

A planning study has confirmed the need and justification for constructing a new 69 kV normally-open interconnection with KU by installing a two-way 69 kV switch at the point of intersection of EKPC’s Clay Lick Tap Line and the KU Bonds Mill – Salvisa 69 kV line section. This work will improve transmission reliability to area loads by providing a second feed for the Clay Lick and Van Arsdell Substations. The study also confirmed the need to rebuild the Bonds Mill – Clay Lick Junction – Van Arsdell 5.16 mile, 69 kV line with 556.5 MCM ACSR TW conductor. This will

Board Agenda Item

NOVEMBER

reduce the likelihood of outages occurring on the Bonds Mill – Clay Lick Junction – Van Arsdell 69 kV line.

This project is the least-cost alternative with a cost savings of approximately \$1,571,000 when compared with the next best alternative. The total estimated project cost is \$1,321,000 with a target in service date of September 2007 for the Clay Lick normally-open interconnection with KU, and a target in service date of May 2008 for the Bonds Mill – Clay Lick Junction – Van Arsdell 69 kV Line Rebuild project.

RUS requires approval of the Board for amendment of the current EKPC RUS-approved Three-Year Work Plan. Construction of the added projects requires review by the Power Delivery Committee and approval pursuant to Board Policies No. 103 and 106.

Recommendation

Management recommends that the EKPC Board approve an Amendment of the current EKPC RUS approved Three-Year Work Plan (November 2005-October 2008) dated November 14, 2006, to include those projects identified above at an estimated total cost of \$5,801,000 and to approve construction of these projects along with authorization to acquire necessary permits, approvals, real property and associated easements necessary and desirable to implement these projects.

GM

November 22, 2006

Board of Directors
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

Notice is hereby given that the regular meeting of the **East Kentucky Power Cooperative, Inc.**, Board of Directors will be held on ***Tuesday, December 5, 2006***, at the **East Kentucky Power Cooperative, Inc. headquarters building, 4775 Lexington Road, Winchester, Kentucky 40391**, immediately following the three standing committee meetings (**beginning at 9:30 a.m. EST**), for purposes of considering and taking action on those matters shown on the agenda, to-wit:

AGENDA

- I. **CALL TO ORDER**
- II. **INVOCATION**
- III. **ROLL CALL**
- IV. **ACTION ON PREVIOUS BOARD MINUTES**
- V. **ADOPTION OF AGENDA**
- VI. **REPORT OF OFFICERS**
- VII. **BUSINESS MANAGEMENT PLAN**
- VIII. **AUDIT COMMITTEE ITEMS**
William Shearer, Chairman
 - A. **Board Action Requested:**

None.
 - B. **Information and Discussion Items:**

IX. OPERATIONS, SERVICES & SUPPORT COMMITTEE ITEMS

Donnie Crum, Chairman

A. Board Action Requested:

1. Approval of the 2006 Annual Work Plan and Budget – EAMES *Please bring your Budget binders to the Dec. mtgs.*
2. Approval to File Rate Case – EAMES (ADDED TO AGENDA)
3. Resolution Honoring Dudley Bottom – PALK (ADDED TO AGENDA)

B. Information and Discussion Items:

X. FUEL & POWER SUPPLY COMMITTEE ITEMS

Jimmy Longmire, Chairman

A. Board Action Requested:

1. Approval to Award a Contract to The Babcock & Wilcox Company to Furnish and Install Low NOx Burners for Dale Power Station Units No. 1 and No. 2 - DIALS
2. Approval to Award Contract F71 to United Conveyor Corporation to Provide Ash Handling Equipment for Spurlock Power Station Unit No. 4 - DIALS
3. Approval of Load Forecast Work Plan - LAMB

B. Information and Discussion Items:

XI. POWER DELIVERY COMMITTEE ITEMS

Mike Adams, Chairman

A. Board Action Requested:

None.

B. Information and Discussion Items:

XII. MEMBER SYSTEM NEEDS

XIII. EKPC BUSINESS UNIT MONTHLY REPORTS

Coordinated Planning
Finance
Governmental Affairs
Human Resources and Support Services

Legal
Member Services
Power Delivery
Power Production

- XIV AGENDA ITEMS FOR NEXT AGENDA
- XV. OTHER BUSINESS
- XVI. EXECUTIVE SESSION – Approval of previous minutes
- XVII. ADJOURN

EAST KENTUCKY POWER COOPERATIVE, INC.



A. L. Rosenberger, Secretary
c: Alternate Directors

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
DECEMBER 5, 2006**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, December 5, at 2:05 p.m. EST, pursuant to proper notice.

Chairman Wayne Stratton called the meeting to order. Dudley Bottom gave the invocation. The minutes were kept under the supervision of Secretary A. L. Rosenberger. The secretary took the roll call with the following directors present:

Michael Adams	Licking Valley
Fred Brown	Jackson
Donnie Crum	Grayson
P. D. Depp	Taylor County
Danny Divine	Inter-County
E. A. Gilbert	Blue Grass
Elbert Hampton	Cumberland Valley
Hope Kinman	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
A. L. Rosenberger	Nolin
Randy Sexton	Farmers
William Shearer	Clark Energy
Rick Stephens	South Kentucky
Wayne Stratton	Shelby
Lonnie Vice	Fleming-Mason

BOARD MINUTES

On motion of P. D. Depp, seconded by Mike Adams, the minutes of the November 14, 2006, board meeting were approved.

ADOPTION OF AGENDA

The Agenda was approved as adopted with the addition of two items to the Operations, Services & Support Committee pertaining to the rate adjustment case and a resolution to honor Dudley Bottom.

REPORT OF THE OFFICERS

Report of the President and Chief Executive Officer

President and CEO Roy Palk gave his report during the morning's Committee Meeting of the Whole.

BUSINESS MANAGEMENT PLAN

Gary Crawford reviewed and fielded questions on the Business Management Plan as included in the Board book.

AUDIT COMMITTEE ACTION ITEMS

No Audit Committee action items were brought before the Board.

AUDIT COMMITTEE INFORMATION ITEMS

None.

OPERATIONS, SERVICES AND SUPPORT ("OSS") COMMITTEE ACTION ITEMS

Resolution to Honor Dudley Bottom

After review of the applicable information, a motion was made by Donnie Crum and passed to approve the following:

Whereas, The East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors ("Board") expresses its appreciation for the many contributions made by Dudley Bottom for his support of EKPC's many programs and projects; for his years of guidance as President and Chief Executive Officer of Shelby Energy Cooperative; and his efforts in building a strong rural electric program in Kentucky; now, therefore, be it

Resolved, That the EKPC Board does hereby convey upon Dudley Bottom its most sincere thanks and best wishes for his future health and contentment.

Application to Kentucky PSC – Rate Adjustment

Upon recommendation of the Operations, Services & Support Committee and after review of the applicable information, a motion was made by Donnie Crum and, following further discussion, passed to approve the following:

Whereas, The financial condition of East Kentucky Power Cooperative, Inc., (“EKPC”) has deteriorated to the point at which additional revenues will likely be needed to meet financial requirements under its Mortgage Agreement and the Credit Facility Agreement;

Whereas, The Board was informed throughout 2006, and most recently, on November 14, 2006 about EKPC’s financial condition, and the likelihood of the need for rate relief;

Whereas, EKPC has determined that an annual revenue increase of \$43.1 million, or 6.5 percent, should be sought in order to provide assurance to lenders, build equity, meet debt service requirements and strengthen its overall financial condition;

Whereas, The proposed \$43.1 million annual revenue increase will be passed through to each of the Member Systems, subject to Public Service Commission (“PSC”) approval; now, therefore, be it

Resolved, That the EKPC Board of Directors hereby gives approval for EKPC to file an application with the PSC for approval of an annual revenue increase of \$43.1 million, or 6.5 percent, to be effective, subject to refund, for service rendered beginning April 1, 2007; and

Resolved, That Management is hereby authorized to obtain any and all necessary approvals for such rate increase application from the Rural Utilities Service, the National Rural Utilities Cooperative Finance Corporation and any other lenders to EKPC.

2007 Annual Work Plan and Budget

Upon recommendation of the Operations, Services & Support Committee and after review of the applicable information, a motion was made by Donnie Crum and, there being no further discussion, passed to approve the following

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) must continue to monitor and manage costs while providing reliable and value-added services to the member systems;

Whereas, The proposed EKPC 2007 Annual Work and Budget was mailed to each director and alternate director and discussed at the November committee-of-the-whole meeting; and

Whereas, EKPC Management and the Operations, Services and Support Committee recommend approval of the proposed 2007 Annual Work Plan and Budget; now, therefore, be it

Resolved, That the EKPC Board of Directors hereby approves the proposed 2007 Annual Work Plan and Budget as amended by a reduction of \$12 Million (plus \$4 Million already identified) due to postponement of the rate case until April 1, 2007, with staff to identify the areas of reduction in January 2007.

OSS COMMITTEE INFORMATION ITEMS

No OSS Committee information or discussion items were brought before the Board.

FUEL AND POWER SUPPLY ("F&PS") COMMITTEE ACTION ITEMS

Contract to Babcock & Wilcox for Low-NOx Burners—Dale Station Units 1 & 2

After review and discussion of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, In 2006, East Kentucky Power Cooperative, Inc.'s ("EKPC") Dale Power Station Units No. 1 and No. 2 ("Dale Units No. 1 and No. 2") became a part of the Acid Rain Program;

Whereas, Dale Units No. 1 and No. 2 will need to comply with the emission limits of the Acid Rain Program and NOx State Implementation Plan Call;

Whereas, This requires the removal of the existing coal burners and installation of low NOx burners for Dale Units No. 1 and No. 2;

Whereas, On September 29, 2006, a proposal was received from Babcock and Wilcox (B&W), the original equipment manufacturer of the Dale 1 and 2 burners and pulverizers, to supply low NOx burners;

Whereas, EKPC then requested a proposal from Alstom Power, Inc., ("Alstom") for the same project;

Whereas, EKPC received a proposal from Alstom on October 25, 2006, for \$1,438,000 for the NOx burners only and could not meet the April date for Dale Units No. 1 and No. 2 maintenance outage;

Whereas, EKPC received a revised proposal from B&W on October 27, 2006, for \$1,694,500, which included the low NOx burners and overfire air registers;

Whereas, Overfire air registers have a number of benefits including extending the life of furnace wall components and reducing the level of NOx emissions;

Whereas, It is estimated that the lower NOx emissions of the B&W proposal will result in a savings in the purchase of emission allowance of \$400,000 per year due to the overfire air registers;

Whereas, B&W is able to meet the delivery date of April 2007 to support the maintenance outage schedule for Dale Units No. 1 and No. 2;

Whereas, Approximately \$170,000 additional work will be required to complete the project, which includes asbestos removal and modification of the plant distributed control system;

Whereas, The estimated total project cost to is not expected to exceed \$1,864,500;

Whereas, It is recommended that a contract be awarded to B&W to furnish and install Low NO_x Burners and associated equipment for Dale Power Station Units 1 and 2;

Whereas, This equipment is included in the 2007 Budget and Work Plan; and

Whereas, The purchase of this equipment supports corporate objectives 2.0 and 3.0 to strategically manage costs and optimize use of assets; now, therefore, be it

Resolved, That the EKPC Board hereby approves the award of a contract to B&W in the amount of \$1,694,500 to furnish and install Low NO_x Burners and the additional work not to exceed \$170,000 for Dale Power Station Units No. 1 and 2, with a total project cost to not to exceed \$1,864,500, and hereby authorizes the President and Chief Executive Officer, or his designee, to execute all necessary documents for the award of this contract; and

Resolved, That approval is given for use of general funds for this contract, subject to reimbursement from loan funds, when and if such funds become available.

Contract F71 to United Conveyor Corporation for Ash-Handling Equipment—Spurlock No. 4

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, On September 14, 2004, East Kentucky Power Cooperative, Inc.'s ("EKPC") Board of Directors ("Board") approved the construction of a circulating fluidized bed base load unit of 278 MW at Spurlock Power Station at an estimated cost of \$469.7 million;

Whereas, At the December 2004 EKPC Board Meeting, authorization was given to negotiate with the Gilbert Unit contractors for the Spurlock Power Station Unit No. 4 Project;

Whereas, On July 31, 2006, a request for proposal to provide ash-handling equipment was sent to The Lathrop-Trotter Company ("Lathrop-Trotter"), which is a sales representative for United Conveyor Corporation ("UCC") equipment;

Whereas, A proposal was received from UCC with a price of \$3,162,860; and a negotiating meeting was held on September 13, 2006, with representatives from Lathrop-Trotter, UCC, EKPC, Stanley, and Mr. E.A. Gilbert of the Contracting Subcommittee attending;

Whereas, Necessary revisions were made to the original proposal with changes to the schedule, material manufacturers, and deletion of a material escalation clause and replaced it with a direct pass through for escalation on materials;

Whereas, The revised price quoted by UCC supplying equipment required for the ash-handling on Spurlock Power Station Unit No. 4 is \$3,121,730, with the engineer's estimate being \$3,100,000;

Whereas, A 10 percent contingency, \$312,172, is recommended to be added to this approval to cover any necessary changes or additions to this equipment;

Whereas, The ash-handling equipment for Gilbert Unit was supplied by UCC to Alstom under a subcontract arrangement, with the price to Alstom being \$3,260,994;

Whereas, The scope of the work for the current contract is the same as that for Gilbert Unit, except for the deletion of the fly ash and bed ash silos;

Whereas, Without the ash silos, Gilbert Unit ash-handling equipment and material price to Alstom was approximately \$2,600,000;

Whereas, The installation of this equipment will be going out for bid in the near future;

Whereas, The Fuel and Power Supply Committee and EKPC management recommend the award of a contract to UCC to provide the ash-handling system equipment at a cost of \$3,121,730, plus a 10 percent contingency for any necessary changes or additions; and

Whereas, The purchase of this ash-handling system supports corporate objectives 2.0 and 3.0 to strategically manage costs and optimize use of assets, now, therefore, be it;

Resolved, That the EKPC Board hereby approves the award of a contract (F-71) to UCC to supply the ash-handling system for the Spurlock Power Station Unit No. 4 at a price of \$3,121,730 plus a 10 percent contingency of \$312,173, for a total not to exceed price of \$3,433,903, and hereby authorizes the President and Chief Executive Officer, or his designee, to execute all necessary documents for the award of this contract; and

Resolved, That approval is given for the use of general funds for this contract, subject to reimbursement from loan funds, when and if such funds become available.

EKPC Load Forecast Work Plan

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, The Rural Utilities Service requires East Kentucky Power Cooperative, Inc., ("EKPC") to prepare a Load Forecast Work Plan ("Plan") every two years, and requires that this Plan be approved by the EKPC Board of Directors ("Board");

Whereas, EKPC has prepared a Plan which describes the methodology used in the preparation of the Load Forecast Report for EKPC and its 16 member systems; and

Whereas, EKPC Management and the Board's Fuel and Power Supply Committee have recommended approval of this Plan by the Board; now, therefore, be it

Resolved, That the EKPC Board hereby approves the December 2006 Load Forecast Work Plan which is outlined in the attached summary.

F&PS COMMITTEE INFORMATION ITEMS

No F&PS Committee information items were brought before the Board

POWER DELIVERY ("PD") COMMITTEE ACTION ITEMS

No PD Committee action items were brought before the Board.

PD COMMITTEE INFORMATION ITEMS

No PD Committee informational items were brought before the Board.

MEMBER SYSTEM NEEDS

No member system needs were brought before the Board.

EKPC DIVISION MONTHLY REPORTS

Chairman Stratton noted the monthly reports as included in the Board books.

AGENDA ITEMS FOR NEXT AGENDA

No agenda items for the next agenda were brought before the Board.


OTHER BUSINESS

EXECUTIVE SESSION

The scheduled Executive Session was held prior to the Board meeting during the morning's Committee meeting of the Whole as noted in the Operations, Services & Support Committee minutes and recorded in the Operations, Services & Support Committee Executive Session minutes.


No other business was brought before the Board.

There being no further business, the EKPC Board meeting was adjourned at 2:45 p.m.



A. L. Rosenberger, Secretary

Approved:


R. Wayne Stratton
Chairman of the Board

Date: 

**EKPC Board Minutes for 12/5/2006
Attachment A, Page 1 of 2**

December 2006 Load Forecast Work Plan Summary

The Load Forecast Work Plan contains a description of the process followed by EKPC and the member systems in preparing the load forecasts. The general steps in developing the load forecasts are summarized below:

EKPC prepares a preliminary load forecast for each member that is based on retail sales forecasts for four classes - residential, small commercial, large commercial, and other. The classifications are taken from the Rural Utilities Service (RUS) Form 7, which contains retail sales data for member systems. The table on the following page summarizes the forecast methodology. EKPC's sales to member systems are then determined by adding distribution losses to total retail sales and EKPC's total requirements are estimated by adding transmission losses to sales to members. Summing individual appliance and class load shapes determine seasonal peak demands. The weather is assumed to be normal peak day weather.

EKPC meets with each member to discuss their preliminary forecast. Member system personnel present at the meetings include the Manager and other key staff members. During the meeting, preliminary projections are reviewed and, if necessary, revised as mutually agreed upon. Member systems often have access to information not available to EKPC, or member systems may elect to use assumptions different from preliminary forecast assumptions. EKPC then compiles its forecast, which is the summation of the 16 member system forecasts.

As can be seen from the above description, there is close collaboration and coordination between EKPC and its members. This working relationship is vital since both EKPC and member systems have significant input into the load forecast process. Input from member systems includes industrial development, subdivision growth, and other specific service area information. The meeting described above also provides an opportunity for the member system to critique assumptions used and overall results of the preliminary forecast. The resulting forecasts reflect a combination of EKPC's structured forecast methodology tempered by the judgment and experience of member system staff.

**EKPC Board Minutes for 12/5/2006
Attachment A, Page 2 of 2**

Table

**East Kentucky Power Cooperative
Forecast Model Summary**

	Methodology
Residential Sales	Sales for this class are projected as the product of residential customers and residential use per customer. Residential customers are projected by means of regression analysis. Residential use per customer is projected through implementation of a statistically-adjusted end-use model.
Small Commercial Sales	Small commercial sales are analyzed and projected with regression analysis. Independent variables include real electric price, economic activity, weather, and residential customer growth. The models vary by member system.
Large Commercial Sales	Sales for this class are projected by both the member systems and EKPC. Member systems project existing large loads. EKPC projects new large loads using a probabilistic approach that is based on historical development, the presence of industrial sites, and the economy of the service territory.
Other Sales	Other sales are projected as a function of residential customers.
Peak Demand	Seasonal peak demands are projected using peak day load factors. Residential load factors are appliance specific. Small and large commercial factors are an aggregate for the class.

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
JANUARY 9, 2007**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, January 9, 2007, at 10:35 a.m. EST, pursuant to proper notice.

Chairman Wayne Stratton called the meeting to order. E. A. Gilbert gave the invocation. The minutes were kept under the supervision of Secretary A. L. Rosenberger. The secretary took the roll call with the following directors present:

Michael Adams	Licking Valley
Fred Brown	Jackson
Donnie Crum	Grayson
P. D. Depp	Taylor County
Danny Divine	Inter-County
E. A. Gilbert	Blue Grass
Elbert Hampton	Cumberland Valley
Hope Kinman	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
A. L. Rosenberger	Nolin
Randy Sexton	Farmers
William Shearer	Clark Energy
Rick Stephens	South Kentucky
Wayne Stratton	Shelby
Lonnie Vice	Fleming-Mason

ANNOUNCEMENTS

- Ron Fuller of Jackson Energy and Chris Perry of Fleming-Mason Energy were welcomed.
- Fred Brown reported on Don Schaefer's recent surgery.
- Carol Fraley is out today due to an aunt's recent accident.

BOARD MINUTES

On motion of P. D. Depp, seconded by Mike Adams, the minutes of the December 5, 2006, board meeting were approved.

ADOPTION OF AGENDA

The Agenda was adopted with the deletion of an item under the Fuel & Power Supply Committee pertaining to close-out of Contract E201.

SEATING OF ALTERNATE DIRECTORS

A motion was made by Danny Divine, seconded by Wade May, and passed to seat the following Alternate Directors to the EKPC Board:

- Debbie Martin from Shelby Energy (replacing Dudley Bottom), and
- Robert Hood from Owen Electric (replacing Bob Marshall).

REPORT OF THE OFFICERS

Report of the President and Chief Executive Officer – Robert Marshall

Status of EKPC Rate Case – Bob Marshall reported that a meeting was held January 4 at EKP with the 16 member cooperatives represented by managers and/or rate personnel. He discussed the rate structure to be submitted to the PSC, noting that the average increase is approximately 6.5%. The Rates Task Force Committee will be recommissioned to look long-term at the rate structure. It is anticipated the rate case will be filed with the PSC on January 29, asking for an effective date of April 1, 2007.

Mr. Marshall briefly reviewed the additional \$12.8 million in budget reductions identified by management and as discussed in this morning's Operations, Services & Support Committee. Later in the Board meeting a question was raised as to review of the rate case filing information by all Board members, as the Directors were not involved in the January 4 discussion meeting. Dave Eames announced that upon finalization, the information would be e-mailed or U.S. mailed to all Board members.

Depreciation Study – RUS has approved EKPC's depreciation study. Mr. Marshall noted this study is effective back to January 2006 and is an important help for TIER requirements for 2006. This was a PSC requirement as part of its previous order on the environmental surcharge.

South Kentucky and the Monticello Plant Board/City of Monticello – Allen Anderson provided an update on the Monticello Electric Plant Board ("MEPB") breaking away from TVA and becoming a member of South Kentucky. Should this come about, the final vote would go to the people of the City of Monticello in November 2007, and EKPC potentially could pick up the approximately 25 MW load in 2008. A question was then raised regarding the Territory Act with regard to this situation. Further follow-up work will be done and updates provided.

Board Structure – Mr. Marshall asked Board Chairman Wayne Stratton that the standing committees meet first thing on Board meeting day. It is anticipated that education regarding projects and items to come before the Board for its decision will be presented to the Board in a timelier manner.

Spurlock Unit Nos. 1 and 2 Scrubber Projects Update – Randy Dials provided and reviewed the costs and savings on these two projects. He spoke of the possible scope change due to a wet stack operation on Unit No. 2 and said a study is currently being done. An RFP on Spurlock No. 2 for stack options is anticipated for March 2007, with a recommendation to come before the Board in June 2007. The Spurlock No. 1 scrubber is still on track for June 2009, and the Spurlock No. 2 scrubber for October 2008.

Warren RECC ("Warren") Unwind and Power Supply Update – Mr. Marshall distributed and reviewed a handout with the EKPC goals for the Warren unwind. Warren has prepared an analysis that indicates their leaving creates a benefit to EKPC. Mr. Marshall believes EKPC should have an independent consultant review Warren's study, with Salt River's Larry Hicks to be a part of that process.

Mr. Marshall met, last week, with TVA's P&CEO, Tom Kilgore, in connection with the EKPC/TVA FERC interconnect case. During this meeting, interest was expressed by TVA in the purchase of materials and easements from EKPC concerning the Warren unwind.

PSC Order – Jim Lamb informed the Board of the Kentucky Public Service Commission's ("PSC") recent Order that begins a case to determine EKPC's continued generation needs pursuant to Warren's recent decision not to join EKPC.

EKPC's Power Supply Update – Jim Lamb reviewed the material in the handout referencing the summary of EKPC's expansion plan with and without Warren.

Report of the Secretary-Treasurer

Secretary/Treasurer A. L. Rosenberger reported on his review of directors' fees and expenses for the fourth quarter of 2006, which indicated that all fees and expenses were in compliance with Board Policy No. 111, Compensation of Directors. The written report was included in the Board book of each Director.

BUSINESS MANAGEMENT PLAN

Gary Crawford reviewed and fielded questions on the Business Management Plan as included in the Board book. This portion of the Board book may be changed to a once-a-quarter basis.

A question was raised regarding rate increase information to be provided to the member consumers. Mr. Marshall and Mr. Crawford responded that information is being compiled and will go out this week to the member systems for their use in informing member consumers.

AUDIT COMMITTEE ACTION ITEMS

No Audit Committee action items were brought before the Board.

AUDIT COMMITTEE INFORMATION ITEMS

None.

OPERATIONS, SERVICES AND SUPPORT (“OSS”) COMMITTEE ACTION ITEMS

Extension to Y-8 Loan Expiration Date

After review of the applicable information, a motion was made by Donnie Crum and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) has incurred expenditures for generation facilities (the “Facilities”) within the Y-8 Rural Utilities Service (“RUS”) Guaranteed Federal Financing Bank (“FFB”) Loan;

Whereas, The EKPC Board of Directors (the “Board”) has approved several generation projects and recommended financing of these projects with General Funds; and

Whereas, With this loan about to reach the last date for advance of March 31, 2007, and the Y-8 Guaranteed loan having approximately \$11,532,211 of the original \$223,500,000 remaining as unadvanced funds, management has recommended a two-year extension of the expiration date for the Y-8 Guaranteed loan to accommodate the future reclassification of expenditures for other generation facilities; now, therefore, be it

Resolved, That the EKPC Board of Directors (“Board”) authorizes management to request from RUS a two-year extension of the expiration date of the Y-8 Guaranteed loan; and

Resolved, That the President and Chief Executive Officer, or the Vice President of Finance, is hereby authorized on behalf of EKPC to execute all necessary documents and agreements relating to the extension of the expiration date.

Reclassification and Redesignation of Remaining Y-8 Loan Funds

After review of the applicable information, a motion was made by Donnie Crum and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) must continue to provide wholesale power to the member coops on a reliable and economic basis by minimizing financing costs while managing cash flow;

Whereas, In June 2001, the EKPC Board approved the filing of an application for a new loan with the Rural Utilities Service (“RUS”) for the design, purchase and installation of NOx reduction equipment on Spurlock Unit #1 & #2;

Whereas, EKPC has a balance in reserve of \$11,532,210.61 on the Federal Financing Bank (“FFB”) Y-8 guaranteed loan, which was approved by RUS in September 2002 and cleared by RUS in June 2003, which may be redesignated to reimburse general funds used for approved generation projects;

Whereas, EKPC management recommends that the EKPC Board authorize management to request from RUS the reclassification of the remaining Y-8 FFB guaranteed loan funds to the over-run costs of the Gilbert Generating Unit, and to the anticipated over-run costs of the under-construction Spurlock #4 Generating Unit, and the redesignation of the balance in reserve on that loan, in order to utilize such balance in reserve; and

Whereas, This recommendation supports EKPC’s corporate objective 2.0 - strategically manage costs; now, therefore, be it

Resolved, That the EKPC Board hereby authorizes management to request from RUS the reclassification of the Y-8 FFB guaranteed loan to the over-run costs of the Gilbert Generating Unit, and to the anticipated over-run costs of the under-construction Spurlock #4 Generating Unit, and the redesignation of the remaining Y-8 FFB guaranteed loan funds, in the amount of \$11,532,210.61, for the construction purpose of said reclassified projects; and

Resolved, That the President and Chief Executive Officer, or the Vice President, Finance, is hereby authorized on behalf of EKPC to execute any documents and agreements necessary to effectuate such action.

ACES – Change in Alternate Representative

After review of the applicable information, a motion was made by Donnie Crum and, there being no further discussion, passed to approve the following:

Whereas, The organizational structure for the Alliance for Cooperative Energy Services Power Marketing, LLC (“ACES”) permits each member to designate two managers and two alternates to the Board of Managers;

Whereas, The Operations, Services & Support Committee and management recommend that Robert Marshall, President and Chief Executive Officer, be designated and appointed as first alternate to the ACES Board of Managers effective January 2007, replacing Dave Eames; and that he be designated and appointed to succeed Roy Palk in January 2008 as one of EKPC’s two managers; and

Whereas, This resolution supports EKPC’s key measure to strategically manage cost, optimize use of assets and develop a keen market understanding; now, therefore, be it

Resolved, That Robert Marshall, President and Chief Executive Officer, is designated and appointed as first alternate to the ACES Board of Managers effective January 2007, replacing Dave Eames; and

Resolved, That Robert Marshall be designated and appointed to succeed Roy Palk in January 2008 as one of EKPC's two managers.

February 2007 Board Meetings

After review of the applicable information, a motion was made by Donnie Crum and, there being no further discussion, passed to approve the following:

Whereas, On February 12-14, 2007, the NRECA Directors Conference will be held in San Antonio, Texas. This will conflict with our regular Board meeting scheduled for February 13; and

Whereas, Management and the Operations, Services and Support Committee recommend changing the February 2007 Board meeting date; now, therefore, be it

Resolved, That the February 2007 Board meeting date be changed to February 6 due to the conflict with the above-stated meeting events.

March 2007 Board Meetings

After review of the applicable information, a motion was made by Donnie Crum and, there being no further discussion, passed to approve the following:

Whereas, On March 14-20, 2007, the NRECA Tech Advantage Conference will be held in Las Vegas, Nevada. This will conflict with our regular Board meeting scheduled for March 13; and

Whereas, Management and the Operations, Services and Support Committee recommend changing the March 2007 Board meeting date; now, therefore, be it

Resolved, That the March 2007 Board meeting date be changed to March 6 due to the conflict with the above-stated meeting events.

OSS COMMITTEE INFORMATION ITEMS

2007 Budget Reductions - Dave Eames reviewed the revised list of 2007 budget reductions as listed in the Board book under the Operations, Services & Support Committee information and discussion items.

FUEL AND POWER SUPPLY ("F&PS") COMMITTEE ACTION ITEMS

Close-Out of Contract F251 with Richard Goettle, Inc. for Piling for Spurlock Unit No. 4

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, At the March 2005 East Kentucky Power Cooperative, Inc.'s ("EKPC") Board of Directors ("Board") Meeting, a contract was awarded to Richard Goettle, Inc. ("Goettle") to provide and install the piling for Spurlock Power Station Unit No. 4;

Whereas, The original approved contract amount was \$6,247,757.15, plus a 5 percent contingency;

Whereas, At the August 2006 EKPC Board Meeting, Amendment No. 1 for \$2,999,185 was approved, and the amended contract price was then \$9,246,942;

Whereas, One additional change order was obtained for an increase of \$23,200, with a final contract price of \$9,270,142.11;

Whereas, This piling has been installed; therefore, it is recommended that this contract be closed-out;

Whereas, In order to strategically manage costs and optimize the use of assets, careful planning must take place to ensure that EKPC's generating units have sufficient power supply for our Member Systems in the future; and

Whereas, The Fuel and Power Supply Committee and EKPC management recommend the approval of the close out of Contract F251; now, therefore, be it

Resolved, That the EKPC Board hereby approves the close out of Contract F251 with Goettle for providing and installing the piling for Spurlock Station Unit No. 4 for a final contract price of \$9,270,142.11 and release final payment of \$927,014.21, and authorizes the President and Chief Executive Officer, or his designee, to execute any necessary documents to close-out this contract.

Award of Contract E282 to Cherne Contracting Corp., Installation of Equipment for Turbine Bypass – Spurlock Unit No. 3 (Gilbert Unit)

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, The Gilbert Unit at Spurlock Station began commercial operation on March 1, 2005;

Whereas, As installed, the inherent design characteristics of the circulating fluidized bed boiler makes it difficult to supply enough heat to the reheat steam system to start the turbine within General Electric's ("GE") starting requirements;

Whereas, This results in long cold or hot start times, in which the unit is not producing electricity and is not utilizing fuel efficiently;

Whereas, This issue did not become apparent until the unit went into operation, although the possibility of such a condition was considered pre-construction but believed to be an acceptable risk to avoid unnecessary cost, if not needed;

Whereas, Starting the unit in this manner increases the risk for turbine damage that could result in a considerable shortening of the turbine components;

Whereas, On September 19, 2006, a request for proposal to provide non owner-furnished equipment and installation required for a turbine bypass to the Gilbert Unit was sent to Cherne Contracting Corporation ("Cherne") and APComPower, Inc. ("AP Comp");

Whereas, A proposal was received from APComPower, Inc. for \$3,664,736 and the low bid was received from Cherne for \$2,941,736, both bids include \$861,736 in materials;

Whereas, A 10 percent contingency, \$294,174, is recommended to be added to this approval to cover any necessary changes or additions to this contract;

Whereas, The Fuel and Power Supply Committee and EKPC management recommend the award of a contract to Cherne provide the non owner-furnished equipment and labor to install a turbine bypass system at a cost of \$2,941,736, plus a 10 percent contingency for any necessary changes or additions;

Whereas, The purchase and installation of this turbine bypass system supports corporate objectives 2.0 and 3.0 to strategically manage costs and optimize use of assets, now, therefore, be it;

Resolved, That the EKPC Board hereby approves the installation of a turbine bypass system for the Gilbert Unit at Spurlock Power Station at an estimated cost of \$5 million, and

Resolved, That the EKPC Board hereby approves the award of a contract to Cherne to supply the non owner-furnished equipment and installation to construct a turbine bypass system for the Gilbert Unit at a price of \$2,941,736 plus a 10 percent contingency of \$294,174 for a total not to exceed price of \$3,235,910, and hereby authorizes the President and Chief Executive Officer, or his designee, to execute all necessary documents for the award of this contract.

Update of Production Three-Year Construction Work Plan for 2007-2009

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, An amended Production Three-Year Construction Work Plan ("CWP") was last approved by the East Kentucky Power Cooperative, Inc., ("EKPC") Board of Directors ("Board") on August 9, 2005;

Whereas, Rural Utilities Service ("RUS") required CWP has now been updated to include capital projects and capital equipment over \$500,000 planned by the Production Business Unit for years 2007 through 2009;

Whereas, The completion of projects contained in this plan support reliable and competitive energy; and

Whereas, The Fuel and Power Supply Committee and EKPC management recommend that the Board approve the updated CWP; now, therefore, be it

Resolved, That the EKPC Board hereby approves the updated Production CWP for 2007 through 2009 and directs EKPC management to submit this information to RUS for approval.

F&PS COMMITTEE INFORMATION ITEMS

No F&PS Committee information items were brought before the Board

POWER DELIVERY ("PD") COMMITTEE ACTION ITEMS

Amendment of RUS-approved Three-Year Work Plan for Projects

After review of the applicable information, a motion was made by Mike Adams and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") engineering studies have confirmed the necessity and advisability of the following projects included in the January 9, 2007 Amendment to the EKPC Rural Utilities Service ("RUS") approved Three-Year Work Plan (November 2005-October 2008):

Inez Substation Site	\$30,000
Inez 6.0 Mile, 69 kV Tap Line	\$2,144,000
Girdler 11.2/14 MVA, 69-13.2 kV Substation	\$570,000
Girdler 3.5 Mile, 69 kV Tap Line	\$1,293,000
Alex Creek 5.6/6.44 MVA, 69-25 kV Substation	\$450,000

Alex Creek 1.4 Mile, 69 kV Tap Line	\$563,000
Woodstock 11.2/14 MVA, 69-12.5 kV Substation	\$570,000
Woodstock 4.4 Mile, 69 kV Tap Line	\$1,616,000
Liberty Church 11.2/14 MVA, 69-13.2 kV Substation	\$570,000
Liberty Church 1.8 Mile, 69 kV Tap Line	\$676,000
Big Creek 11.2/14 MVA, 69-12.5 kV Substation	\$664,000
Big Creek 9.3 Mile, 69 kV Tap Line	\$4,898,000
Garrard County 69 kV Breaker Additions (2)	\$201,000
KU Lancaster 69 kV Breaker Addition	\$449,000
Garrard County – KU Lancaster 0.28 Mile, 69 kV Tie Line	\$106,000;

Whereas, Review by the Power Delivery ("PD") Committee and approval of the EKPC Board of Directors ("Board") is required for the construction and financing of these projects pursuant to Board Policies No. 103 and 106;

Whereas, The current EKPC Three-Year Work Plan (November 2005-October 2008) dated November 2005, has been submitted to RUS for approval, which requires that any amendment thereto be approved by the Board and;

Whereas, EKPC management and the PD Committee recommend that the Board amend the current EKPC RUS approved Three Year Work Plan and approve construction of these projects, the acquisition of all real property and easement rights, by condemnation if necessary, and the obtaining of permits and approvals necessary and desirable for these projects and include the financing of these projects with general funds, subject to reimbursement from construction loan funds should they become available and the Board will act upon said recommendation this date; and

Whereas, This recommendation supports the delivery of facilities at a competitive cost, on time, and of good quality; now, therefore, be it

Resolved, That EKPC management is authorized to amend the current EKPC RUS approved Three-Year Work Plan to include the above projects summarized in more detail in the attached Executive Summary;

Resolved, That approval is hereby given for construction of said projects included in the January 9, 2007 Amendment to the EKPC Three-Year Work Plan (November 2005-October 2008), at an estimated total cost of \$14,800,000 and for the acquisition of all real property and easement rights, by condemnation if necessary, as well as all necessary permits and approvals for these projects; and

Resolved, That approval is hereby given to amend the EKPC Annual Budget and Work Plan to include the projects and to finance them with general funds, subject to reimbursement from construction loan funds should they become available.

Contract to David H. Elliot Co., Inc., Big Creek Tap Line

After review of the applicable information, a motion was made by Mike Adams and, there being no further discussion, passed to approve the following:

Whereas, On February 5, 2001, the Board of Directors (“Board”) approved an Amendment to the East Kentucky Power Cooperative’s (“EKPC”) Rural Utilities Service (“RUS”) required Three-Year Work Plan (November 1999 – October, 2002) for the construction of the Big Creek Substation and Tap;

Whereas, EKPC management and the Power Delivery Committee recommend that the Board authorize the President & Chief Executive Officer, or his designee, to award and execute a construction contract, to Davis H. Elliot Company, Inc. in the amount of \$1,405,000 for the construction of the Big Creek Tap, exclusive of owner-furnished materials; and

Whereas, This recommendation supports the delivery of facilities at a competitive cost, on time, and of good quality and the reliable delivery of power to our Members; now, therefore, be it

Resolved, That the President & Chief Executive Officer, or his designee, is authorized to award this contract and execute all documents necessary for the proposed contract price of \$1,405,000, exclusive of owner-furnished materials, for the construction of 9.13 miles of 69 kV tap line.

Redispatch Agreement – EKPC and Midwest Independent Transmission System Operator, Inc.

After review of the applicable information, a motion was made by Mike Adams and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. ("EKPC") is a generation and transmission cooperative operating electric generation plants in the Commonwealth of Kentucky, and is a registered market participant in the Midwest Independent Transmission System Operator, Inc. (“MISO”) Energy Market, but is not a transmission owning member of the MISO; and

Whereas, The MISO is the Regional Transmission Organization (“RTO”) that provides NERC Reliability Coordinator functions in portions of the Midwest and Canada. The MISO also administers the MISO Tariff for transmission and other services on its grid, and day-ahead and real-time energy transactions and financially firm transmission rights; and

Whereas, the parties seek to establish procedures under which EKPC may in its sole discretion redispatch certain units under its control upon the request and under the direction of MISO and establish payment obligations for such requests implemented by EKPC whereby EKPC is to receive compensation from MISO; and

Whereas, Management and the Power Delivery Committee recommend this action; now, therefore, be it

Resolved, That the EKPC Board of Directors hereby approves the Redispatch Agreement between and among East Kentucky Power Cooperative, Inc. and Midwest Independent Transmission System Operator, Inc., and authorizes the EKPC President and Chief Executive Officer or his designee to execute all documents required for the agreement.

PD COMMITTEE INFORMATION ITEMS

PD Committee Chairman Mike Adams reported that the Committee heard a report from Mary Jane Warner regarding new construction costs trends..

MEMBER SYSTEM NEEDS

No other member system needs were brought before the Board.

EKPC DIVISION MONTHLY REPORTS

Chairman Stratton noted the monthly reports as included in the Board books.

AGENDA ITEMS FOR NEXT AGENDA

Transition of Leadership – Chairman Stratton noted a concern with regard to Bob Marshall's selection as President /CEO—that the Board did not adhere to Board Policy; and Mr. Stratton asked Legal's staff to review this matter and see what, if anything, needs to be done to rectify this matter.

OTHER BUSINESS

Conference – Those wishing to attend the February 12-14, 2007, NRECA Directors' Conference are to contact Claudia Embs by the end of the day on January 10. As reported at the November 14, 2006, Board meeting, Directors are to attend only one of the three Director functions covered in Board Policy No. 115.

Report from USDA – Chairman Stratton read a portion of a letter dated October 31, 2006, and received December 22, 2006, from U.S. Department of Agriculture Rural Development and regarding RUS' completion of its loan fund and accounting review of EKPC's records. The letter stated, "Our review of the cooperative's loan fund transactions indicated that all Rural Development Utilities Programs Construction Fund receipts were properly accounted for and that all disbursements were for proper loan program purposes."

Introduction of David Smart – Mr. Marshall introduced a new EKPC employee—David Smart with the environmental permitting group.

No other business was brought before the Board.

There being no further business, the EKPC Board meeting was adjourned at 12:20 p.m.

Bob Marshall asked to speak with the Board and everyone except the Board Directors and Alternate Directors left the room. This was an informational session and not an Executive Session.

A. L. Rosenberger, Secretary

Approved:

R. Wayne Stratton
Chairman of the Board

Date:

DECEMBER 2006

Coordinated Planning

NOVEMBER 2006

Transmission Planning

Summary of Future Transmission Projects Identified as of December 2006

Transmission planning has presently identified the following transmission expansion requirements for the ten-year planning horizon (2006 through 2015):

- 262 miles of new transmission line construction, including 55 miles of new 345 kV line required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 19 new transmission switching substations, including three new 345 kV switching substations required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 191 miles of re-conductor or rebuild of existing transmission line
- 21 new breaker additions at existing transmission substations
- Replacement of two existing transmission transformers
- Re-winding of one existing transmission transformer
- 29 new 69 kV capacitor banks totaling 419 Mvars
- 193 miles of transmission line requiring high-temperature upgrades
- 25 new distribution substations
- 3 upgrades of existing distribution transformers
- 1 spare generating-step up (GSU) transformer purchase for the E.A. Gilbert Unit

All of the above numbers include the new 161 kV lines and substations required for Warren RECC's membership in EKPC.

No significant changes have been made to these plans since the report provided in November 2006.

Resource Planning

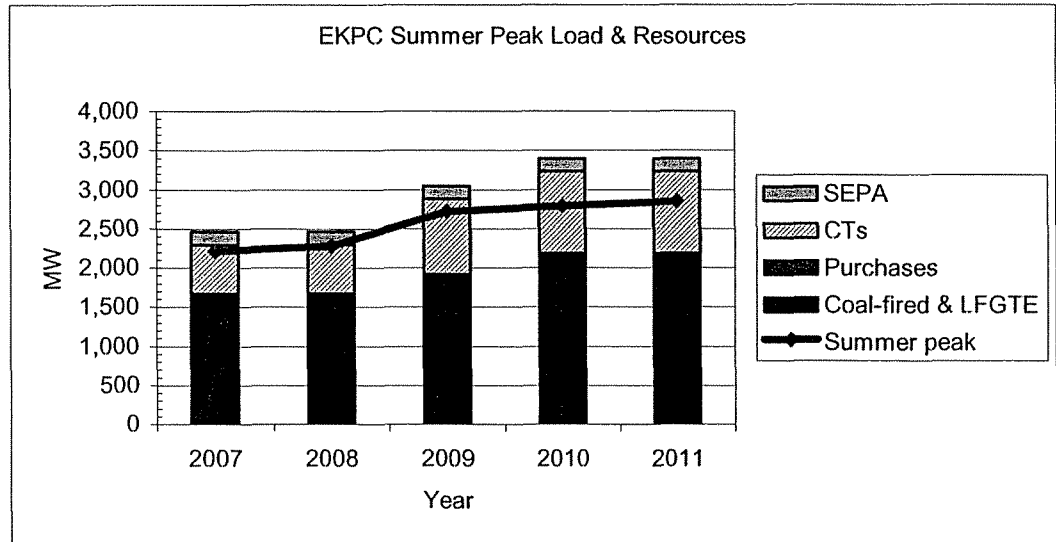
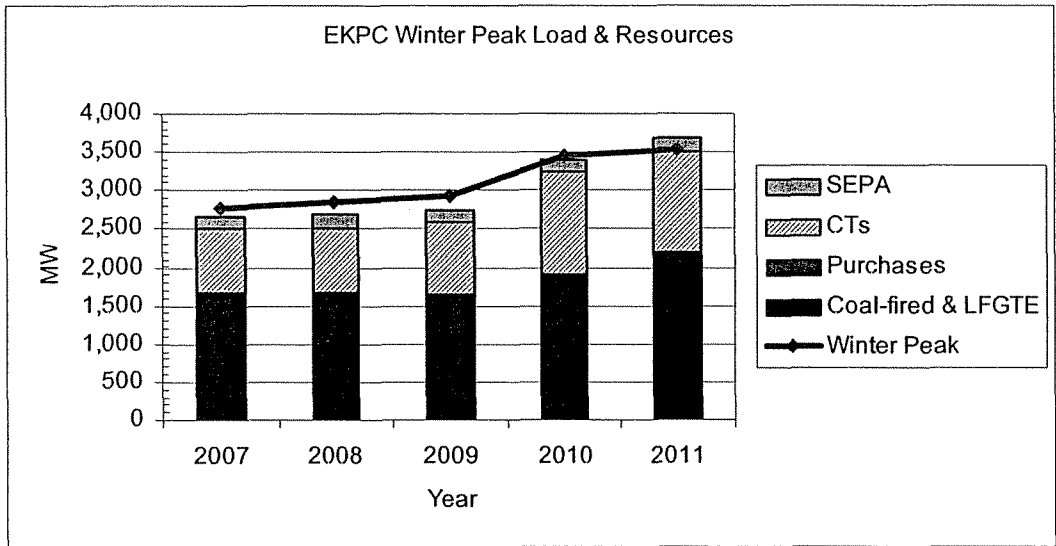
The following graphs show the projected winter peak load and capacity resources broken down by baseload and other resources. Capacity resources include existing and committed resources as noted following the graphs. The peak loads shown do not include reserves. The pick up of the Warren RECC load is delayed by one year. The winter graph shows that there will be tight winter margins even with the delay of WRECC's load due to delays in adding new capacity. EKPC will need to make some seasonal purchases of transmission and/or power to help cover the peak load and reserves throughout the period. Summer seasonal purchases should not be necessary although it may be economical to purchase transmission to bring in economy power. The graphs assume that one of the new Smith CTs will be available for the Winter 2008-09 peak. The other four are assumed to be available by late Summer 2009.

Coordinated Planning

The 2006 IRP was completed and filed with the PSC on October 20, 2006. The plan provides for about 900 MW of baseload capacity and 200 MW of peaking capacity to be added through 2020.

Studies are underway to evaluate what changes may be necessary in the resource plan if WRECC does not join EKPC as expected.

The Corps of Engineers may change the operational guidelines for the Wolf Creek Dam early next year due to concerns over the seepage problems at the dam. This may have an impact on our SEPA power allocation next summer.



Coordinated Planning

NOTES:

Gallatin Steel interruptible load is excluded, along with small interruptible loads.

Pendleton Co. LFGTE assumed to be on-line by February 2007.

Smith CTs 8-12:

First unit assumed to be on-line for Winter 2008-09 peak.

Last 4 units assumed to be on-line by late Summer 2009.

Warren RECC load data included April 2009 (One Year Delay).

Spurlock 4 unit assumed to be on-line in Spring 2009.

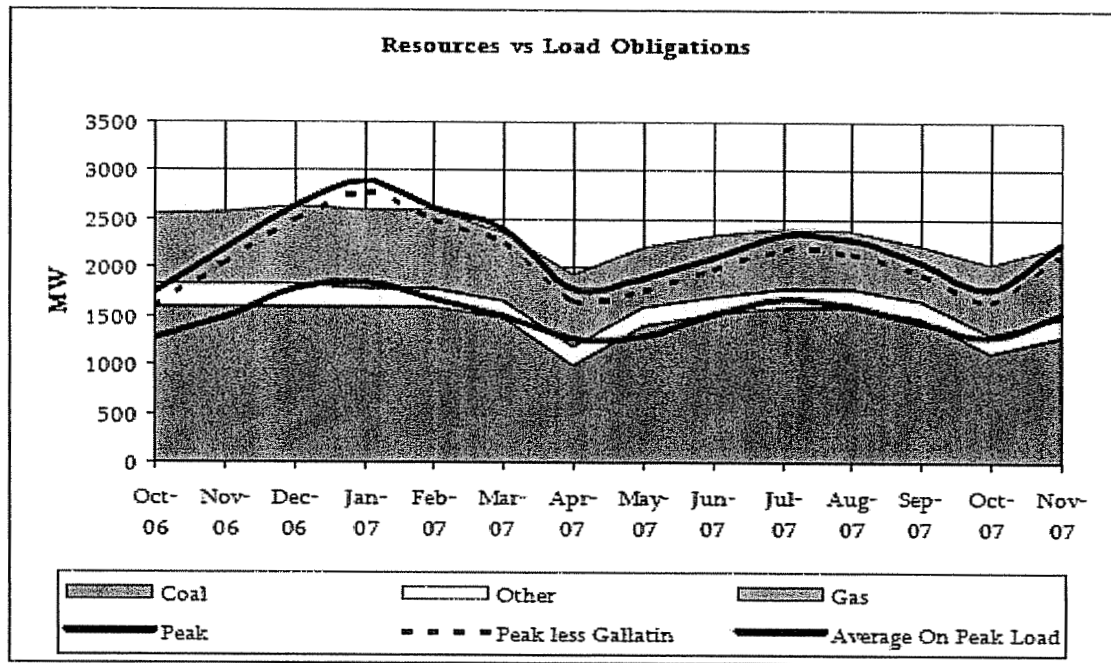
Smith CFB 1 assumed to be on-line by Summer 2010.

Mid-Term Planning

Mid-Term Planning focuses on EKPC's power supply issues from one month out to three or more years. It functions to optimize the use of EKPC's assets for power supply to our Members focusing on the mid-term time frame. We are working with other areas of the company to compile a view of hedging activity that aims to mitigate risk exposure and reduce price volatility. The following list summarizes those activities.

- Coal costs are being hedged by entering into long-term purchase contracts for approximately 60% of our needs. The remaining 40% is locked up by purchase orders on a month to two-month ahead basis. We are investigating other ways to potentially mitigate transportation cost risk.
- Natural gas costs are being hedged by purchasing financial futures of 30% of our historical needs through Constellation Energy. The futures are sold to offset against the current month's gas purchases.
- Emission allowances are being purchased ahead to build an inventory to average the allowance costs resulting in levelizing that portion of the environmental surcharge.
- Transmission rights are being purchased for the next year to guarantee a transportation flow into our system for the market purchases that will be needed to supply Member's needs.
- Power purchases are being evaluated to estimate our future needs and investigating opportunities to obtain contracts to supply those needs.

Coordinated Planning



Generation Dispatch

System Peak – EKPC's coincident peak in October 2006 was 1,922 MWh, occurring at hour 0700 on the 25th. Member system requirements for the month of October 2006 were 911,214_MWh, a decrease of 0.62% above October 2005. During October, there were 76 more heating degree days than normal, temperature was 4.9% cooler than normal.

NOVEMBER 2006

Finance & Risk Management Process – Frank Oliva, ManagerTreasury Management

- Cash Management

EKPC continues to investigate the best possible options of investing excess funds to enhance yield and project daily corporate cash needs. On November 27, EKPC had \$60,191,500 of temporary, short-term investments in general funds. Interest rates on investments ranged from 5.09% to 5.20%. \$22,769,960 (book value) is invested in long-term treasury and government agency securities, primarily pledged as security for insurance and post-retirement liabilities. This action supports EKPC's Mission to provide competitive energy to the member systems.

As of November 24, a total of 58 bank wires/transfers were initiated for a total amount of \$108,546,028, which brings the total number of bank wires to 897 for the year 2006 compared to a total of 977 for the year 2005. These bank wires/transfers include cash investments, benefit reimbursements, purchasing card payments, MISO payments, emission purchases, coal payments, contract payments, purchased power, debt service payments, and all expenditures related to payroll.

- Construction Funds

No advances were requested nor received for November.

The interest rates on our floating/fixed rate pollution bonds through November 28 were:

Cooper – 6 Month fixed rate – 3.68%

Smith – 6 Month fixed rate – 3.55%

Spurlock – weekly floating rate ranged from 3.44% to 3.78%

The EKPC Residential Marketing Loan Program has been utilized by seven member systems for the purpose of making loans to member-consumers. EKPC will make loan funds available to each of its member systems that desire such funds. As of November 27, 6 of the 71 loans remain outstanding with balances totaling \$61,057.

To intensify marketplace opportunities in the area of propane, EKPC has entered into Revolving Line of Credit Agreements with four member systems. As of

Finance Monthly Report
Page 2
November 2006

November 30, EKPC has purchased \$1,566,000 in capital stock and has loaned \$0 on the line of credit. In addition, EKPC had loaned \$3,798,498 to the four subsidiary corporations for the purchase of Thermogas' 50% interest in the retail propane joint ventures. The outstanding balance as of November 30 is \$3,439,137.

As of November 30, \$562,171 plus interest remains outstanding to promote industrial development in the certified territory of four member systems through an Industrial Development Pilot Project. These actions support EKPC's Mission to provide competitive energy to the member systems.

- Finance

The Finance Process continues to monitor and maintain current financial information. In November, the CFC interest rate for lines of credit was 7.15% and the CFC variable, long-term rate was 7.30%. FFB interest rates on November 24 were 4.69% and 4.65% for two-year loans and thirty-year loans, respectively. The prime commercial rate remained at 8.25%. The interest rate on November 27 for the CFC thirty-year long-term fixed rate loan was 7.15%. As of November 27, the interest rates on EKPC's Revolving Credit Facility ranged from 6.15% to 6.19%. This action supports EKPC's Mission to provide competitive energy to the member systems.

Budget & Financial Planning

- Budget

Prepared actual-to-budget comparison reports for October 2006 for all departments and business units.

Continued monthly analysis of fuel, purchased power, emission allowances and environmental surcharge revenue used in the evaluation of the 2006 projected margin.

Provided historical, current, and projected volume and cost of coal, oil, gas, methane gas, emission allowances, and purchased power for the Business Management Plan. This information will be used in comparison of historical and projected trends of these large expenses for the cooperative.

Finance Monthly Report
Page 3
November 2006

Continued to provide information to management for their use in cost containment efforts.

The Budget Team continued consolidation of all budget data relevant to EKPC's 2007-2008 operating budget and 2007-2009 capital budget. Extensive analyses of revenue, operation/maintenance expense, fuel, emission allowances, and purchased power was done with comparison to prior years. The proposed 2007 Annual Budget and Work Plan were presented to the Board of Directors on November 14 with a detailed Power Point presentation showing budget highlights.

Provided additional information on vehicles, outside professional/consulting services, and dues/memberships included in the 2007 Budget as requested by the EKPC Board of Directors. These actions support EKPC's Mission to provide competitive energy to member systems.

- Financial Planning

Continued preparation of the Twenty-Year Financial Forecast and Equity Development Plan 2007-2026. Analysis is done of various financial statements including Balance Sheets, Statement of Operations and Cash Flow Schedules. Actual operating data and capital expenditures for 2005 and 2006 as well as future capital requirements are being reviewed at this time.

Provided to the Public Service Commission, a copy of the Twenty-Year Financial Forecast and Equity Development Plan 2006-2025 adopted by the EKPC Board of Directors on February 7, 2006 and all assumptions used to develop the forecast. This was PSC's second data request in the case reviewing EKPC's financial condition. These actions support EKPC's mission to provide competitive energy to the member systems.

Risk Management

- Insurance – A current insurance schedule is included with this report.

Property Insurance – Staff continues work on the property renewal/placement.

Builder's Risk Coverage – Work continues on obtaining Builder's Risk insurance coverage for the CTs, Smith #1 and renewing coverage for Spur #4.

Finance Monthly Report
Page 4
November 2006

Directors' & Officers' Liability and Fiduciary Liability Insurance – These policies have been placed with November 14, 2006 to 2007 effective dates.

Employment Practices – Personnel continue to work with Legal staff on specific employment practice suits.

- Member Systems Claims for Transmission System Disturbance – No open claims.
- Energy Risk Management

Energy Risk Management Policy – The Energy Risk Management policy and related documents continue to be reviewed by EKPC and APM. The policy is to document EKPC's policies on managing the risk inherent in its wholesale energy business.

EKPC Power Purchase Agreements and Credit Management – EKPC's credit is being reviewed and negotiated for purchases of power, transmission, Financial Trading Rights (FTR's) emission allowances and coal. Risk Management personnel continue to obtain, monitor and manage the credit support provided by trading counterparties, in the form of parental guarantees and payment netting provisions. Agreements are being negotiated with several counterparties.

MISO and PJM – Risk personnel continue to keep abreast of the evolving market.

East Kentucky Power 2005-2006 Business Insurance						
as of November 27, 2006	Carrier	Coverage Limit	Self-Insured Retention	Annual Premium*	Coverage Period	Policy #
Property	FM Global	\$2,869,666,209	\$50,000 Headquarters \$1,000,000 -All other	\$2,136,752	3/1/06-3/01/07	NC006
Excess Liability (Commercial Umbrella) inc. Employment Practices Liability	AEGIS	\$35,000,000	\$1,000,000	\$531,858	10/15/06-10/15/07	Binder
Excess Workers' Compensation	AEGIS	\$35,000,000	\$250,000	\$167,697	10/15/06-10/15/07	Binder
Marine (Landing Dock Liability)	CNA/MOAC	\$1,000,000	\$100,000	\$8,840	10/15/06-10/15/07	Binder
Excess Marine (Landing Dock Liability)	CNA/MOAC	\$4,000,000	n/a	\$8,526	10/15/06-10/15/07	Binder
Crime (coverage limits from \$1 to \$10 million)	Chubb (Federal Insur Co)	\$1,000,000/10,000,000	\$25,000/\$100,000	\$28,928	10/15/06-10/15/07	Binder
Directors & Officers Liability	AEGIS	\$10,000,000	\$500,000	\$59,134	11/14/06 - 11/14/07	Binder
Fiduciary Liability	St. Paul/Travelers	\$10,000,000	\$0	\$11,409	11/14/06-11/14/07	Binder
Builder's Risk - Spurlock #4 <i>3 year policy term - pd annually, coverage limit increases each year</i>	FM Global	\$375,000,000	\$500,000	\$384,329	10/3/06-10/3/07	NC125
Transit coverage included.						
ENVISION, LLC						
Professional Liability	Lloyds of London	\$1,000,000	\$5,000	\$3,326	10/27/06-10/27/07	Binder

*Premium includes state surcharge and all taxes unless otherwise noted.

E.A. Gilbert Generation Project Costs thru 10/31/2006

Contract # Number	Contract Purpose	Contractor	Original Design Costs	Contract Award + Amendment Costs	Contr. Award/Amend Over/(Under) Design Costs	(thru 10/31/06) Actual Recorded Expenditures	Actual Over/(Under) Contr. Amended Costs
E1	Turbine/Generator	GE	\$ 32,223,000	\$ 32,586,200.00	\$ 363,200.00	\$ 32,602,490	\$ 16,290
E6	Feedwater Heaters	Yuba Heat	1,436,000	728,185	(707,815)	737,889	9,704
E8	Deaerator	Ecodyne	225,000	192,500	(32,500)	192,500	-
E11	Condenser	TEI	1,620,000	1,560,662	(59,338)	1,560,662	-
E16	Circ. Water Pumps	Goulds/ITT	796,000	611,700	(184,300)	611,700	-
E17	Condensate Pumps	Flowserve	260,000	232,610	(27,390)	236,056	3,446
E21	Boiler Feed Pumps	Flowserve	1,260,000	1,735,539	475,539	1,708,081	(27,458)
E36	Distributed Control System (DCS)	ABB	2,000,000	4,345,000	2,345,000	3,329,532	(1,015,469)
E101	Alloy Piping	Bendtec	-	1,951,529	1,951,529	1,951,529	-
E103	Radial Stackers/Reclaimer	Metso Minerals	-	1,815,500	1,815,500	1,956,671	141,171
E131	Transformers	Waukesa/PSD	2,825,000	3,576,441	751,441	3,567,561	(8,880)
E146	Switchgear	Pederson	780,000	3,783,855	3,003,855	3,783,855	0
E201	Boiler Island	Alstom Power	126,900,000	146,725,985	19,825,985	149,038,624	2,312,639
E211	Coal/Limestone Handling	Sedgman	2,050,000	15,667,473	13,617,473	16,092,380	424,907
E221	Stack	Pullman Power	4,950,000	4,604,000	(346,000)	4,604,000	-
E222	Cooling Tower	Marley Cooling	1,900,000	2,382,600	482,600	2,383,549	949
E251	Piling	Richard Goettle	9,600,000	5,071,757	(4,528,243)	5,071,757	-
E261	Substructure	Baker	-	9,650,846	9,650,846	15,343,775	5,692,929
E281	Balance of Plant (+Misc. Pumps)	Cherne Contracting	76,001,000	82,105,100	6,104,100	83,287,552	1,182,452
E332	Painting	Universal	-	2,631,846	2,631,846	2,631,846	0
		Subtotal	\$ 264,826,000	321,959,328	57,133,328	330,692,008	8,732,680
	Escalation of Contracts		\$ 4,490,000		(4,490,000)		
	Contingency		9,880,000		(9,880,000)		
	Boiler Contingency		13,000,000		(13,000,000)		
		Subtotal	\$ 27,370,000	-	(27,370,000)	-	-
		Total Contracts	\$ 292,196,000	321,959,328	29,763,328	330,692,008	8,732,680
Other Costs	Engineering Design	Stanley	\$ 10,640,000	11,720,000	1,080,000	13,328,705	1,608,705
	Owners Cost	EKPC	19,500,000	19,500,000	-	20,014,847	514,847
	Spare Parts	EKPC	3,000,000	3,000,000	-	925,285	(2,074,715)
	Site Prep	EKPC	500,000	500,000	-	3,386,927	2,886,927
	Environmental Costs	EKPC	1,275,000	1,275,000	-	554,725	(720,275)
		Total Other	\$ 34,915,000	35,995,000	1,080,000	38,210,488	2,215,488
		Total Contracts + Other	\$ 327,111,000	357,954,328	30,843,328	368,902,496	10,948,168
		IDC	40,500,000	40,500,000	-	30,582,152	(9,917,848)
	Fuel Credit during Commissioning					(1,979,134)	(1,979,134)
		Project Total	\$ 367,611,000	398,454,328	30,843,328	397,505,514	(948,814)

Spurlock #4 Generation Project Costs thru 10/31/2006

Contract #	Contract Purpose	Contractor	Original Design Costs	Contract Award + Amendment Costs	Contr. Award/Amend Over/(Under) Design Costs	(thru 10/31/06) Actual Recorded Expenditures	Actual Over/(Under) Contr. Amended Costs
F1	TURBINE GENERATOR	GE	\$ 32,395,000	\$ 32,895,000	\$ 500,000	\$ 25,211,176	\$ (7,683,824)
F6	FEEDWATER HEATERS	Yuba	756,000	1,207,124	451,124	1,122,645	(84,479)
F8	DEAERATOR	Ecodyne	200,000	303,094	103,094	280,040	(23,054)
F11	CONDENSER	TEI	1,600,000	2,358,510	758,510	2,144,100	(214,410)
F16	CIRCULATING WATER PUMPS	ITT Industries	630,000	694,200	64,200	494,200	(200,000)
F17	CONDENSATE PUMPS	Flowserve	245,000	323,505	78,505	323,505	-
F21	BOILER FEED PUMPS	Flowserve	1,774,000	2,375,772	601,772	1,163,698	(1,212,075)
F36	DISTRIBUTED CONTROL SYSTEM	ABB	4,000,000	3,928,175	(71,825)	-	(3,928,175)
F46	FANS & MOTORS	Howden	2,668,000	2,718,458	50,458	2,403,065	(315,393)
F71	ASH HANDLING EQ ONLY	-	1,500,000	-	(1,500,000)	-	-
F101	ALLOY PIPING AND ALLOY SUPPORTS	BendTec	2,450,000	3,922,297	1,472,297	2,144,606	(1,777,690)
F103	RADIAL STACKER/RECLAIMER	-	-	-	-	-	-
F131A	TRANSFORMERS - Large	Pauwels	4,625,000	3,100,552	(1,524,448)	310,055	(2,790,497)
F131B	TRANSFORMERS - Medium	Waukesha	-	1,354,700	1,354,700	-	(1,354,700)
F146	SWITCHGEAR	Pederson Power	4,273,000	3,914,646	(358,354)	3,217,969	(696,677)
F201	BOILER ISLAND	Alstom Power	180,500,000	194,500,000	14,000,000	97,252,909	(97,247,091)
F204	EMISSIONS MONITORING	-	300,000	-	(300,000)	-	-
F211	COAL/LIMESTONE HANDLING	Dearborn Mid-West	8,650,000	12,078,400	3,428,400	1,382,900	(10,695,500)
F221	STACK / CHIMNEY	Pullman Power	5,700,000	5,851,000	151,000	78,000	(5,773,000)
F222	COOLING TOWER	Marley Cooling Twr.	2,454,000	3,025,100	571,100	1,863,282	(1,161,818)
F251	PILING	Richard Goettle	5,650,000	9,246,942	3,596,942	9,069,387	(177,555)
F261	SUBSTRUCTURE	Baker Concrete	12,900,000	17,178,476	4,278,476	11,122,802	(6,055,674)
F271	STRUCTURAL STEEL	-	-	-	-	-	-
F263	CIRCULATING WATER PIPE	Reynolds	6,000,000	10,385,620	4,385,620	7,823,495	(2,562,125)
F264	ASH SILO'S	-	-	-	-	-	-
F281	BALANCE OF PLANT	Cherne	72,000,000	99,574,708	27,574,708	8,500,630	(91,074,078)
F281	TURBINE CRANE	-	-	-	-	-	-
F281	AUXILIARY GEN & BUILDING (2000 KW) ^c	-	-	-	-	-	-
F332	PAINTING	-	2,500,000	-	(2,500,000)	-	-
	Subtotal		\$ 353,770,000	410,936,279	57,166,279	175,908,464	(235,027,815)
	STEEL CONTINGENCY		\$ 10,000,000	-	(10,000,000)	-	-
	F201 BOILER CONTINGENCY		9,025,000	-	(9,025,000)	-	-
	F281 BOP CONTINGENCY		7,200,000	-	(7,200,000)	-	-
	CONTINGENCY (EXCL F1,F201,F281)		6,887,500	-	(6,887,500)	-	-
	Subtotal		\$ 33,112,500	-	(33,112,500)	-	-
	Total Contracts		\$ 386,882,500	410,936,279	24,053,779	175,908,464	(235,027,815)
Other Costs							
	Engineering Design	Stanley	\$ 16,270,000	16,200,000	(70,000)	7,361,663	(8,838,337)
	Owners Cost	EKPC	20,000,000	20,000,000	-	6,695,729	(13,304,271)
	Spare Parts	EKPC	-	-	-	-	-
	Site Prep	EKPC	-	-	-	1,866,620	1,866,620
	Environmental Costs	EKPC	-	-	-	-	-

Finance

Finance Monthly Report
 Page 8
 November 2006

Accounting and Materials Management Process – Ann Wood, Manager

General Accounting

Accounts payable wrote 885 checks from November 1, 2006 through November 22, 2006 totaling approximately \$33,148,000.

East Kentucky Power Cooperative Fuel Adjustment Comparison with Kentucky Utilities As of October 31, 2006

Expense Month	EKPC Base Rate \$/mwh	EKPC Actual Fuel Rate \$/mwh	Debit/ Credit \$/mwh	KU Base Rate \$/mwh	KU Actual Fuel Rate \$/mwh	Debit/ Credit \$/mwh
May-05	20.25	21.90	1.65	18.10	19.28	1.18
Jun-05	20.25	25.16	4.91	14.94	24.12	9.18
Jul-05	20.25	25.69	5.44	18.10	24.81	6.71
Aug-05	20.25	31.34	11.09	18.10	25.70	7.60
Sep-05	20.25	29.12	8.87	18.10	24.80	6.70
Oct-05	20.25	28.34	8.09	18.10	23.89	5.79
Nov-05	20.25	26.97	6.72	18.10	20.41	2.31
Dec-05	20.25	33.34	13.09	18.10	20.73	2.63
Jan-06	20.25	27.81	7.56	18.10	20.13	2.03
Feb-06	20.25	27.13	6.88	18.10	22.50	4.40
Mar-06	20.25	26.38	6.13	18.10	25.30	7.20
Apr-06	20.25	27.37	7.12	18.10	24.18	6.08
May-06	20.25	27.91	7.66	18.10	25.33	7.23
Jun-06	20.25	24.96	4.71	18.10	26.39	8.29
Jul-06	20.25	26.08	5.83	18.10	27.57	9.47
Aug-06	20.25	27.85	7.60	18.10	31.09	12.99
Sep-06	20.25	27.00	6.75	18.10	23.18	5.08
Oct-06	20.25	22.81	2.56	18.10	25.91	7.81

Finance

Finance Monthly Report
Page 9
November 2006

Materials Management

The Winchester Warehouse inventory decreased in October by \$223,655, with an ending balance of \$12,438,811. Stock-related material handled during the month totaled \$839,038, and included material for fifteen (15) Power Delivery Expansion projects, and credits for eight (8) projects. 7,384 gallons of fuel was pumped at the fuel facility during October. 7,993 gallons of unleaded was purchased at \$1.99/gallon. No diesel was purchased.

Payroll

Test was done on a Peoplesoft Tax Update. This has been moved to production. Payroll taxes for third quarter 2006 were compiled and submitted to the appropriate Government agency.

Plant Accounting

All physical inventory counts have been completed. We have been providing information for the Rate Case.

Pricing Process – Bill Bosta, Manager

EKPC/LG&E Transmission and Interconnection Agreement Dispute

On October 2, LG&E Energy filed its Compliance Report with the FERC in accordance with the Commission's Order of September 1 in this proceeding. In its filing, LG&E used the \$.77/KW-mo. transmission rate in effect prior to LG&E's initial filing in this case. The total refund amount was approximately \$1.61 million.

On October 23, EKPC filed a protest to LG&E's Compliance Report, alleging that the report contained errors, including an incorrect computation of interest and a misapplication of certain principles set forth in the Commission's Order. EKPC's calculation showed a total refund of about \$1.8 million, or \$187,000 in addition to the \$1.61 million refund calculated by LG&E. The Commission has not yet ruled on EKPC's protest.

On November 15, LG&E filed a response to EKPC's protest of their Compliance Report. LG&E agreed that EKPC's protest was valid for ten of the eleven errors cited by EKPC in its protest. It did not, however, agree that LG&E should be

Finance

Finance Monthly Report
 Page 10
 November 2006

charged \$1.62/KW-month for the first two years of the refund period, stating that the Commission, by its own admission, did not have jurisdiction over the rates that EKPC charges to LG&E. As a result, LG&E agreed that an additional refund of about \$55,000 was warranted, but not the \$187,000 sought by EKPC. The Commission must ultimately rule on whether LG&E's refund computation is correct.

The Commission's Final Order results in the following impact on an annual basis for the period in late 2002, when the case was filed, until the end of August 2006.

	<u>Proposed Increase</u>		<u>Increase as Ordered</u>	
Interconnection Agmnt	\$581,000	70.0%	\$62,000	7.4%
Transmission Agmnt	\$278,000	23.5%	\$35,000	2.9%
Total	\$859,000	42.6%	\$97,000	4.8%

Both EK and Gallatin Steel requested rehearing in the proceeding on October 2. The major issues for rehearing include the need for the Commission to recognize an additional \$3.5 million refund to EK as a result of LG&E billing EK for pancaked rates over the four year period, and the need to eliminate MISO Schedule 10 administrative fees being paid by EKPC. On October 30, the Commission issued an Order granting rehearing but did not set a date for the rehearing. This is known as a "tolling" order and means that the Commission met the requirement to act in 30 days on the rehearing request. The Commission, however, is under no time constraint to set a rehearing date.

Aside from the Commission's Order, as a part of the LG&E request to exit MISO at the FERC, EKPC was able to negotiate a provision that allows LG&E to reimburse EK for the pancaked rates issue going forward beginning December 1, 2005. To date, EKPC has received a credit of about \$310,000. EKPC and LG&E have completed the negotiation of a new Interconnection Agreement. The new Agreement became effective on September 1.

Including the effects of pancaking cited above, it appears that LG&E's proposed filing in 2002 resulted in a net loss to them rather than the 43% increase they had originally sought.

Finance

Finance Monthly Report
Page 11
November 2006

This project will enable EKPC to continue to strive to provide reliable service at a competitive price.

EKPC Filing to Amend its OATT at the FERC - Case No. NJ07-1-000

On November 14, EKPC filed with the FERC to amend its Open Access Transmission Tariff (OATT). The filing was made to inform the FERC that EKPC was amending its OATT to reflect a change in its network transmission rate to a "stated" rate of \$1.62/KW-mo. from its existing methodology. The change is expected to garner an additional \$200,000 to \$300,000 annually for service to LG&E under the new Interconnection Agreement with LG&E, effective September 1. In addition, the filing includes several language changes and incorporates the FERC-approved procedure for small and large generator interconnections to the transmission system. LG&E has an opportunity to protest the changes to the Tariff by filing a protest with the FERC by no later than December 12.

Environmental Surcharge Implementation/Emission Allowance Strategy & Six-Month Review Case No. 2006-00131

On November 20, EKPC submitted its seventeenth monthly report to the Commission for the Environmental Surcharge factor. EKPC filed a factor of 9.93% to be applied to service rendered in November 2006 and billed the first week of December. EKPC also filed environmental surcharge factors on behalf of each of the sixteen member systems, ranging from 6.41% to 8.34%.

In early August, as requested by the Commission, EKPC filed a response on behalf of itself and all Member Systems that the Commission may issue an Order based on the existing record in the case. Gallatin Steel, an intervenor in the case, filed a similar response. The Case is ripe for decision and an Order is expected in the near future. This project helps EKPC maintain financial stability while meeting all regulatory compliance issues.

Case 2006-00455 Investigation of the Financial Condition of EKPC

On October 27, the Kentucky Public Service Commission issued its initial data request to EKPC in its investigation into the Company's financial condition. On November 6, EKPC filed its responses to the Commission's data request. The Commission issued a follow-up data request on November 9, to which responses were filed on Monday, November 20.

Finance Monthly Report
Page 12
November 2006

Internal Audit & Performance Measures – Graham Johns, Coordinator

Internal Auditing for Member Systems

Inter-County Energy Cooperative—Completed the fieldwork for an audit of employee travel and out-of-pocket expenses on November 20, and the report is being written.

Cost Reviews

- The review of the maintenance agreement with Human Systems Technology Corporation was completed.
- A review of vehicles and transportation is now in progress.

Annual Audit

Crowe Chizek was here for interim fieldwork November 13-17. Internal auditing assists with the annual audit by auditing work orders, physical inventory, and long-term debt.

Finance

Finance Monthly Report
Page 13
November 2006

Credit Union Process -- Brian Tyler, Process Owner

October 2006 Financial Report

Loans	13,954,205.00
Investments	3,231,419.31
Total Assets	17,810,178.42
Liabilities	1,826,533.22
Deposits	13,422,029.31
Equity	2,297,431.66
Interest on Loans	69,919.55
Investment Income	20,811.60
Total Income	91,760.33
Total Expenses	80,796.54
Retained Earnings	10,963.79
YTD Retained Earnings	72,415.48

Credit Union Board Holds Planning Session

The board of directors of the EKEFCU recently held a comprehensive planning session, led and facilitated by the manager, Brian Tyler. The board used information gained in this summer's survey of the members, reviewed the budget for the coming year, and updated the credit union's business plan for the coming year and for the long-term future. A lively discussion was held about future growth and how we will position the credit union to minimize risk while offering the best service to the members. The board's comments and wishes will be compiled into the budget/business plan and will receive final approval at the December board meeting.

Brian Tyler named Chairman of the KYCUL Annual Meeting and Conference

Brian Tyler, Manager of the Credit Union, has been appointed Chairman of the Kentucky Credit Union League's Annual Meeting and Conference for 2007. This meeting will take place in Lexington in October 2007 and offers many educational and networking opportunities for credit unions throughout the state. The league also holds its annual awards banquet and the league annual meeting during this conference.

dge/dd

c: Directors & Alternate Directors
Executive Staff
Finance Staff

NOVEMBER 2006

Mission Statement:

The purpose of Governmental Affairs is to support EKPC in providing reliable, competitively priced electricity and the member systems in improving Kentuckians quality of life by:

- ◆ Developing and implementing legislative and public affairs strategies.
 - ◆ Promoting the Cooperative program by educating elected officials and staff at all levels of government.
 - ◆ Establishing and maintaining working relationships with other organizations, interests and communities.
- Attended the Interim Agriculture & Natural Resources Committee meeting in Frankfort, and meetings of its subcommittees. Presentations included an update on the proposed regulations for the Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR).
 - Monitored other interim legislative committees, including the Program Review & Investigations Committee, which is studying transmission siting and pollution control credits, the Legislative Research Committee and the Interim Transportation Committee.
 - Attended a meeting of co-op lobbyists in Frankfort to discuss potential issues in the upcoming 2007 legislative session, and to begin developing strategy.
 - Attended a going-away reception and luncheon for AEP-Kentucky lobbyist Greg Pauley, who has been promoted to become AEP's Director of Public Policy in Columbus, Ohio.
 - Monitored the general election results and discussed outcomes and potential impacts on EKPC with internal staff and co-op lobbyists.
 - Contacted local and state leaders regarding the announced retirement of President & CEO Roy Palk and the hiring of Mark Bailey as Executive Vice President and Chief Operating Officer.
 - Contacted local and state leaders regarding the Public Service Commission's decision to initiate an investigation of EKPC's financial condition (Case No. 2006-00455). Attended internal meetings to discuss communications strategy.
 - Attended the "Utilities and Energy Efficiency: The Fifth Fuel" conference in Lexington, sponsored by the Governor's Office of Energy Policy.

Governmental Affairs

- Attended a Commerce Lexington luncheon featuring Lexington Mayor-Elect Jim Newberry.
- Attended the Governor's Environmental Conference in Lexington.
- Began coordinating meetings to be held in December for local elected officials, and newly elected officials, to update them on EKPC issues.
- Continued working with Planning and Production teams on a state request for proposals on potential sites for coal-to-liquids and coal-to-gas facilities throughout Kentucky. EKPC has submitted its J.K. Smith site in Clark County as a potential location.
- Started developing a legislative preview of Currents, EKPC's electronic newsletter on issues and events in Frankfort and Washington, D.C.
- Continued working to develop a Governmental Affairs web site for member use.

Human Resources & Support Services

NOVEMBER 2006

EKPC: To provide reliable and competitive energy and member services.

Unit: To serve and assist the Cooperative, it's employees, the Member Systems, and External Customers by:

- Managing Costs
- Ensuring the safety, well-being, and development of EKPC employees
- Providing appropriate corporate staffing requirements
- Providing effective communications
- Complying with all laws and regulations

Human Resources, Facilities Management, Corporate Support Services

1. Managing Costs

Significant Results:

- **Budget management** – Centers 032, 040, 041, 043, 046, 047 are under budget \$670,772 year-to-date through October.
- **Cost containment** – All non-critical costs are being delayed.

2. Ensuring the safety, well-being, and development of EKPC employees

Significant Results:

- HQ employees' participation in electrical safety presentations creates safer environment
- OSHA Lost Time Incident Rate through October 31st is 1.61

3. Providing appropriate corporate staffing requirements

Significant Results:

- **Positions Filled:**
 - Senior Analyst – filled by Faith Oberg and Fernie Williams.
 - Warehouseman @ Spurlock – Gabrielle Dawn Fields (Co-op student going from temporary to full-time)
 - Landfill Generating Plant Operator – Pendleton County – Michael Curtis
 - Payroll Specialist – Billie Rena Turley

Human Resources & Support Services

- **Positions open:**
 - Construction Project Manager @ Spurlock
 - Senior Engineer (Production)
 - Senior Engineer – EMS
 - Environmentalist
 - Construction Technician Crew Leader
 - Senior Analyst
 - Electrician @ Spurlock
 - Auxiliary Operator @ Dale
 - Computer & Instrument Technician @ Spurlock
 - Warehouseman @ Spurlock
 - Maintenance Material Specialist @ Spurlock
 - Engineer – Operations
 - Maintenance Mechanic @ Cooper
 - 4 - Auxiliary Operator – Spurlock
 - Substation Technician – Bardstown
 - Substation Technician – Hillsboro
 - Plant Safety & Warehouseman @ J.K. Smith
 - Construction Technician
 - Senior Accountant
 - 2 – LAN/PC Support Specialist
 - Computer & Instrument Technician @ Cooper
 - 2 – Auxiliary Operator @ Cooper

4. Providing effective communications

Significant Results:

- Improved communication and knowledge for managers about company situation from VP Finance's LFL presentation
- Provided communications to employees regarding EAP program, non-smoking program, and presented relevant health topic discussion at lunch and learn presentation at Headquarters.
- Held Benefit Fairs at all locations to give employees a chance to ask questions about their Benefits at EKPC and to make sure they completely understand the changes in the medical plan for 2007.

5. Regulatory compliance

Significant Results:

- Reviewing compensation analysis reporting to compare with voluntary Department of Labor guidelines.

Human Resources & Support Services

6. Member Systems Support

Significant Results:

- Owen Management Improving Performance Management
- Salt River Avoiding Workplace Violence

Information Technology Process – Wes Moody, Manager

Provide support for the PeopleSoft ERP system

PeopleSoft HRMS Version 8.8

- ◆ Payroll – Applied Tax Update 06E to the Production environment. Attended a Webcast for Year-End processing. Continue testing the new benefit options with payroll for 2007.
- ◆ Benefits – Developed new interface program for insurance provider for new employee benefit program setup. Benefit's billing adjustment analysis.
- ◆ Human Resources - Continue testing Crystal reports based on OFCCP's recommendations to group employees based on SSEGs (Similarly Situated Employee Groups). These groupings will be used as a part of a self-evaluation of EKPC's compensation practices. Applied PeopleSoft fix to handle EEOC's anticipated changes to the 2007 EEO-1 Report which will include a new race entitled "two or more races" as well as subcategories added to the Officials and Managers category.

PeopleSoft is an enterprise resource-planning tool that integrates company financial and human resource information into a common application. This supports key measures **Competitive Energy** and **Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information about capital projects, benefits, expenditures, fixed assets, budgets and other financial and human resource information.

Develop Power Delivery Scoping System

- ◆ Development of the Online version 1.2 of PDSS has been completed.
- ◆ Development of the Reporting of PDSS has been completed.
- ◆ Power Delivery has 5-6 users involved with the testing of the application.
- ◆ Application documentation is currently being developed.
- ◆ "Go-Live" implementation date is targeted for 12/4/2006.

This supports **Competitive Energy and Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information for the Power Delivery Business Unit.

Develop a Drawing Management System

- ◆ Began system design. Initially targeted for Smith station, though

Human Resources & Support Services

envisioned as a corporate solution.

This supports **Competitive Energy and Reliable Energy** by providing Power Production with the flexibility required to run their day-to-day operations.

Enhance Coal Accounting System

- ◆ Coal Supplier Price Adjustments and Index of All Coal Purchase Commitments Crystal Reports were modified per users request to reflect changes in some of the coal contract specifications at Cooper Station.

This supports **Competitive Energy and Reliable Energy** by providing Power Production with the flexibility required to purchase contract coal in the current competitive environment.

Provide Company-Wide Computer and Network Services

- ◆ The Computer Support Line resolved 41 support calls during the previous period.
- ◆ Began rollout of new computer backup software. Installation is about 15% complete.
- ◆ Tested PeopleSoft system at the Disaster Recovery Site.

Computer and network services support key measures **Competitive Energy** and **Reliable Energy** by developing a network and computing environment that facilitates a collaborative work environment.

Provide Telecommunications to Substations.

- ◆ A permanent install has been completed on the data and phone circuits at the North Springfield Substation
- ◆ The blocking carrier has been reconfigured and installed on the Rowan to Skaggs line and Rowan to Rodburn line.

This supports key measure **Reliable Energy** by providing the ability to get substation information and do remote switching.

Provide Telecommunications to Members.

- ◆ The microwave link to the Blue Grass Harrison office has been installed and tested.

This supports key measure **Member Services** by providing a value-added service to member systems.

Provide New Two-way Radio System.

- ◆ The consultants were directed to proceed with predicted area coverage maps and estimated number of sites to cover the EKPC service area using 220MHz radio. This will be compared to the 450MHz coverage and estimates previously prepared.

This supports key measures **Reliable Energy** and **Competitive Energy** by providing a two-way radio system that will enhance our ability to maintain and operate the transmission system and to assist in outage restoration.

Human Resources & Support Services

Maintain the Telecommunications System

- ◆ Drawings for the new digital system are being delivered to the remote sites.
- ◆ Routine maintenance was performed at four microwave sites.
- ◆ Tower lights were repaired at the Freedom microwave site.
- ◆ Telecom personnel repaired the HVIU at Mt Victory substation.
- ◆ The leased data circuit that transports Skaggs RTU has been moved to the bridge at the Rowan County Switchyard.
- ◆ Telecom personnel repaired the EKPC/Co-op base station at Johnson Hollow.

Routine operation and maintenance of the telecom systems supports key measures **Competitive Energy** and **Reliable Energy** by providing the ability to get critical power system operating information.

IT Performance Measures

- ◆ Annual O&M Budget - Under Budget.
- ◆ Lost Time Accident Rate - 0.0
- ◆ WAN Availability - 100.0%
- ◆ LAN Availability - 100.0%
- ◆ Two-Way Radio Availability
 - Member System Base Stations - 99.34%
 - EKPC Base Stations - 99.76%
- ◆ Application Availability - 99.53%
- ◆ Data Circuit Availability - 99.83%
- ◆ On-Time 555 Problem Resolution - 99.1%
- ◆ Customer Satisfaction Index
 - NCS Team - 93%
- ◆ PBX Availability - 100%

NOVEMBER 2006

Pending Litigation against EKPC

1. *Brenda Milton v. EKPC, et al (Employment Discrimination Lawsuit)* – Clark Circuit Court. The case has been fully briefed and submitted for a decision. At issue are allegations by a former employee seeking damages on claims of a hostile work environment, retaliation and assault and battery by a co-worker.
2. *Mark Jordan v. EKPC and CBA* – U.S. District Court for the Eastern District of Kentucky. On August 14, 2006, the Federal District Court Judge granted EKPC's Motion for Summary Judgment and dismissed the lawsuit. This lawsuit had been filed by a former employee alleging that EKPC had breached one or more of the terms of his workers' compensation settlement; and, had conspired with CBA to arbitrarily deny him continued long-term disability benefits. Jordan has now terminated his attorney and has filed a Motion to Vacate the Judgment. EKPC has filed a response, objecting to said motion. Motion is pending before Judge Coffman. Jordan has also filed an appeal with the Sixth Circuit Court of Appeals but the appeal may be dismissed as not being filed timely.
3. *United States of America v. EKPC (Clean Air Act Enforcement)* – U.S. District Court, Lexington – On January 28, 2004, the United States, on behalf of the Environmental Protection Agency ("EPA") sued EKPC alleging that physical or operating changes to three coal-fired generators resulted in simultaneous violations of the Prevention of Significant Deterioration ("PSD") provision of the Clean Air Act; the New Source Performance Standards ("NSPS") of the Clean Air Act; and the State Implementation Plan ("SIP") for Kentucky, as approved by EPA. The lawsuit seeks injunctive relief and civil penalties. The Cooperative answered the lawsuit on June 18, 2004. Since that date, the parties engaged in and have now completed discovery. On January 17, 2006, the Cooperative filed several motions with the Court asking that most, if not all of the claims, be dismissed. These Motions for Summary Judgment involved,
 - (a) statute of limitation issues;
 - (b) federal enforceability of Title V and state operating permits;
 - (c) applicability of the routine maintenance exclusion; and
 - (d) legal standards applicable to PSD and NSPS claims, generally, as decided by the Fourth Circuit in *United States v. Duke Energy*.

On August 18, 2006, the Court entered an Order Setting Aside the Pre-Trial Conference and Bench Trial (previously scheduled for October 2) pending further Orders of the Court and stating that, "It would make the most sense to wait to try this matter until after the Supreme Court has issued a decision in *Duke Energy*." The Order also directed the parties to file a short statement with the Court by early September, "setting forth which of the outstanding Motions for Summary Judgment clearly implicate the issues raised in the *Duke Energy* case, and thus should await a decision from the Supreme Court, and which of the outstanding Motions for Summary Judgment should go forward for decision." The parties filed the statements requested by the Court, and on September 26, the Court issued an Order dismissing most of the Government's motions without prejudice pending a final decision in *Duke Energy*.

At this time, the case is effectively stayed except that the Court may enter decisions on the remaining outstanding motions not implicated in *Duke Energy*. Oral arguments in *Duke Energy* are scheduled before the United States Supreme Court on November 1, 2006.

4. *Enviropower LLC v. EKPC (Spurlock 4 Certificate Order)* – Franklin Circuit Court. The parties have filed prehearing statements with the Court of Appeals in this case. There will be no prehearing conference. The briefing schedule will begin upon the certification of the record by the Franklin Circuit Court.
5. *Enviropower v. PSC (Spurlock 4 – Denial of Intervention)* – Court of Appeals. Oral arguments in this case are scheduled for December 14 at the Court of Appeals.
6. *Robert Mulberry v. EKPC, et al* – Scott Circuit Court. On May 2, 2006, the plaintiff sued EKPC and David Eames for personal injuries resulting from an automobile accident on July 29, 2004. Subsequent thereto, the Legal Department filed an Answer on behalf of both EKPC and David Eames; and also filed Complaints against two additional parties— St. Joseph Hospital and Dr. Joseph Westerfield—alleging their primary responsibility for the events giving rise to the automobile accident. Discovery has been initiated by EKPC.
7. *Nathan Writesel v. Goodyear Tire & Rubber & EKPC, et al – (Asbestos Personal Injury)* – Court of Common Pleas, Cuyahoga County, Ohio. On June 21, 2006, Plaintiff filed this case seeking recovery for personal injuries associated with asbestos exposure while working for various contractors throughout the years. EKPC has retained an Ohio law firm to represent it for purposes of filing a Motion to Dismiss. Limited discovery undertaken reveals that EKPC’s exposure in this case is not likely and we intend to file a Motion to Dismiss at the conclusion of discovery.
8. *United States of America v. EKPC (Clean Air Act Enforcement)* – U.S. District Court, Lexington – On June 30, 2006, the United States, acting at the request of the Environmental Protection Agency (“EPA”) sued EKPC charging operation of Dale Station Units 1 and 2 with technical violations of the Clean Air Act (“CAA”) acid rain program, and provisions of the NOx State Implementation Plan or NOx SIP Call. The issue for both units involves whether these units were subject to regulations as generators having a “nameplate” capacity greater than 25 megawatts and/or were generators used to generate 25 megawatts or more of electricity. EKPC filed its Answer on August 8, 2006. Discovery is ongoing, and is to be completed by May 9, 2007. The Court has assigned the action for trial by jury on September 25, 2007.

On July 14, 2006, the Commonwealth of Kentucky’s Motion to Intervene was granted on the basis of common questions of law and fact.

Pending Litigation for EKPC

1. Substation Vandalism (EKPC v. Caudill, Middleton & McElroy) – Garrard Circuit Court. Judgment was entered in favor of EKPC against these three individuals for damages in the amount of \$126,000 representing the replacement cost associated with the step-down transformer vandalized by the defendants on July 15, 1997. In addition, McElroy was assessed an additional \$50,000 for punitive damages since he was the shooter. Judgment has been entered against all three defendants. To date, \$78,821.72 on the Judgment has been collected from the defendants.
2. EKPC v. Greenwich Insurance Company – U.S. District Court for the Eastern District of Kentucky. EKPC has filed this action (originally in Clark Circuit Court but was removed to federal court) to recover proceeds of a performance bond against the surety of this land. Lexington Coal Company is claiming entitlement to the proceeds also but EKPC does not believe that claim is meritorious and intends to vigorously prosecute the claim. Lexington Coal has attempted to transfer this action to Bankruptcy Court but the U.S. District Court, in an order entered on January 24, 2006, denied the motion to transfer the case. The case has been remanded back to Clark Circuit Court.

Claim and Topics

1. KU and LG&E v. EKPC (FERC Proceeding) – On September 18, 2002, KU and LG&E filed with the FERC a proposed restructuring of two agreement with EKPC. The first is an Interconnection Agreement dated 5/11/1995, and the second is a Transmission Agreement dated 2/9/1995 for transmission service to the Gallatin Steel Company. The modifications sought by KU and LG&E are intended to incorporate all, or substantially all, of the rates and charges under the Midwest ISO ("MISO") tariff. EKPC objects and contends that the two agreements may not be modified since earlier amendments to the agreements, in conjunction with the KU/LG&E merger, and companion rate case, were intended to foreclose subsequent modifications for the remaining life of both agreements.

On April 1, 2004, the administrative law judge entered preliminary findings for EKPC. On March 31, 2004, a preliminary order was entered in the case favorable to EKPC's position. On December 22, 2004, FERC issued its order, which affirmed most of the judge's findings. The order remanded the case for further proceedings. On balance, the FERC decision was more favorable to EKPC than to LG&E/KU. A final decision is expected anytime.

2. PSC Case No. 2004-00401 – Proposed FAC Cap – The PSC held an informal conference on May 26, 2005, to consider possible alternatives in dealing with fuel adjustment clause fluctuations. Several EKPC member system managers and staff representatives attended and discussed the impacts of the fluctuations and billing lag. An analysis will be made of possible changes in FAC billing procedures to reduce the billing lag. A proposal will be submitted to the PSC in the next few weeks.

3. FERC Case No. TX05-1 – On October 1, 2004, EKPC filed an application with the Federal Energy Regulatory Commission (“FERC”) seeking an order compelling the Tennessee Valley Authority (“TVA”) to physically interconnect with EKPC’s transmission system at three new locations for purposes of serving Warren RECC when it becomes a member on April 1, 2008. The filing was necessary because TVA refused to allow the proposed interconnections. On June 20, 2006, FERC denied TVA’s request to rehear the case, and for clarification of earlier orders, and reaffirmed its decision requiring the interconnection agreement. Both EKPC and TVA are working through details necessary to implement the interconnection.
4. Commonwealth of Kentucky Sales and Use Tax Audit – On June 6, 2005, EKPC filed its response to a sales and use tax audit totaling roughly Two Million Dollars for the period February 1, 2001 through November 30, 2004. EKPC acknowledged owing \$257,459.46 and PROTESTED the balance of the assessments. The Revenue Cabinet has advised that the matter is in abeyance pending resolution of certain related issues in the Board of Tax Appeals.
5. PSC Case No. 2006-00017 – Integrated Resource Plan – EKPC’s 2006 IRP was filed with the Commission on October 20.
6. PSC Case No. 2006-00236 - EKPC Depreciation Study – EKPC responded to a second set of data requests from the Commission staff in this case on October 3.
7. PSC Admin. Case No. 2006-00045 – Consideration of Federal Energy Policy Act Standards – The brief of EKPC and the member systems in this case was filed with the Public Service Commission on August 29. A decision by the Commission is expected before the end of the year.
8. PSC Case No. 2006-00131 – Six-Month Review of Environmental Surcharge – The Commission has requested all parties in this case to indicate if they believe there are any issues which require a hearing. The only intervenors, the AG and Gallatin Steel Co., indicated at an informal conference on May 24 that they did not foresee a need for a hearing. EKPC has responded that it and the member systems do not feel a hearing is needed.
9. PSC Case No. 2006-00455 – EKPC Financial Condition – EKPC has responded to a second set of data requests from the Commission staff in this investigation. The Attorney General and Gallatin Steel Company have intervened in the case.
10. PSC Case No. 2006-00472 – Wholesale Rate Adjustment – EKPC gave notice to the PSC on November 13 of its intent to file a wholesale rate adjustment on or after December 11, 2006. The notice also advised the Commission that EKPC member systems would be filing to pass EKPC’s wholesale rate adjustment through their retail rates.
11. Sierra Club v. Environmental and Public Protection Cabinet and East Kentucky Power Cooperative, Inc. – Commonwealth of Kentucky, Environmental and Public Protection Cabinet File No. DAQ-27974-037. On July 18, 2006, EKPC received notice of an administrative challenge brought by the Sierra Club to the issuance of the Spurlock #4 air permit. The petition filed by the Sierra Club seeks to have the

air permit revoked; or, in the alternative, to have the permit re-issued with corrections to what petitioner believes to be errors and mistakes in the permit conditions. A preliminary hearing was held on Friday, July 21, 2006, in Frankfort at the office of Administrative Hearings for the Environmental and Public Protection Cabinet.

This matter is in discovery, with a hearing date set for early December 2006. The hearing is expected to last approximately three weeks

On August 15, 2006, EKPC received notice of an administrative challenge brought by the Sierra Club to the issuance of the Spurlock Unit 4 air permit. This challenge was filed under Section 505 (b)(2) of the Clean Air Act ("CAA"). The Petition requests that the United States Environmental Protection Agency ("EPA") object to the issuance of the Title V operating permit. EKPC filed its Response on September 27, 2006. The matter is pending before the EPA Administrator.

Dale W. Henley
General Counsel

c: Dave Eames (for distribution)
(H:legal\VMR-nov-06)

NOVEMBER 2006

Economic Development Process

- Attended the Carroll County Community Development Board Meeting on November 3. Accompanied by Meredith Boyd, who presented information on the EnviroWatts program.
- Attended Kentucky Association for Economic Development annual conference on November 8-10. Presented the East Kentucky Power Community Economic Development Professional of the Year Award to Bob Fouts, Executive Director, Bullitt County Economic Development Authority.
- Met with Farmers Rural Electric and Glasgow-Barren County Industrial Development Authority concerning possible local projects on November 16.
- Participated in the United Way of the Bluegrass kick off, the KCTCS annual meeting, the Kentucky Chamber of Commerce Board meeting, the Commerce Lexington board meeting, a meeting of the Steering Committee for a regional economic analysis sponsored by Bluegrass Tomorrow, the Southern and Eastern Kentucky Tourism Development Association annual caucus, and the Kentucky Long-Term Policy Research Center's annual seminar.
- Attended a meeting in Manchester, at the request of Jackson Energy, on a proposed site for a coal to liquid/gas project for Clay County.

Non-Traditional Power Production Process

- Imported power at the Pendleton County LFGTE facility. The gas collection system and start-up of the blower/flare skid was completed during the month. The project is on schedule and initial plant start-up is planned for December 18th.
- Continued to support Buckeye Power's development of a LFGTE facility in Ohio. Representatives of Buckeye Power toured the Green Valley LFGTE plant on November 20th.
- Toured the Caterpillar Assembly Plant in Lafayette, In. as guest of Wayne Supply Company.
- Met with representatives of the Hardin County Fiscal Court to discuss upgrades to their gas collection system.
- Two planned top-end overhauls and one main seal replacement was performed on engines at the Bavarian LFGTE plant during the month.

Member Services

- Allied Waste mobilized a drilling crew to install six (6) new gas collection wells at the Green Valley LFGTE facility.
- Made a site inspection and collected data cards from the wind monitoring towers in southeastern Kentucky.
- Provided backup support for the Laurel Ridge LFGTE plant to allow the plant operator to assist in the overhauls at the Bavarian LFGTE plant.

Marketing & Natural Resources Process

- Assisted Nolin RECC with the Hardin County Farm Day. Included in the activities were tours of the Pearl Hollow Landfill and information about the EnviroWatts program.
- Conducted an environmental workshop for Glasgow High School. This workshop was at Natural Bridge State Park.
- Met with David Morgan and staff (Kentucky Heritage Council) concerning the Wilson-Aberdeen Transmission Project.
- Met with EKPC Planning personnel to discuss the future of DSM programs at EKPC.
- Manned the EnviroWatts booth at the 2006 Kentucky Governors Conference for the Environment.
- Made a presentation about EnviroWatts to the staff and Board of Farmers RECC
- PartnersPlus visits were made to Nolin, Farmers, South Kentucky, Inter-County, Grayson and Taylor County RECC

Listed below are the Environmental activities for this month:

- Presented 90 Environmental Education Programs in 9 member service territories.
- Met with the KY Heritage Council regarding potential impacts to archaeological resources on the Smith – West Garrard project.
- Construction Projects Involving Environmental Activities for October: Smith-Sideview 345/69 kV Substation and Transmission Project, Wilson-Aberdeen, Memphis Junction- Aberdeen, GM-Memphis Junction, Barren County-Oakland-Magna, Inez Sub and Tap, Alex Creek Substation and Tap, Bullitt-Beam-Tichenor Transmission Line. Smith-West Garrard, Webb’s Cross Roads, Fayette-Davis

Member Services

Junction-Nicholasville, Big Creek Sub and Tap, Laurel – Keavy Transmission Line, Garrard Co. – KU Lancaster Transmission Line, Burlington Sub and Tap, Garlin Sub and Tap

- Prepared for the consulting parties meeting to be held December 18, 2006, for the Section 106 process on the Warren Transmission Line projects.
- Discussed items needed for the draft environmental assessment being prepared for the Warren Transmission project with our contractor and environmental counsel.
- Met with the consultants conducting the cultural resource work on the Smith – West Garrard Transmission Line project. The consultants provided the EKPC engineers with field data regarding historic properties near the project corridor.
- Approval was received and construction began on the Webb’s Cross Roads Sub and Tap Project.

Member and Corporate Communications Process

- Developed a Rate Communications Plan for possible use by member systems if the Board approves a wholesale increase, including a proposed timetable. This is a complete package of materials including:
 1. Draft text for bill stuffers
 2. Columns
 3. Q&A
 4. Press releases
 5. Talking points
 6. A brochure
 7. Internal announcements
 8. Articles about rising rates nationwide
 9. Articles about rising electric demand
- Conducted meetings at HQ to discuss the Rate Communications Plan with member systems to gather input and ideas from co-op staff on the best strategies for Communications.
- Distributed the October Fuel Adjustment Clause report. This month’s report included a year-to-date chart on the FAC Factor in 2006, compared with 2005.
- Provided photography and graphic support to Blue Grass Energy for the opening of the new district office in Cynthiana.
- Created an electronic Christmas card for use by EKPC this holiday season.

Member Services

- Updated and posted, at all EKPC locations, the Cost Containment Scorecard showing more than \$16 million in cost reductions achieved in four key areas during 2006.
- Finished new newsletter highlighting Economic Development activities on the GO Team Economic Development web site on behalf of member systems.
- Posted the InterChange list of stories for member systems optional use in their January Kentucky Living inserts, including a column called “Good News About Energy and the Environment” describing the gains that have occurred on air quality.
- Conducted weekly conference call with Warren RECC and EKPC staff to coordinate the Warren transmission project.
- Distributed the next estimate from Pricing on the upcoming Environmental Surcharge factor.
- Distributed daily stories about the electric industry and recent Kentucky Public Service Commission orders about EKPC to member system staff.

Touchstone Energy Brand Management

- Submitted Touchstone Energy Living Ad for January edition of KY Living.
- Attended Grand Opening of Blue Grass Energy’s Harrison District Office.
- Completed and distributed the 2007 Lineman’s Rodeo video to all co-ops and KAEC.
- Met with Stan Steidel regarding planning for the 2007 Touchstone Energy ALL A Classic.
- Met with Host Communications.
- Worked with Blue Grass Energy on possible cold air balloon purchase.
- Worked with Communications Department on Rate Communications Plan and attended meetings on the same.

Power Delivery Unit

NOVEMBER 2006

POWER DELIVERY – OPERATIONS – GEORGE CARRUBA, MANAGER

The following information is related to system transmission outages and the Average Service Unavailability Index (ASUI) and how they reflect Power Delivery Unit's efforts towards the key measures used in the corporate scorecard for reliable energy, competitive energy and providing service to our member services.

The following information is related to system transmission outages and the Average Service Unavailability Index (ASUI) and how they reflect Power Delivery Unit's efforts towards the key measures used in the corporate scorecard for reliable energy, competitive energy and providing service to our member services.

Outage Reports for October 2006 – EKPC Power Supply outages have accounted for .62 consumer hours out year-to-date. Of these .01 were scheduled and .61 were emergency outages. None of these were due to major storms. For the month of October, we experienced two emergency outages affecting seven substations and four member systems. Eight scheduled outage occurred and 15 line requests were also completed. Emergency outage reports for the complete system are attached.

Average Service Unavailability Index (ASUI) – Through October 2006, our reliability measure, ASUI is 31 minutes with no major storms occurring.

**EAST KENTUCKY POWER COOPERATIVE
EMERGENCY OUTAGES - THIS MONTH
October 2006**

Page 1 of 1

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
BLUE GRASS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CLARK	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CUMBERLAND VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FARMERS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FLEMING-MASON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	3-100%	0-0%	0-0%	0-0%	3-100%
GRAYSON	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
INTER-COUNTY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
JACKSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
NOLIN	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SALT RIVER	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SHELBY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SOUTH KENTUCKY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
TAYLOR COUNTY	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SYSTEM TOTAL	0-0%	0-0%	0-0%	4-57%	0-0%	0-0%	0-0%	3-43%	0-0%	0-0%	0-0%	7-100%

TLIN=Transmission Line Equipment Failure	ROW=Right-Of-Way	VAND=Vandalism
TSUB=Transmission Sub Equipment Failure	ABO=Accident By Outsiders	WILD=Wildlife
DSUB=Distribution Sub Equipment Failure	PERR=Personnel Error	SIMP=System Improvements
WTHR=Storm/Weather Related	MOPS=Mis-operation of Protection Scheme	

**EAST KENTUCKY POWER COOPERATIVE
EMERGENCY OUTAGES - YEAR TO DATE
October 2006**

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
BLUE GRASS	2-20%	0-0%	0-0%	7-70%	0-0%	0-0%	0-0%	0-0%	0-0%	1-10%	0-0%	10-100%
CLARK	0-0%	0-0%	0-0%	4-67%	0-0%	0-0%	0-0%	0-0%	2-33%	0-0%	0-0%	6-100%
CUMBERLAND VALLEY	0-0%	0-0%	2-33%	4-67%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	6-100%
FARMERS	0-0%	0-0%	1-8%	7-54%	0-0%	0-0%	2-15%	1-8%	0-0%	2-15%	0-0%	13-100%
FLEMING-MASON	0-0%	3-27%	2-18%	0-0%	0-0%	3-27%	0-0%	3-27%	0-0%	0-0%	0-0%	11-100%
GRAYSON	0-0%	1-25%	0-0%	1-25%	0-0%	0-0%	0-0%	1-25%	0-0%	1-25%	0-0%	4-100%
INTER-COUNTY	3-38%	0-0%	2-25%	1-13%	0-0%	0-0%	0-0%	0-0%	0-0%	2-25%	0-0%	8-100%
JACKSON	0-0%	0-0%	1-9%	5-45%	0-0%	4-36%	0-0%	0-0%	0-0%	1-9%	0-0%	11-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	1-100%
NOLIN	0-0%	0-0%	0-0%	5-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	5-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-25%	0-0%	0-0%	3-75%	0-0%	4-100%
SALT RIVER	3-9%	0-0%	0-0%	9-28%	0-0%	6-19%	1-3%	12-38%	0-0%	1-3%	0-0%	32-100%
SHELBY	0-0%	0-0%	0-0%	8-89%	0-0%	0-0%	0-0%	0-0%	1-11%	0-0%	0-0%	9-100%
SOUTH KENTUCKY	5-28%	0-0%	1-6%	12-67%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	18-100%
TAYLOR COUNTY	0-0%	0-0%	0-0%	8-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	8-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SYSTEM TOTAL	13-9%	4-3%	10-7%	71-48%	0-0%	13-9%	4-3%	17-12%	4-3%	11-7%	0-0%	147-100%

TLIN=Transmission Line Equipment Failure	ROW=Right-Of-Way	VAND=Vandalism
TSUB=Transmission Sub Equipment Failure	ABO=Accident By Outsiders	WILD=Wildlife
DSUB=Distribution Sub Equipment Failure	PERR=Personnel Error	SIMP=System Improvements
WTHR=Storm/Weather Related	MOPS=Mis-operation of Protection Scheme	

**EAST KENTUCKY POWER COOPERATIVE
SUBSTATION OUTAGE SUMMARY REPORT
OCTOBER 2006 for Entire System**

Date/Time	Time Off		Consumer Hours Out	KWH Unserved	Substation		Type / Cause
	Consumers Out	Hours			Company		
10/10/06 8:25 Scheduled	0	h 25 m 1,914	0	0	N01	Hunt Clark	System Improvements : Maintenance A scheduled outage was required in order to replace substation primary lightning arrestors.
10/11/06 0:01 Scheduled	0	h 26 m 1,306	0	0	E91	Hargett Jackson	System Improvements : Maintenance A scheduled outage was required in order to replace lightning arrestors on main transformer.
10/11/06 6:57 Scheduled	3	h 58 m 1,959	0	0	N69	Hebron Owen	System Improvements : Maintenance A scheduled outage was required in order for CINergy personnel to facilitate maintenance on line switch 152-889 at Hebron Tap
10/16/06 14:05 Scheduled	1	h 12 m 2,596	0	0	E55	Keavy #1 Jackson	System Improvements : System Addition A scheduled outage was required in order to connect jumpers to bus switch E55-109. This switch will allow transfer capabilities between #1 & #2 Keavy substations.
10/16/06 17:34 Emergency	1	h 50 m 2,298	4,213	7,400	W0	Hodgenville 7 Nolin	Storm / Weather Related : Wind Storms with high winds damaged a tree on edge of right-of-way which fell onto line section between Magnolia-Summersville at STR.# DP-88 & DP-89 of Green County-Hodgenville transmission line.
10/16/06 17:34 Emergency	1	h 50 m 2,008	3,681	7,305	W1	Magnolia 9 Nolin	Storm / Weather Related : Wind Storms with high winds damaged a tree on edge of right-of-way which fell onto line section between Magnolia-Summersville at STR.# DP-88 & DP-89 of Green County-Hodgenville transmission line.
10/16/06 17:34 Emergency	0	h 38 m 2,208	1,398	2,637	W2	Summersville 3 Taylor County	Storm / Weather Related : Wind Storms with high winds damaged a tree on edge of right-of-way, which fell onto line section between Magnolia-Summersville at STR.# DP-88 & DP-89 of Green County-Hodgenville transmission line.

**EAST KENTUCKY POWER COOPERATIVE
SUBSTATION OUTAGE SUMMARY REPORT
OCTOBER 2006 for Entire System**

Date/Time	Time Off		Consumer Hours Out	KWH Unserved	Substation		Type / Cause
	Consumers Out	Hours			Company	Description	
10/18/06 7:16	2	h 29 m	0	0	N56	Inland Container #1	System Improvements : Maintenance A customer-requested outage was required by Inland personnel in order to facilitate maintenance internal to plant
Scheduled		1				Fleming-Mason	
10/18/06 9:12	0	h 31 m	0	0	E93	Green Hall	System Improvements : Maintenance A scheduled outage was required in order to replace a lightning arrester and a current transformer.
Scheduled		1,007				Jackson	
10/18/06 9:45	3	h 45 m	0	0	N56	Inland Container #2	System Improvements : Maintenance A customer-requested outage was required by Inland personnel in order to facilitate maintenance internal to plant
Scheduled		1				Fleming-Mason	
10/19/06 13:45	0	h 1 m	0	0	E15	East Bernstadt	System Improvements : Maintenance A scheduled outage was required in order to adjust power transformer tap setting.
Scheduled		2,659				Jackson	
10/26/06 10:14	0	h 16 m	1	2,150	E46	Hilda #1	Mis-operation of Protection Scheme : Mis-coordination Goddard breaker E5-604 mis-operated for a fault on Rowan County - Elliotville 69 kV transmission line. Heavy rains and flooding in this area, washed out STR. #PS-55, causing structure to fail, in Rowan County - Elliotville 69 kV transmission line. EKPC crews were on site, attempting to secure structure as it failed.
Emergency		5				Fleming-Mason	
10/26/06 10:14	0	h 16 m	604	2,525	E46	Hilda #2	Mis-Operation of Protection Scheme : Mis-coordination Goddard breaker E5-604 mis-operated for a fault on Rowan County - Elliotville 69 kV transmission line. Heavy rains and flooding in this area washed out STR. #PS-55, causing structure to fail in Rowan County - Elliotville 69 kV transmission line. EKPC crews were on site, attempting to secure structure as it failed.
Emergency		2,266				Fleming-Mason	

**EAST KENTUCKY POWER COOPERATIVE
SUBSTATION OUTAGE SUMMARY REPORT
OCTOBER 2006 for Entire System**

Date/Time	Time Off	Consumer Hours Out	KWH Unserved	Substation Company	Type / Cause
Emer/Sched	Consumers Out	Hours Out	Unserved	Company	Description
10/26/06 10:14	0 h 16 m	384	850	E11 Plummers Landing 0	Mis-operation of Protection Scheme : Mis-coordination Goddard breaker E5-604 mis-operated for a fault on Rowan County - Elliotville 69 kV transmission line. Heavy rains and flooding in this area, washed out STR. #PS-55, causing structure to fail in Rowan County - Elliotville 69 kV transmission line. EKPC crews were on site, attempting to secure structure as it failed.
Emergency	1,439			Fleming-Mason	
10/26/06 10:14	8 h 24 m	12,264	19,562	E54 Elliotville	Storm / Weather Related : Other
Emergency	1,854			Grayson	Heavy rains and flooding in this area, washed out STR. #PS-55, causing structure to fail, in Rowan County - Elliotville 69 kV transmission line. EKPC crews were on site, attempting to secure structure as it failed.
10/31/06 9:06	2 h 42 m	0	0	W1 Temple Hill (new)	System Improvements : Maintenance
Scheduled	2,932			1 Farmers	A scheduled outage was required in order to replace main power transformer at Temple Hill Substation. Transformer was replaced due to high gas levels.

TOTAL 26,453 22,546 42,429 0.05
YEAR TO DATE 307,035 306,644 812,511 0.61
Average Hours Outage Per
YTD Avg Hrs Outage Per

TOTAL CONSUMERS SERVED = 499,309

**EAST KENTUCKY POWER COOPERATIVE
POWER SUPPLIER OUTAGE REPORT
October 2006**

Average Hours Outage Per Consumer

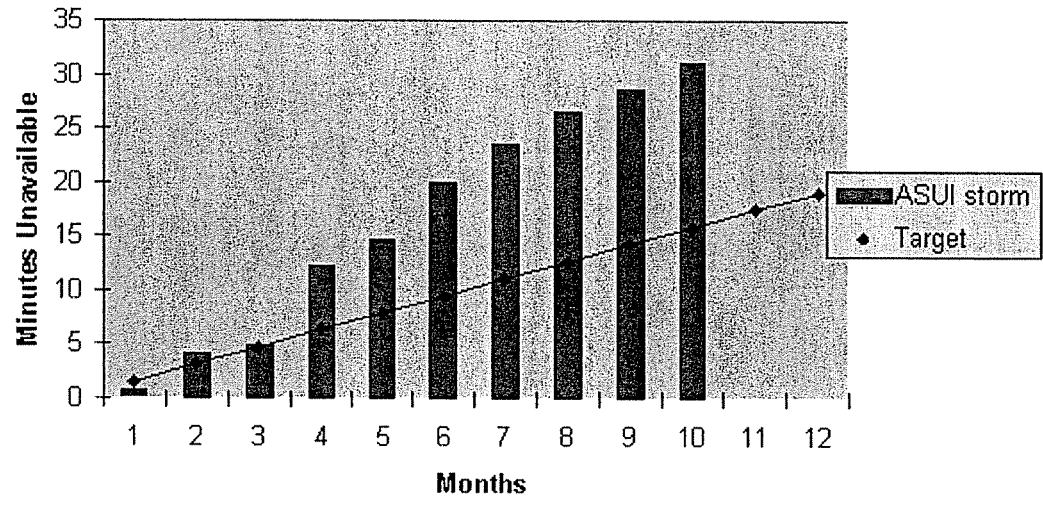
	THIS MONTH			YEAR-TO-DATE		
	<u>EMERGENCY</u>	<u>SCHEDULE</u>	<u>TOTAL</u>	<u>EMERGENCY</u>	<u>SCHEDULE</u>	<u>TOTAL</u>
BIG SANDY	0.00	0.00	0.00	0.03	0.05	0.08
BLUE GRASS	0.00	0.00	0.00	0.09	0.00	0.09
CLARK	0.00	0.00	0.00	0.05	0.00	0.05
CUMBERLAND VALLEY	0.00	0.00	0.00	2.24	0.00	2.24
FARMERS	0.00	0.00	0.00	0.95	0.00	0.95
FLEMING-MASON	0.04	0.00	0.04	0.41	0.00	0.41
GRAYSON	0.80	0.00	0.80	1.20	0.00	1.20
INTER-COUNTY	0.00	0.00	0.00	0.55	0.00	0.55
JACKSON	0.00	0.00	0.00	0.46	0.00	0.46
LICKING VALLEY	0.00	0.00	0.00	0.01	0.12	0.13
NOLIN	0.28	0.00	0.28	0.45	0.00	0.45
OWEN	0.00	0.00	0.00	0.05	0.00	0.05
SALT RIVER	0.00	0.00	0.00	0.84	0.00	0.84
SHELBY	0.00	0.00	0.00	5.85	0.00	5.85
SOUTH KENTUCKY	0.00	0.00	0.00	0.31	0.00	0.31
TAYLOR COUNTY	0.06	0.00	0.06	0.38	0.00	0.38
EKPC	0.00	0.00	0.00	0.17	0.00	0.17
SYSTEM AVERAGE	0.05	0.00	0.05	0.61	0.01	0.62

EKPC POWER SUPPLIER OUTAGES have accounted for .62 consumer hours out year to date. Of these .01 were scheduled, .00 were due to major storms, and .60 were other emergency outages.

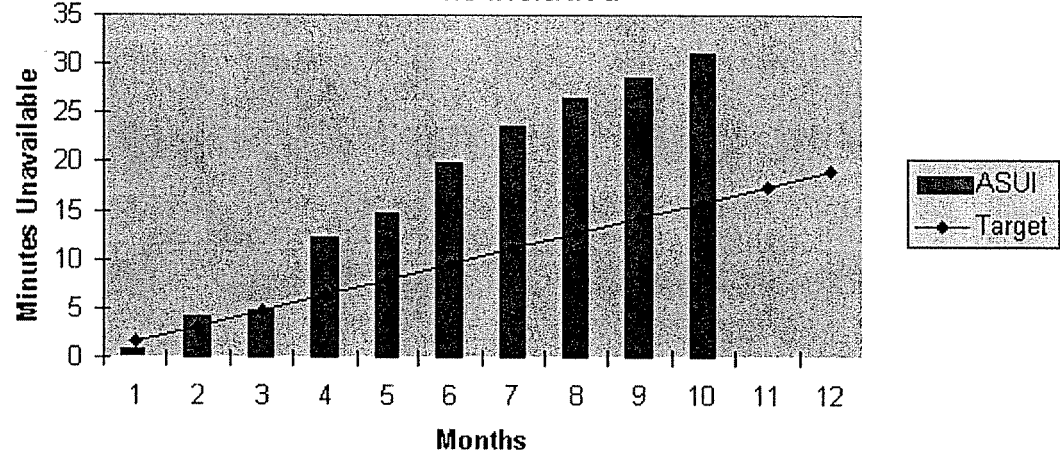
AVERAGE SERVICE
UNAVAILABILITY INDEX REPORT
(ASUI)

<u>Month</u>	<u>Year</u>	<u>Without Major Storms (Min.)</u>	<u>With Major Storms (Min.)</u>	<u>Threshold</u>	<u>Target</u>	<u>Stretch</u>
1	2006	0.7914	0.7914	2.08	1.58	1.08
2	2006	4.0745	4.0745	4.17	3.17	2.17
3	2006	4.8597	4.8597	6.25	4.75	3.25
4	2006	12.1789	12.1789	8.33	6.33	4.33
5	2006	14.7422	14.7422	10.42	7.92	5.42
6	2006	19.9461	19.9461	12.50	9.50	6.50
7	2006	23.5257	23.5257	14.58	11.08	7.58
8	2006	26.5085	26.5085	16.67	12.67	8.67
9	2006	28.6703	28.6703	18.75	14.25	9.75
10	2006	30.9657	30.9657	20.83	15.83	10.83
11	2006	0.0000	0.0000	22.92	17.42	11.92
12	2006	0.0000	0.0000	25.00	19.00	13.00

**Average Service Unavailability Index
with storms excluded**



**Average Service Unavailability Index
with storms included**



**POWER DELIVERY – MAINTENANCE – RICK DRURY,
MANAGER**

The main purpose of Power Delivery maintenance is to support the EKPC mission by “meeting or exceeding our Member’s electric service expectations by providing safe and cost effective maintenance of EKPC’s Power Delivery System.” The ongoing maintenance activities in this process are designed and carried out with this mission in mind. Below is a scorecard with measures that reflect our progress in meeting this mission.

Mission	Key Measures	¹Year-To- Date Results	¹Year-To- Date Goal	Yearly Goal
Safety				
Accidents	Lost Time Accident Rate	1.68	2.8	3.3
Inspections	Avg. Inspection Rating	98%	98%	98%
Electric Service				
Duration	ASUI (without major storms)	30.97	15.83	19 min.
Cost Effective				
Cost	Operating Cost	\$5,806,496 ²	\$7,073,621 ²	\$8,619,073
	Capital Project Cost	\$ 796,405 ²	\$2,998,093 ²	\$3,498,836

Notes:

1. Year to date results and goals through October 31, 2006

POWER DELIVERY – EXPANSION – MARY JANE WARNER, MANAGER

Status reports for the progress of projects “under construction” in Power Delivery-Expansion are included in the board book materials.

(H:Nov06rpt.doc)



Power Delivery Expansion NOVEMBER PROJECT SUMMARY 2006

Projects	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
SUBS & TAPS												
Aberdeen Jct. 161 kV Trans Sub (2 Breakers)	S	●	❖	●	●	○				08/01/08		
Alex Creek 5.6/6.44 MVA Substation	S	●	○	●	●	○				12/01/07		
Alex Creek Tap 69 kV, 1.4 mi.	L	●		❖	❖					12/01/07		
Barren Co. 161 kV Trans Sub (2 Breakers)	S	●	N/A	N/A	N/A	□	N/A			05/01/08		
Barren County - Magna 24 mi.	L	●	❖	○	□	□				12/26/08		
Joe Tichenor W.Bardstown 69 kV Fiber	L	●	❖							06/01/07		
Beattyville Rebuild, 15/20/25 mVA (CANCELLED)	S	●		○	●	❖				05/01/07		
Beattyville Distr-Beattyville SW. Sta 69kV Trans Line 2 mi	L	●								12/01/07		
Beattyville Switching Station 1-69kV Breaker Addition	S	●	❖	N/A	N/A	❖	N/A			12/01/07		
Big Creek 69-12.5 kV, 11.2 MVA Substation	S	●	□	□	□	○				12/01/07		
Tap, 10 mi.	L	●	□	□	□	●	❖			12/01/07		
BlueGrass Parkway 69-12.5 kV, 11.2/14 MVA Sub	S	●	●	●	●	●	●	●	●	11/30/06		09/27/06
Tap 0.04 mi.	L	●	●	●	●	●	●	●	●	11/30/06		09/27/06
Bristow # 2 Sub. 69-12.5 kV, 11.2/14MVA Sub Add	S	●	N/A	N/A	N/A	●	N/A	●	●	05/01/06	01/16/06	05/04/06
Bullitt Co. 69 kV BKR Addition	S	●	●	●	●	●	N/A	●	●	12/01/06		
Bullitt County - JTichenor/W Bardstown 69kV line	L	●	❖	□	□	●				12/31/06		
Burlington 11.2/14 MVA 69-12.5 Distr.Sub	S	●	○	○						05/01/07		
Tap . 19 mile	L	●		❖						05/01/07		
Campbellsville #2 69-12.5 kV, 11.2/14 MVA	S	●	N/A	N/A	N/A	□	N/A			05/01/07		
Cedar Grove 161-12.47kV 12 MVA Dist Sub	S	●	●	●	●	●	●	●	●	12/15/06		
Conway 69-12.5 kV, 11.2 MVA Dist. Sub.	S	●		○	□	○				06/01/07		
Conway Tap 0.2 mi.	L	●		○	❖	❖				06/01/07		
Cranston-Rowan Co. 138 kV, 7.50 mi.	L	●	●	●	●	●	□	❖		04/15/07		
Cynthiana Dist Sub Rebuild		○	❖	❖						05/01/08		
Cynthiana Normally Open 69 kV Tap and Switch	L	●	❖	□	□	□				12/01/06		
Deatsville 11.2/14 MVA, 69-12.5 kV Distr. Sub	S	●		○						05/01/07		
Tap, 0.2 mi	L	●	○	○	□	□				05/01/07		
Downing # 2 Sub 69-12.5 kV, 11.2/14MVA Sub Add	S	●	N/A	●	●	●	●	●	●	05/01/06	02/28/06	07/21/06
E. Bowling Green 161 kV Trans Sub (1 Breaker)	S	●	●	N/A	●	○				01/01/08		
Edmonton Ind'l Park 69-12.5 kV, 11.2 MVA	S	●	●	□	●	○				06/01/06	On Hold	
Tap 4.0 mile	S	●	○	□	□	❖				06/01/06	On Hold	
Fall Rock 161/69 kV 100 MVA Sub.& Install 3-69 kV Brks	S	●	N/A	N/A	N/A	❖				04/30/08		
Garlin 11.2/14, 69-12.5 kV MVA Sub	S	●	□	□	●					05/01/07		
Tap, 0.5 mi	L	●		❖						05/01/07		
Gap of the Ridge 69-12.5 kV, 11.2 MVA Dist. Sub	S	●	●	●	●	●	●	○		06/01/07		
Tap	L	●	●	□	□	●	❖	❖		06/01/07		

- ❖ - Project Started
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- S Substation Team
- L Line Team



**Power Delivery Expansion
NOVEMBER PROJECT SUMMARY
2006**

Projects	PDE Team in Charge of Project	Project Justification\WP Amendmen	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial RW Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
SUBS & TAPS CONT'D												
Garrard Co. Breaker Addition	S	●	N/A	N/A	N/A	●	N/A	□		12/01/06		
Garrard Co.-KU Lancaster Trans Line, 69kV, .10 mi	L	●	❖	❖	□	□				12/01/06		
Girdler 11.2/14 MVA, 69-13.2 kV Sub	S	●	○	●	❖	❖				12/01/07		
Tap, 3.5 mi	L	●		❖						12/01/07		
GM 161 kV Trans Sub (4 Breakers)	S	●	●	●	●	●	N/A	●	●	10/15/05	01/15/06	
GM-Memphis Jct. - 161 kV 14.5 miles	L	●	□	□	●	●				12/31/07		
Hardwicks Creek 69-12.5 kV, 5.6/6.44 MVA Sub	S	●	●	●	●	●	●	●	●	12/01/05		03/09/06
Tap, 69 kV, 3 mi.	L	●	●	●	●	●	●	●	●	02/23/06		02/23/06
Headquarters 69-12.47 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	●	05/05/06	05/19/06	05/19/06
Tap, 69 kV, .02 mi.	L	●	●	●	●	●	N/A	●	●	05/05/06		05/24/06
Headquarters Tap (Assoc w/Transmission Stat. Portion)	L	●	●	●	●	●	N/A	●	●	05/05/06		05/24/06
Inez Sub (Site Acquisition Only)	S	●	❖	●	○	N/A	N/A	N/A	N/A	12/01/06		
Tap 69 kV - 6.0 mi.	L	●	❖	○	□	○				12/01/06		
J.K. Smith-N.Clark 345kV Trans line 19 mi	L	●	●	●	●	●	□	○	○	06/01/07		
J. K. Smith 138 kV/345 DC Tie Line	L	●	N/A	N/A						06/01/07		
J. K. Smith CT Substation 345 kV	S	●	N/A	N/A	●	●	N/A	○		06/01/07		
J.K. Smith 138 kV - 345 kV Tie Modifications	S	●	N/A	N/A	N/A	●	N/A	○		12/29/06		
Keavy #2 69-12.5 kV, 11.2 MVA	S	●	●	N/A	●	●	N/A	●	●	06/01/06	07/07/06	09/26/06
Keavy-Laurel Co. (Circuit #2), 69 kV, .40 mi.	L	●	●	●	●	●				03/15/07		
KU Bedford Tap	L	●	N/A	●	●	●	●	●	●	06/15/05	06/24/05	
Laurel Co. Ind'l Park #2 Sub 11.2 MVA	S	●	●	N/A	●	●	N/A	●	●	05/05/06	05/18/06	09/26/06
Liberty Church 11.2/14 MVA, 69-13.2 kV Sub	S	●		❖	❖					05/01/07		
Tap, 1.8 mi	L	●		❖						05/01/07		
Little Mount 161-12.5 kV Distr. Substation	S	●	●	●	●	●	●	●	●	12/01/05		06/20/06
Tap, 6 mi.	L	●	●	●	●	●	●	●	●	12/01/05		06/15/06
Memphis Jct. 161 kV Trans Sub (2 Breakers)	S	●	●	N/A	●	□				08/01/07		
Memphis Jct. - Aberdeen 161kV 27 mi	L	●	□	□	●	●	❖	❖		03/28/08		
North Clark (Sideview) 345 kV Transmission Station	S	●	●	●	●	●	●	❖		06/01/07		
Oak Ridge 69-2.5 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	●	05/05/06		03/13/06
Oak Ridge Tap	L	●	●	●	●	●	N/A	●	●	05/01/06		03/10/06
Pine Grove #2 69-12.5kV, 11.2/14MVA Sub Add.	S	●								11/01/07		
Pine Grove # 2 Tap 69 kV, 0.1 mi.	L	●								11/01/07		
Powell - Taylor 69-12.5 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	□	11/30/07		
Powell - Taylor 69 kV Tap 4.75 mi.	L	●	●	●	●	●	●	●	●	11/30/07		

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**Power Delivery Expansion
NOVEMBER PROJECT SUMMARY
2006**

<u>Projects</u>	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
SUBS & TAPS CONT'D												
Rowan Co. 138 kV Breaker Addition	S	●	N/A	N/A	N/A	●	N/A	□		01/02/07		
Salmons Substation 161-69 kV (Warren RECC)	S	●		N/A	●	❖				12/01/08		
Snow Hill 69-25 kV, 11.21/14 MVA Sub	S	●	●	●	●	○				06/01/07		
Tap .20 mi	L	●	●	□	□	□				06/01/07		
South Point 69-12.47kV, 11.2 Sub	S	●	●	●	●	●	●	□		12/15/06		
Tap	L	●	●	●	●	●	N/A	❖		12/15/06		
Spurlock #4	S	●	●	N/A	N/A	●	N/A			02/15/08		
Upchurch Sub 11.2/14 MVA Sub 69-12.5 kV	S	●	●	●	●	●	●	●	●	05/02/06		06/22/06
Tap	L	●	●	●	●	●	●	●	●	05/02/06		06/22/06
W. Bardstown Jct. 69 kV BKR Station	S	●	○	●	●	●				09/01/07		
W. Nicholasville #2 69-12.5kV, 11.2/14MVA Sub Addit.	S	●	N/A	N/A	N/A	□	N/A	○		05/01/07		
W. Nicholasville Tap 69 kV, .04 mi	L	●	●							05/01/07		
Web's Cross Roads 69-12.5 11.2/14 MVA Sub	S	●	●	●	●	●		❖		02/01/07		
Web's Cross Roads Tap .30 mi.	L	●	□	●	□	○				02/01/07		
Wilson-Aberdeen 161/69 kV, 26mi.	L	●	○	○	□	□				01/02/09		
Woodstock 11.2/14 MVA Substation	S	●	❖	○						12/01/07		
Woodstock 69 kV Tap, 4.4 mi.	L	●		❖						12/01/07		
STATION UPGRADES												
Avon 138 kV Line Trap (Dale Line)	S	●	N/A	N/A	N/A	●	●	●	●	Complete		
Boone Dist Sub Upgrade 15/20/25 MVA Complete	S	●	●	N/A	●	●	N/A	●	●	05/01/06	05/01/06	05/01/06
Boone Co. Station Service Relocation	S	●	N/A	N/A	N/A	●	●	●	●	05/01/06	05/01/06	05/01/06
Boone Sub Tap Reconf 69kV, 0.1 m	L	●								05/01/06	05/01/06	05/01/06
Cooper Aux. Transformer Addition	S	●	N/A	N/A	●	●	N/A	●	●	09/01/03	02/01/04	
Cooper Dist Sub Rebuild	S	●	N/A	N/A	●	●	●	●	●	12/01/05		03/14/06
Kargle #1 Addition	S	●	●	N/A	●	●	N/A	●	●	12/30/05		
McKinney Corner Substation Upgrade	S	●								05/01/06		
CAPACITOR BANKS												
Bedford 6.12 MVAR Cap Bank & Tap	S&L	●	●	●	●	●	N/A	●	●	06/01/05	09/11/05	02/09/06
Blevins Valley 10.1 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●	●	05/01/06		04/20/06
Clay Village 12.25 MVAR Cap bank	S	●	N/A	N/A	N/A	●	N/A	●	●	05/01/06	08/01/06	
Griffin 9.18 MVAR Cap Bank	S	●	N/A	N/A	N/A	●	N/A	□		05/01/06	10/02/06	

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CAPACITOR BANKS CONT'D												
Hickory Plains 25.52 MVAR Cap Bank	S	●	N/A	N/A	N/A	●	N/A			05/01/06		
Lees Lick 10.715 MVAR Cap Bank	S	●	N/A	●	N/A	●	N/A	●	●	01/31/02	06/21/02	
Loretto 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	●	12/01/04	07/31/04	
Martin County 12.25 MVAR Cap Bank	S	●	N/A	N/A	N/A	●	N/A	●		05/01/06	08/01/06	
Maytown 10.2 MVAR Cap Bank	S			N/A	N/A	●	N/A	●		12/01/06	10/02/06	
Pulaski Co.(Norwood) 18.0 MVAR Cap Bank&Tap	S&L	●	N/A	N/A	N/A	●	N/A	●		12/01/06		
Shelby County 25.51 MVAR Cap Bank & Tap	S&L	●	●	N/A	●	●	N/A	●	●	12/01/03	12/01/03	
Sideview 7.14 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	●	●	●	05/01/06		06/07/06
Sinai 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●	●	12/01/05	07/16/05	
Tyner 16.33 MVAR Capacitor	S&L	●	N/A	N/A	●	●	N/A	○		12/01/06		
W. R. Smoot(Boone) 30.61 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	●	05/01/06		06/08/06
RECONDUCTORS												
Bonnieville-Munfordville, 69kV, 8.18 mi.	L	●	N/A	N/A	●	●	N/A	●	●	06/01/06		08/11/06
Burkesville-Snow Jct.69kV Recond, 556.6, 10.07	L	●								12/01/07		
Davis Jct.- Nicholasville 69 kV(556.6 MCM ACSS) 4 Miles	L	●								05/01/12		
Fort Knox Jct. - Smithersville Jct. 69 kV, 3.11 mi.	L	●								05/01/09		
Grants Lick-Stanley Parker Jct., 69kV, 9.94 mi.	L	●	N/A	N/A	●	●	N/A	○	○	09/01/06		
Headquartaers - Millersburg Reconductor .09		●	N/A	N/A	●	●	N/A	●	●	05/01/06		05/24/06
Hickory Plains - PPG 69kV Recond 556.5 2.5 mi	L	●								12/02/07		
Hillsboro- Peastick 69kV Recond, 556.6, 10.51 mi	L	●								12/01/10		
LGEE's Fawkes Tap-Fawkes KU 138kV Line Recon	L	●								04/01/07		
Tyner-North London ReblD.954MCM 69kV,16.71mi	L	●								01/02/09		
Tyner - McKee Trans. Line Rebuild 954 MCM 9.3 mi	L	●								05/01/09		
W. Bardstown Jct - W Bardstown 69 kV, 4.5 miles	L	●	N/A	N/A			N/A			05/01/07		
W. Berea - Three Links Reconductor .09 miles	L	●	●	●	●	●	●	●	●	05/01/06	05/01/06	05/01/06
Davis Jct.-Fayette 3.5 Miles	L	●								05/01/12		

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NOVEMBER 2006

Engineering

Engineering is supporting the Smith Unit No. 1, combustion turbines, and Spurlock Unit No. 4.

Engineering is also supporting the scrubbers at Spurlock Power Station.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

Environmental

A meeting was held with RUS in Washington to discuss the environmental approval process for the J.K. Smith CTs and CFB projects. It appears that the approval on the transmission line project may affect the CT schedule and that the third party contracting for the CFB-ES will not be completed until January. RUS is reviewing the potential of improving that schedule.

The Division for Air Quality is continuing their review of the CT's air permit application. Information is being supplied to support our application.

Depositions are being taken on the Sierra Club challenge to the Division for Air Quality issuing the Spurlock Power Station Unit No. 4 Air Permit to construct.

Cooper Power Station and Dale Power Station have recently completed test burns on wood products. The feasibility of wood use is being considered at both locations.

Stack testing is being conducted at our power plants to determine "opacity-indication ranges". This is a new permit requirement. It is intended to use opacity as an indication of compliance with particulate emission levels.

The state is continuing their review and development of new regulations for air toxics, SO₂ and NO_x reductions, and mercury emissions.

Representatives of Buckeye Power are visiting our landfill gas facility at Greenup, Kentucky. They are considering a similar project in southern Ohio.

These activities support all three of our corporate key measures—reliable energy, competitive energy, and services.

Power Production

Production Monthly Report

Page 2

November 2006

Fuel

EKPC's coal inventory at the end of November 2006 will be approximately 40 days. The inventory is projected to decrease through the winter months prior to the spring maintenance outages.

Work continues on future coal and limestone sources for the new scrubbers.

Approximately 15,000 gallons of No. 2 fuel oil were purchased for Dale Power Station and approximately 15,000 gallons for Cooper Power Station.

EKPC personnel continue their meetings with a short list of potential coal suppliers to aid in EKPC's future solicitation process for high-sulfur coal to be used when the new scrubbers are operational and in the new fluidized bed unit.

Work continues with Finance, Production, and Planning to evaluate an offer for natural gas storage.

Proposals for the supply of wood for Cooper Power Station are due on November 30, 2006. The proposals will be evaluated in conjunction with the capital cost required to utilize this alternate fuel.

Evaluations continue with Spurlock Power Station plant personnel regarding proposals received for the supply of tire-derived fuel for the Gilbert unit.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

Production

Dale Power Station

Dale Power Station has generated a total of 871,040 net MWh through October 31, 2006. Units No. 1 and No. 2 were on-line and fully available the entire month. Unit No. 3 was on-line until November 2nd when the unit was forced off-line due to a generating tube leak. The unit was back on-line the same day and fully available until November 16th. At this time the unit was forced off-line due to a water tube leak. The unit was back on-line November 18th and fully available the remainder of the month. Unit No. 4 was on-line and fully available until it was derated 27 net megawatts on November 2nd. The derate was

Power Production

Production Monthly Report

Page 3

November 2006

Dale Power Station (Continues)

due to rebuilding of the hot air damper drive on 4B pulverizer. The derate was over on the same date and the unit fully available until November 8th. At this time the unit derated 27 net megawatts due to the overhaul of the 4C pulverizer grinding section. Unit No. 4 derate was over on November 9th. The unit was back on-line and fully available the remainder of the month.

Allen Company is on-site cleaning and preparing the No. 2 ash pond for the winter shutdown. ABM Technical was on-site performing monthly vibration analysis on critical equipment.

Dale personnel assisted the CT Site with water treatment needs. They also repaired the tube leaks on Dale Power Station Unit No. 3 boiler. The grinding zone of 4C pulverizer was rebuilt. Other routine preventive maintenance was also performed plant-wide by Dale Power Station's personnel.

Routine safety meetings were held at Dale Power Station. The November safety meetings were conducted on Spill Management.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

J.K. Smith Power Station

The combustion turbines have generated a total of 161,122 net MWh through October 31, 2006.

All units were available the entire month of November, with the exception of Unit No. 2. Unit No. 2 was on a scheduled outage for 41 hours for an A-inspection.

Preparation and planning is ongoing for Smith Unit No. 1 CFB and combustion turbines eight through twelve.

Work is ongoing for the Technician Training Program at J.K. Smith Power Station. Internal preventive maintenance is ongoing at J.K. Smith.

Other routine preventive maintenance was performed plant-wide by J.K. Smith Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

Power Production

Production Monthly Report

Page 4

November 2006

Cooper Power Station

Cooper Power Station has generated 1,686,258 net MWh through October 31, 2006. Unit No. 1 was back on-line and fully available on November 5th after the fall maintenance outage. The unit has been on-line and fully available the remainder of the month. Unit No. 2 was taken off-line for the scheduled fall maintenance outage on November 5th. The unit was back on-line November 16th. The unit tripped off on November 16th due to a primary air fan damper problem. The unit remains off-line for approximately four days to inspect the cold reheat line.

Cooper Power Station's maintenance personnel performed normal preventive maintenance tasks during the month of November. Some of the tasks that were completed were cleaning oil coolers on various different pieces of equipment, inspected burners, coal feeders, steam coils, precipitators, hoppers, dampers, circulating water system equipment, did ball and spring check on both units, greased and changed oil in motors, and inspected boilers. These, as well as other projects, were completed during this time.

Precision Services repaired safety valves at Cooper Power Station. Yuba retubed Unit No. 2 evaporator. B&W repaired a cracked weld in Unit No. 1 evaporator reset and adjusted boiler piping hangers. They also repaired Unit No. 2 cold reheat line hangers.

Other routine preventive maintenance was performed plant-wide by Cooper Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

Spurlock Power Station

Spurlock Power Station has generated a net equivalent of 6,443,772 MWh through October 31, 2006. Unit No. 1 was on-line and fully available through the month. Unit No. 2 was derated on November 1st to 380 MW net to check turbine bearings. The unit returned on-line November 2nd and was fully available the remainder of the month. Unit No. 3 was on-line and fully available until November 6th when the unit derated to repair a leak on No. 5 feedwater heater. The derate was to 100 MW on November 6th, and on November 17th the derate decreased to 210MW. The unit was fully available on November 7th and remained fully available the remainder of the month.

Maintenance work for November were limited to regular routine maintenance tasks.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

JANUARY 2007

Coordinated Planning

DECEMBER 2006

Transmission Planning

Summary of Future Transmission Projects Identified as of January 2007

Transmission planning has presently identified the following transmission expansion requirements for the ten-year planning horizon (2007 through 2016):

- 162 miles of new transmission line construction, including 55 miles of new 345 kV line required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 14 new transmission switching substations, including three new 345 kV switching substations required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 168 miles of re-conductor or rebuild of existing transmission line
- 19 new breaker additions at existing transmission substations
- Replacement of two existing transmission transformers
- Re-winding of one existing transmission transformer
- 17 new 69 kV capacitor banks totaling 267 Mvars
- 154 miles of transmission line requiring high-temperature upgrades
- 24 new distribution substations
- 2 upgrades of existing distribution transformers
- 1 spare generating-step up (GSU) transformer purchase for the E.A. Gilbert Unit

These transmission plans have been updated to reflect Warren RECC's decision to return to TVA for its power supply needs.

Resource Planning

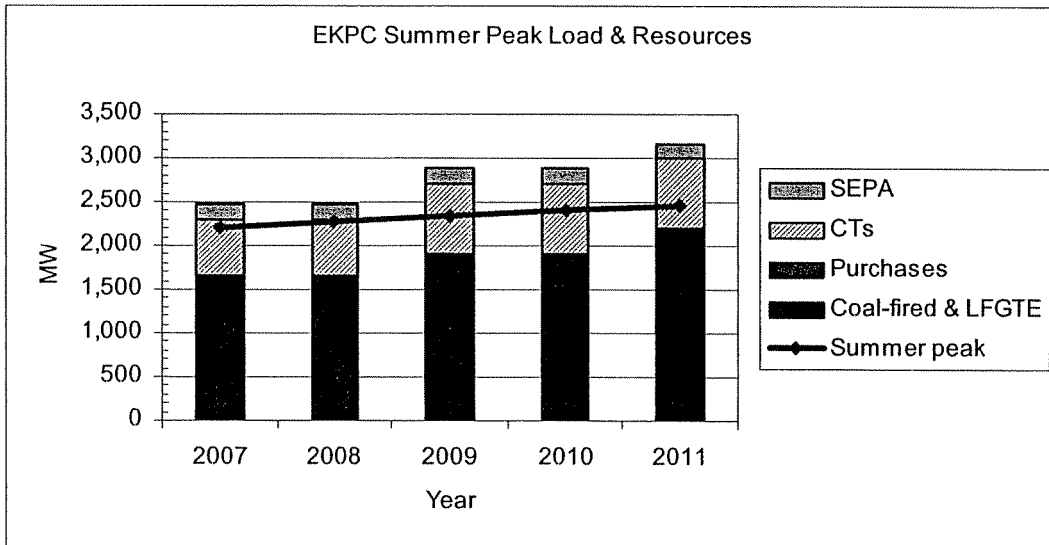
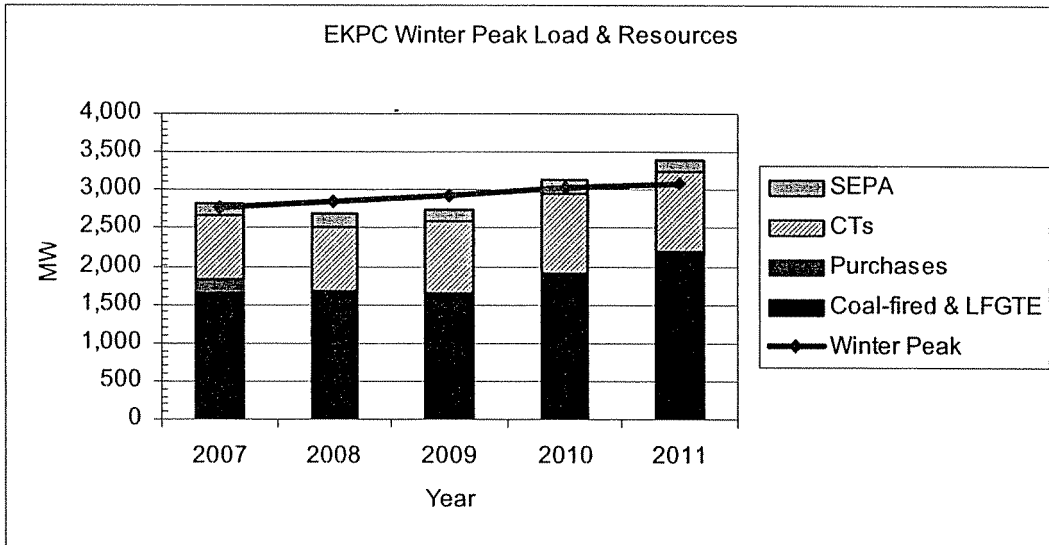
The following graphs show the projected winter peak load and capacity resources broken down by baseload and other resources. Capacity resources include existing and committed resources as noted following the graphs. The peak loads shown do not include reserves. The Warren RECC load has been excluded from the data. The winter graph shows that there will be tight winter margins due to delays in adding new capacity. EKPC will need to make some seasonal purchases of transmission and/or power to help cover the peak load and reserves throughout the period. Summer seasonal purchases should not be necessary although it may be economical to purchase transmission to bring in economy power. The graphs assume that Smith CT 8 will be available for the Winter 2008-09 peak and Smith CT 9 will be available by the Summer of 2009.

The 2006 IRP was completed and filed with the PSC on October 20th. The first round of questions from the PSC is expected December 20.

Coordinated Planning

An evaluation is almost complete of changes that may be necessary in the resource plan due to removal of WRECC's load requirements. However, EKPC will need Smith 1 and Smith CTs 8-9 for supplying native load requirements. Coordinated Planning staff updated RUS staff December 18th on EKPC's power supply situation without WRECC.

The Corps of Engineers may change the operational guidelines for Wolf Creek Dam early next year due to concerns over the seepage problems at the dam. This may have an impact on our SEPA power allocation next summer.



Coordinated Planning

NOTES:

Gallatin Steel interruptible load is excluded, along with small interruptible loads.

Pendleton Co. LFGTE assumed to be on-line by February 2007.

Smith CTs 8-9:

First unit assumed to be on-line January 2009.

Second unit assumed to be on-line February 2009.

Warren RECC load data excluded.

Spurlock 4 unit assumed to be on-line in Spring 2009.

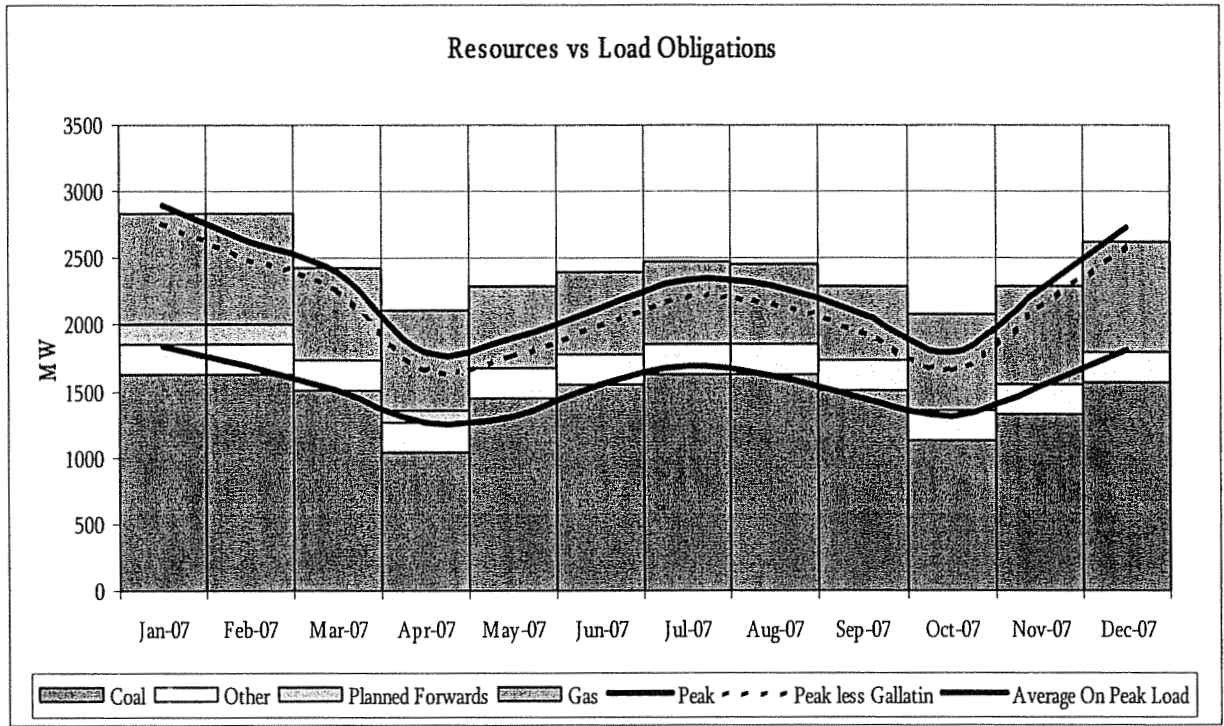
Smith CFB 1 assumed to be on-line by Fall 2010.

Mid-Term Planning

Mid-Term Planning focuses on EKPC's power supply issues from one month out to three or more years. It functions to optimize the use of EKPC's assets for power supply to our Members focusing on the mid-term time frame. We are working with other areas of the company to compile a view of hedging activity that aims to mitigate risk exposure and reduce price volatility. The following list summarizes those activities.

- Coal costs are being hedged by entering into long-term purchase contracts for approximately 60% of our needs. The remaining 40% is locked up by purchase orders on a month to two-month ahead basis. We are investigating other ways to potentially mitigate transportation cost risk.
- Natural gas costs are being hedged by purchasing financial futures of 30% of our historical needs through Constellation Energy. The futures are sold to offset against the current month's gas purchases.
- Emission allowances are being purchased ahead to build an inventory to average the allowance costs resulting in levelizing that portion of the environmental surcharge.
- Transmission rights are being purchased for the next year to guarantee a transportation flow into our system for the market purchases that will be needed to supply Member's needs.
- Power purchases are being evaluated to estimate our future needs and investigating opportunities to obtain contracts to supply those needs.

Coordinated Planning



Generation Dispatch

System Peak – EKPC's coincident peak in November 2006 was 2,155 MWh, occurring at hour 0800 on the 21st. Member system requirements for the month of November 2006 were 1,012,683 MWh, an increase of 1.93 % above November 2005. During November, there were 62 fewer heating degree days than normal, temperature was 4.4% warmer than normal.

DECEMBER 2006

Finance & Risk Management Process – Frank Oliva, Manager

Treasury Management

- Cash Management

EKPC continues to investigate the best possible options of investing excess funds to enhance yield and project daily corporate cash needs. On December 29, EKPC had \$69,189,000 of temporary, short-term investments in general funds. Interest rates on investments ranged from 5.10% to 5.20%. \$22,866,660 (book value) is invested in long-term treasury and government agency securities, primarily pledged as security for insurance and post-retirement liabilities. This action supports EKPC’s Mission to provide competitive energy to the member systems.

As of December 29, a total of 86 bank wires/transfers were initiated for a total amount of \$139,691,834, which brings the total number of bank wires to 1,001 for the year 2006 compared to a total of 977 for the year 2005. These bank wires/transfers include cash investments, benefit reimbursements, purchasing card payments, MISO payments, emission purchases, coal payments, contract payments, purchased power, debt service payments, and all expenditures related to payroll.

- Construction Funds

No advances were requested nor received for December.

The interest rates on our floating/fixed rate pollution bonds through December 29 were:

- Cooper – 6 Month fixed rate – 3.68%
- Smith – 6 Month fixed rate – 3.55%
- Spurlock – weekly floating rate ranged from 3.47% to 4.08%

The EKPC Residential Marketing Loan Program has been utilized by seven member systems for the purpose of making loans to member-consumers. EKPC will make loan funds available to each of its member systems that desire such funds. As of December 31, 5 of the 71 loans remain outstanding with balances totaling \$56,144.

To intensify marketplace opportunities in the area of propane, EKPC has entered into Revolving Line of Credit Agreements with four member systems. As of

Finance Monthly Report
Page 2
December 2006

December 29, EKPC has purchased \$1,566,000 in capital stock and has loaned \$0 on the line of credit. In addition, EKPC had loaned \$3,798,498 to the four subsidiary corporations for the purchase of Thermogas' 50% interest in the retail propane joint ventures. The outstanding balance as of December 31 is \$3,415,837.

As of December 31, \$500,877 plus interest remains outstanding to promote industrial development in the certified territory of four member systems through an Industrial Development Pilot Project. These actions support EKPC's Mission to provide competitive energy to the member systems.

- Finance

The Finance Process continues to monitor and maintain current financial information. In December, the CFC interest rate for lines of credit was 7.15% and the CFC variable, long-term rate was 7.30%. FFB interest rates on December 29 were 4.75% and 4.82% for two-year loans and thirty-year loans, respectively. The prime commercial rate remained at 8.25%. The interest rate on December 29 for the CFC thirty-year long-term fixed rate loan was 7.30%. As of December 29, the interest rates on EKPC's Revolving Credit Facility ranged from 6.15% to 6.20%. This action supports EKPC's Mission to provide competitive energy to the member systems.

Budget & Financial Planning

- Budget

Prepared actual-to-budget comparison reports for November 2006 for all departments and business units.

Continued monthly analysis of fuel, purchased power, emission allowances and environmental surcharge revenue used in the evaluation of the 2006 projected margin.

Provided historical, current, and projected volume and cost of coal, oil, gas, methane gas, emission allowances, and purchased power for the Business Management Plan. This information will be used in comparison of historical and projected trends of these large expenses for the cooperative.

Finance Monthly Report
Page 3
December 2006

The Budget Team provided additional information for the special budget meeting held on December 4, 2006. Staff attended to assist with questions concerning budgeted expenses and revenue calculations.

The Proposed 2007 Annual Budget and Work Plan was approved with amendments by the Board of Directors on December 5, 2006. A list of proposed additional 2007 Budget reductions will be provided to the Board at the January meeting for their approval. These actions support EKPC's Mission to provide competitive energy to member systems.

- Financial Planning

Continued preparation of the Twenty-Year Financial Forecast and Equity Development Plan 2007-2026. Analysis is done of various financial statements including Balance Sheets, Statement of Operations and Cash Flow Schedules. Actual operating data and capital expenditures for 2005 and 2006 as well as future capital requirements are being reviewed at this time. This forecast has been modified since Warren RECC will no longer be joining EKPC. These actions support EKPC's mission to provide competitive energy to the member systems.

Risk Management

- Insurance – A current insurance schedule is included with this report.

Property Insurance – Staff continues work on the property renewal/placement.

Builder's Risk Coverage – Work continues on obtaining Builder's Risk insurance coverage for the CTs, Smith #1 and renewing coverage for Spur #4.

Employment Practices – Personnel continue to work with Legal staff on specific employment practice suits.

- Member Systems Claims for Transmission System Disturbance – No open claims.
- Energy Risk Management

Energy Risk Management Policy – The Energy Risk Management policy and related documents continue to be reviewed by EKPC and APM. The policy is to document EKPC's policies on managing the risk inherent in its wholesale energy business.

Finance Monthly Report

Page 4

December 2006

EKPC Power Purchase Agreements and Credit Management – EKPC's credit is being reviewed and negotiated for purchases of power, transmission, Financial Trading Rights (FTR's) emission allowances and coal. Risk Management personnel continue to obtain, monitor and manage the credit support provided by trading counterparties, in the form of parental guarantees and payment netting provisions. Agreements are being negotiated with several counterparties.

MISO and PJM – Risk personnel continue to keep abreast of the evolving market.

East Kentucky Power 2006-2007 Business Insurance						
as of December 31, 2006						
	<u>Carrier</u>	<u>Coverage Limit</u>	<u>Self-Insured Retention</u>	<u>Annual Premium*</u>	<u>Coverage Period</u>	<u>Policy #</u>
Property	FM Global	\$2,869,666,209	\$50,000 Headquarters \$1,000,000 -All other	\$2,136,752	3/1/06-3/01/07	NC006
Excess Liability (Commercial Umbrella) inc. Employment Practices Liability	AEGIS	\$35,000,000	\$1,000,000	\$531,858	10/15/06-10/15/07	Binder
Excess Workers' Compensation	AEGIS	\$35,000,000	\$250,000	\$167,697	10/15/06-10/15/07	Binder
Marine (Landing Dock Liability)	CNA/MOAC	\$1,000,000	\$100,000	\$8,840	10/15/06-10/15/07	Binder
Excess Marine (Landing Dock Liability)	CNA/MOAC	\$4,000,000	n/a	\$8,526	10/15/06-10/15/07	Binder
Crime (coverage limits from \$1 to \$10 million)	Chubb (Federal Insur Co)	\$1,000,000/10,000,000	\$25,000/\$100,000	\$28,928	10/15/06-10/15/07	Binder
Directors & Officers Liability	AEGIS	\$10,000,000	\$500,000	\$59,134	11/14/06 - 11/14/07	Binder
Fiduciary Liability	St. Paul/Travelers	\$10,000,000	\$0	\$11,409	11/14/06-11/14/07	Binder
Builder's Risk - Spurlock #4	FM Global	\$375,000,000	\$500,000	\$384,329	10/3/06-10/3/07	NC125
<i>3 year policy term - pd annually, coverage limit increases each year</i>						
<i>Transit coverage included.</i>						

E.A. Gilbert Generation Project Costs thru 11/30/2006

Contract # Number	Contract Purpose	Contractor	Original Design Costs	Contract Award + Amendment Costs	Contr.Award/Amend Over/(Under) Design Costs	(thru 11/30/06) Actual Recorded Expenditures	Actual Over/(Under) Contr. Amended Costs
E1	Turbine/Generator	GE	\$ 32,223,000	\$ 32,586,200.00	\$ 363,200.00	\$ 32,602,490	\$ 16,290
E6	Feedwater Heaters	Yuba Heat	1,436,000	728,185	(707,815)	737,889	9,704
E8	Deaerator	Ecodyne	225,000	192,500	(32,500)	192,500	-
E11	Condenser	TEI	1,620,000	1,560,662	(59,338)	1,560,662	-
E16	Circ. Water Pumps	Goulds/ITT	796,000	611,700	(184,300)	611,700	-
E17	Condensate Pumps	Flowserve	260,000	232,610	(27,390)	236,056	3,446
E21	Boiler Feed Pumps	Flowserve	1,260,000	1,735,539	475,539	1,708,081	(27,458)
E36	Distributed Control System (DCS)	ABB	2,000,000	4,345,000	2,345,000	3,329,532	(1,015,469)
E101	Alloy Piping	Bendtec	-	1,951,529	1,951,529	1,951,529	-
E103	Radial Stacker/Reclaimer	Metso Minerals	-	1,815,500	1,815,500	1,956,671	141,171
E131	Transformers	Waukesa/PSD	2,825,000	3,576,441	751,441	3,567,561	(8,880)
E146	Switchgear	Pederson	780,000	3,783,855	3,003,855	3,783,855	0
E201	Boiler Island	Alstom Power	126,900,000	146,725,985	19,825,985	149,038,624	2,312,639
E211	Coal/Limestone Handling	Sedgman	2,050,000	15,667,473	13,617,473	16,092,380	424,907
E221	Stack	Pullman Power	4,950,000	4,604,000	(346,000)	4,604,000	-
E222	Cooling Tower	Marley Cooling	1,900,000	2,382,600	482,600	2,383,549	949
E251	Piling	Richard Goettle	9,600,000	5,071,757	(4,528,243)	5,071,757	-
E261	Substructure	Baker	-	9,650,846	9,650,846	15,343,775	5,692,929
E281	Balance of Plant (+Misc. Pumps)	Cherne Contracting	76,001,000	82,105,100	6,104,100	83,287,552	1,182,452
E332	Painting	Universal	-	2,631,846	2,631,846	2,631,846	0
		Subtotal	\$ 264,826,000	321,959,328	57,133,328	330,692,008	8,732,680
	Escalation of Contracts		\$ 4,490,000		(4,490,000)		
	Contingency		9,880,000		(9,880,000)		
	Boiler Contingency		13,000,000		(13,000,000)		
		Subtotal	\$ 27,370,000	-	(27,370,000)	-	-
		Total Contracts	\$ 292,196,000	321,959,328	29,763,328	330,692,008	8,732,680
Other Costs	Engineering Design	Stanley	\$ 10,640,000	11,720,000	1,080,000	13,328,705	1,608,705
	Owners Cost	EKPC	19,500,000	19,500,000	-	20,142,354	642,354
	Spare Parts	EKPC	3,000,000	3,000,000	-	797,778	(2,202,223)
	Site Prep	EKPC	500,000	500,000	-	3,386,927	2,886,927
	Environmental Costs	EKPC	1,275,000	1,275,000	-	554,725	(720,275)
		Total Other	\$ 34,915,000	35,995,000	1,080,000	38,210,488	2,215,488
		Total Contracts + Other	\$ 327,111,000	357,954,328	30,843,328	368,902,496	10,948,168
		IDC	40,500,000	40,500,000	-	30,582,152	(9,917,848)
	Fuel Credit during Commissioning					(1,979,134)	(1,979,134)
		Project Total	\$ 367,611,000	398,454,328	30,843,328	397,505,514	(948,814)

Spurlock #4 Generation Project Costs thru 11/30/2006

Contract #	Contract Purpose	Contractor	Original Design Costs	Contract Award + Amendment Costs	Contr Award/Amend Over/(Under) Design Costs	(thru 11/30/06) Actual Recorded Expenditures	Actual Over/(Under) Contr. Amended Costs
F1	TURBINE GENERATOR	GE	\$ 32,395,000	\$ 32,895,000	\$ 500,000	\$ 25,305,667	\$ (7,589,333)
F6	FEEDWATER HEATERS	Yuba	756,000	1,207,124	451,124	1,122,645	(84,479)
F8	DEAERATOR	Ecodyne	200,000	303,094	103,094	280,040	(23,054)
F11	CONDENSER	TEI	1,600,000	2,358,510	758,510	2,144,100	(214,410)
F16	CIRCULATING WATER PUMPS	ITT Industries	630,000	694,200	64,200	494,200	(200,000)
F17	CONDENSATE PUMPS	Flowserve	245,000	323,505	78,505	323,505	-
F21	BOILER FEED PUMPS	Flowserve	1,774,000	2,375,772	601,772	1,163,698	(1,212,075)
F36	DISTRIBUTED CONTROL SYSTEM	ABB	4,000,000	3,928,175	(71,825)	-	(3,928,175)
F46	FANS & MOTORS	Howden	2,668,000	2,718,458	50,458	2,488,048	(230,410)
F71	ASH HANDLING EQ ONLY		1,500,000		(1,500,000)		-
F101	ALLOY PIPING AND ALLOY SUPPORTS	BendTec	2,450,000	3,922,297	1,472,297	2,980,279	(942,017)
F103	RADIAL STACKER/RECLAIMER		-		-		-
F131A	TRANSFORMERS - Large	Pauwels	4,625,000	3,100,552	(1,524,448)	310,055	(2,790,497)
F131B	TRANSFORMERS - Medium	Waukesha	-	1,354,700	1,354,700	301,400	(1,053,300)
F146	SWITCHGEAR	Pederson Power	4,273,000	3,914,646	(358,354)	3,231,934	(682,712)
F201	BOILER ISLAND	Alstom Power	180,500,000	194,500,000	14,000,000	99,595,054	(94,904,946)
F204	EMISSIONS MONITORING		300,000		(300,000)		-
F211	COAL/LIMESTONE HANDLING	Dearborn Mid-West	8,650,000	12,078,400	3,428,400	1,627,200	(10,451,200)
F221	STACK / CHIMNEY	Pullman Power	5,700,000	5,851,000	151,000	78,000	(5,773,000)
F222	COOLING TOWER	Marley Cooling Twr.	2,454,000	3,025,100	571,100	1,890,238	(1,134,862)
F251	PILING	Richard Goettle	5,650,000	9,246,942	3,596,942	9,246,942	0
F261	SUBSTRUCTURE	Baker Concrete	12,900,000	17,178,476	4,278,476	12,541,144	(4,637,332)
F271	STRUCTURAL STEEL		-		-		-
F263	CIRCULATING WATER PIPE	Reynolds	6,000,000	10,385,620	4,385,620	9,042,518	(1,343,102)
F264	ASH SILO'S		-		-		-
F281	BALANCE OF PLANT	Cherne	72,000,000	99,574,708	27,574,708	11,635,787	(87,938,921)
F281	TURBINE CRANE		-		-		-
F281	AUXILIARY GEN & BUILDING (2000 KW)*		-		-		-
F332	PAINTING		2,500,000		(2,500,000)		-
	Subtotal		\$ 353,770,000	410,936,279	57,166,279	185,802,455	(225,133,824)
	STEEL CONTINGENCY		\$ 10,000,000		(10,000,000)		-
	F201 BOILER CONTINGENCY		9,025,000		(9,025,000)		-
	F281 BOP CONTINGENCY		7,200,000		(7,200,000)		-
	CONTINGENCY (EXCL F1,F201,F281)		6,887,500		(6,887,500)		-
	Subtotal		\$ 33,112,500	-	(33,112,500)	-	-
	Total Contracts		\$ 386,882,500	410,936,279	24,053,779	185,802,455	(225,133,824)
Other Costs							
	Engineering Design	Stanley	\$ 16,270,000	16,200,000	(70,000)	7,607,244	(8,592,756)
	Owners Cost	EKPC	20,000,000	20,000,000	-	6,971,601	(13,028,399)
	Spare Parts	EKPC	-	-	-	-	-
	Site Prep	EKPC	-	-	-	2,103,237	2,103,237
	Environmental Costs	EKPC	-	-	-	-	-
	Total Other		\$ 36,270,000	36,200,000	(70,000)	16,682,082	(19,517,918)
	Total Contracts + Other		\$ 423,152,500	447,136,279	23,983,779	202,484,537	(244,651,742)
	Interest During Construction	IDC	46,546,775	46,546,775	-	7,916,542	(38,630,233)
	Fuel Credit during Commissioning						(1,979,134)
	Project Total		\$ 469,699,275	493,683,054	23,983,779	210,401,078	(285,261,109)

Finance

Finance Monthly Report
 Page 8
 December 2006

Accounting and Materials Management Process – Ann Wood, Manager

General Accounting

Accounts payable wrote 989 checks from December 1, 2006 through December 22, 2006 totaling approximately \$44,055,000.

The PSC sent the data request for the two-year fuel adjustment clause hearing. Production, pricing, and accounting will analyze the 24-month period under review and select a new basing point.

East Kentucky Power Cooperative Fuel Adjustment Comparison with Kentucky Utilities As of November 30, 2006

Expense Month	EKPC Base Rate \$/mwh	EKPC Actual Fuel Rate \$/mwh	Debit/Credit \$/mwh	KU Base Rate \$/mwh	KU Actual Fuel Rate \$/mwh	Debit/Credit \$/mwh
Jun-05	20.25	25.16	4.91	14.94	24.12	9.18
Jul-05	20.25	25.69	5.44	18.10	24.81	6.71
Aug-05	20.25	31.34	11.09	18.10	25.70	7.60
Sep-05	20.25	29.12	8.87	18.10	24.80	6.70
Oct-05	20.25	28.34	8.09	18.10	23.89	5.79
Nov-05	20.25	26.97	6.72	18.10	20.41	2.31
Dec-05	20.25	33.34	13.09	18.10	20.73	2.63
Jan-06	20.25	27.81	7.56	18.10	20.13	2.03
Feb-06	20.25	27.13	6.88	18.10	22.50	4.40
Mar-06	20.25	26.38	6.13	18.10	25.30	7.20
Apr-06	20.25	27.37	7.12	18.10	24.18	6.08
May-06	20.25	27.91	7.66	18.10	25.33	7.23
Jun-06	20.25	24.96	4.71	18.10	26.39	8.29
Jul-06	20.25	26.08	5.83	18.10	27.57	9.47
Aug-06	20.25	27.85	7.60	18.10	31.09	12.99
Sep-06	20.25	27.00	6.75	18.10	23.18	5.08
Oct-06	20.25	22.81	2.56	18.10	25.91	7.81
Nov-06	20.25	25.40	5.15	18.10	22.49	4.39

Finance

Finance Monthly Report
Page 9
December 2006

Materials Management

Lisa Taylor attended an ISM seminar on Negotiation Strategies. Work continues on blanket purchase orders and contracts for 2007. ABB, Inc., and EKPC have finalized a three-year extension of the existing Transformer Alliance for small power transformers.

The Winchester Warehouse inventory increased in November by \$178,923, with an ending balance of \$12,617,734. Stock-related material handled during the month totaled \$1,159,595, and included material for twenty-five (25) Power Delivery Expansion projects, and credits for five (5) projects. 7,510 gallons of fuel was pumped at the fuel facility during November. No fuel was purchased. Warehouse team member Wes Kidd has taken a new position at J.K. Smith.

Payroll

Payroll is beginning the year-end processing for 2006. Peoplesoft tax update 06-F was put in production. Glenda Lansdale, a Senior Payroll Specialist retired after 18 years of service. A Payroll Specialist was hired as a replacement.

Plant Accounting

The depreciation study adjustments have been approved by RUS and we are in the process of getting those changed in PeopleSoft.

Pricing Process – Bill Bosta, Manager

EKPC/LG&E Transmission and Interconnection Agreement Dispute, FERC Case ER-02-2560

In mid-December, following several filings with the FERC, LG&E Energy sent a check to EKPC for an additional \$31,000 to recognize the errors cited by EKPC in LG&E's Compliance Report filed with the FERC for refunding overcharges by LG&E over the 2002-2006 time period. LG&E did not, however, recognize one remaining issue in the dispute – whether the entire refund period should reflect use of EKPC's \$1.62/KW-month rate for service by EK for LG&E's loads. The FERC will have to rule on this issue. If approved by FERC, it amounts to an additional \$155,000 in refunds to EKPC. With the addition of the \$31,000 from LG&E, the total refund is approximately \$1.64 million.

Finance

Finance Monthly Report
 Page 10
 December 2006

The Commission's Final Order results in the following impact on an annual basis for the period in late 2002, when the case was filed, until the end of August 2006.

	Proposed Increase		Increase as Ordered	
Interconnection Agmnt	\$581,000	70.0%	\$62,000	7.4%
Transmission Agmnt	\$278,000	23.5%	\$35,000	2.9%
Total	\$859,000	42.6%	\$97,000	4.8%

Both EK and Gallatin Steel requested rehearing in the proceeding on October 2. The major issues for rehearing include the need for the Commission to recognize an additional \$3.5 million refund to EK as a result of LG&E billing EK for pancaked rates over the four year period, and the need to eliminate MISO Schedule 10 administrative fees being paid by EKPC. On October 30, the Commission issued an Order granting rehearing but did not set a date for the rehearing. This is known as a "tolling" order and means that the Commission met the requirement to act in 30 days on the rehearing request. The Commission, however, is under no time constraint to set a rehearing date.

Aside from the Commission's Order, as a part of the LG&E request to exit MISO at the FERC, EKPC was able to negotiate a provision that allows LG&E to reimburse EK for the pancaked rates issue going forward beginning December 1, 2005. To date, EKPC has received a credit of about \$310,000. EKPC and LG&E have completed the negotiation of a new Interconnection Agreement. The new Agreement became effective on September 1.

Including the effects of pancaking cited above, it appears that LG&E's proposed filing in 2002 resulted in a net loss to them, rather than the 43% increase they had originally sought.

This project will enable EKPC to continue to strive to provide reliable service at a competitive price.

EKPC Filing to Amend its OATT at the FERC - Case No. NJ07-1-000

On November 14, EKPC filed with the FERC to amend its Open Access Transmission Tariff (OATT). The filing was made to inform the FERC that EKPC

Finance Monthly Report

Page 11

December 2006

was amending its OATT to reflect a change in its network transmission rate to a “stated” rate of \$1.62/KW-mo. from its existing methodology. The change is expected to garner an additional \$200,000 to \$300,000 annually for service to LG&E under the new Interconnection Agreement with LG&E, effective September 1. In addition, the filing includes several language changes and incorporates the FERC-approved procedure for small and large generator interconnections to the transmission system.

On December 12, LG&E filed a protest and request for hearing with the FERC, alleging that EKPC had not adequately demonstrated that its proposed stated rate was comparable to the rate EKPC charges itself. On December 29, EKPC filed a response to LG&E’s protest, claiming that LG&E’s request for a hearing should be denied as it was based on pure speculation and contained no evidence to demonstrate that a hearing is warranted. EKPC cited that LG&E had not disputed the validity of any of the cost support submitted by EKPC, nor had LG&E demonstrated that the change to a stated rate of a \$1.62/KW-mo., instead of a revenue requirement times a load ratio method, would violate the Commission’s comparability standard. The Commission is expected to issue a ruling on whether a hearing is required in the near future.

Environmental Surcharge Implementation/Emission Allowance Strategy & Six-Month Review Case No. 2006-00131

On December 20, EKPC submitted its eighteenth monthly report to the Commission for the Environmental Surcharge factor. EKPC filed a factor of 9.51% to be applied to service rendered in December 2006 and billed the first week of January 2007. EKPC also filed environmental surcharge factors on behalf of each of the sixteen member systems, ranging from 6.01% to 7.90%.

In early August, as requested by the Commission, EKPC filed a response on behalf of itself and all Member Systems that the Commission may issue an Order based on the existing record in the case. Gallatin Steel, an intervenor in the case, filed a similar response. The Case is ripe for decision and an Order is expected in the near future. This project helps EKPC maintain financial stability while meeting all regulatory compliance issues.

Finance

Finance Monthly Report
 Page 12
 December 2006

**East Kentucky Power Cooperative, Inc.
 Estimated Monthly Environmental Surcharge Factors
 December 2006 through December 2008**

EKPC Expense Month (1)	12-month Rolling AVG Revenue (2)	Estimated Net Revenue Requirement (3)	Est. Monthly Environmental Surcharge Factor (4)
Dec-06	\$49,415,940	\$6,251,831	12.14%
Jan-07	\$49,760,896	\$5,664,590	10.87%
Feb-07	\$49,893,612	\$5,157,996	9.83%
Mar-07	\$50,000,088	\$4,940,202	9.37%
Apr-07	\$50,247,125	\$4,236,808	7.92%
May-07	\$50,749,575	\$4,971,948	9.29%
Jun-07	\$50,737,136	\$5,455,530	10.24%
Jul-07	\$50,934,591	\$6,580,330	12.41%
Aug-07	\$51,004,439	\$6,389,494	12.02%
Sep-07	\$51,589,722	\$5,727,868	10.59%
Oct-07	\$51,671,603	\$4,840,802	8.86%
Nov-07	\$52,417,912	\$4,736,220	8.53%
Dec-07	\$52,380,541	\$5,589,233	10.16%
Jan-08	\$52,139,359	\$5,620,978	10.27%
Feb-08	\$51,921,626	\$5,358,599	9.81%
Mar-08	\$51,578,845	\$5,169,859	9.51%
Apr-08	\$51,596,015	\$4,653,553	8.51%
May-08	\$51,292,766	\$5,592,633	10.39%
Jun-08	\$51,740,251	\$5,960,485	11.01%
Jul-08	\$51,990,776	\$5,767,898	10.58%
Aug-08	\$52,340,413	\$5,658,257	10.30%
Sep-08	\$52,551,373	\$5,228,819	9.44%
Oct-08	\$52,637,617	\$3,815,149	6.74%
Nov-08	\$52,650,006	\$3,837,034	6.78%
Dec-08	\$52,728,617	\$4,082,383	7.23%

Current SO2 price is \$472.50 per allowance as of December 27, 2006

Current NOx price is \$750 per allowance as of December 27, 2006.

Finance Monthly Report

Page 13

December 2006

Case 2006-00455 Investigation of the Financial Condition of EKPC

On October 27, the Kentucky Public Service Commission issued its initial data request to EKPC in its investigation into the Company's financial condition. On November 6, EKPC filed its responses to the Commission's data request. The Commission issued a follow-up data request on November 9, to which responses were filed on Monday, November 20. A follow-up meeting was held with the Commission on Friday, December 15, to discuss EKPC's financial condition. EKPC filed additional information with the Commission during the week of December 18.

Case 2006-00045 Consideration of 2005 Energy Policy Act

On December 21, the Commission issued its final order in the case. The Order did not mandate implementation of time-of-day metering for all customers, nor did it require a single, statewide interconnection standard be adopted. The Commission did require that all of the jurisdictional utilities develop voluntary pilot real-time pricing programs for their large commercial and industrial customers by April 20, 2007. This project helps EKPC meet its goal of providing excellent service to Member Systems while maintaining regulatory compliance.

Internal Audit & Performance Measures – Graham Johns, Coordinator

Internal Auditing for Member Systems

Clark Energy Cooperative—Presented the reports on four internal audits completed in 2006 to the Board of Directors on December 21. These included purchasing, inventory control, consumer bill adjustments, and cash receipts.

Inter-County Energy Cooperative—Completed the internal audit of employee travel and out-of-pocket expenses and delivered the report to management.

Cost Reviews

A review of vehicles and transportation is now in progress.

Annual Audit

Internal auditing is assisting Crowe Chizek with the annual audit by auditing work orders.

Finance Monthly Report

Page 14

December 2006

Credit Union Process – Brian Tyler, Process Owner

November 2006 Financial Report

Loans	14,547,722.09
Investments	2,984,792.33
Total Assets	17,853,898.33
Liabilities	1,864,888.59
Deposits	12,483,414.58
Equity	2,277,788.32
Interest on Loans	69,643.58
Investment Income	3,829.71
Total Income	74,801.21
Total Expenses	94,444.55
Retained Earnings	(19,643.34)
YTD Retained Earnings	52,772.14

Bluegrass Credit Union Chapter Wraps Presents for the Hope Center

The Bluegrass Credit Union Chapter gathered on December 12, 2006 to wrap presents for the Lexington Hope Center. The members of the chapter gathered at Member’s Heritage Federal Credit Union on Harrodsburg Road in Lexington and spent about an hour and a half wrapping gifts and socializing. Presents (which included clothing, hats, gloves, coats, toiletries and toys for the children) were purchased with funds donated by chapter credit unions and vendors. Once all the presents were wrapped, the group cleaned up and enjoyed dinner.

Stephanie Ramsey, Director of Community Relations for the Hope Center, thanked the group for the gifts and explained some of the hope center’s programs. She explained that The Hope Center is a non-profit agency that provides services to the homeless of Lexington, Kentucky including the immediate needs of food, shelter and clothing and the longer-term needs of detox and substance abuse recovery, diagnosis and treatment of mental illness, health clinic services, employment counseling, life skills, housing support and transitional housing. Stephanie then introduced Travis, a former resident of the Hope Center and current case counselor, who shared his testimonial of all that the Hope Center had provided for him in his life. His story was a reminder to all in attendance how much organizations like this provide to our local community.

Finance Monthly Report
Page 15
December 2006

This meeting is just another example of how credit unions come together to give back to their communities. More pictures and info about the contributing credit unions and other individuals can be found on the chapter's website: <http://cu.ekpc.com/bgchapter.htm>. More info about the Hope Center can be found on their website at: <http://www.hopectr.org>.

dge/dd

c: Directors & Alternate Directors
Executive Staff
Finance Staff

Governmental Affairs

DECEMBER 2006

Mission Statement:

The purpose of Governmental Affairs is to support EKPC in providing reliable, competitively priced electricity and the member systems in improving Kentuckians quality of life by:

- ◆ Developing and implementing legislative and public affairs strategies.
 - ◆ Promoting the Cooperative program by educating elected officials and staff at all levels of government.
 - ◆ Establishing and maintaining working relationships with other organizations, interests and communities.
-
- Attended the Interim Agriculture & Natural Resources Committee meeting in Frankfort, and meetings of its subcommittees, and the Program Review & Investigation Committee, which is studying transmission siting and pollution control credits.
 - Coordinated and attended a meeting with Teresa Hill, new secretary of the Environmental & Public Protection Cabinet and Deputy Secretary Lloyd Cress. Attending from EKPC were Bob Marshall, Roy Palk, Barry Mayfield, Eric Gregory and Jim Lamb.
 - Attended a meeting of co-op lobbyists in Frankfort to discuss potential issues in the upcoming 2007 legislative session, and to begin developing strategy.
 - Attended a meeting of electric industry lobbyists in Frankfort to discuss potential issues in the upcoming 2007 legislative session, and to begin developing strategy.
 - Attended a meeting of the legislature's Central Kentucky Caucus, and a reception for its members sponsored by Commerce Lexington.
 - Met with key legislators on EKPC issues and the upcoming session, including House Majority Floor Leader Rocky Adkins, D-Sandy Hook, and Rep. Tanya Pullin, D-South Shore, who is co-chair of the Special Subcommittee on Energy.
 - Attended Gov. Ernie Fletcher's event to dedicate a new fire truck for Clark County. Discussed with Gov. Fletcher the continued need for road fund money to improve Ky. 89 to Smith Station.

Governmental Affairs

- Worked with the Wolfe County Board of Education to finalize and collect payment for a \$188,875.16 transmission re-location project at one of their schools.
- Helped develop, coordinate, and implement communications strategy and materials regarding Warren RECC's decision to stay with the Tennessee Valley Authority for its power supply needs. Contacted key legislators to make them aware of the news in advance of media reports.
- Contacted local and state leaders regarding the hiring of Bob Marshall as EKPC President and CEO, and retirement plans for Roy Palk.
- Attended the state Chamber of Commerce annual Policy Conference and Legislative Preview in Lexington. Legislative leaders and committee chairmen gave their outlooks on the 2007 session and updated key issues.
- Developed a legislative preview edition of Currents, EKPC's electronic newsletter on issues and events in Frankfort and Washington, D.C. (attached)
- Along with design staff, finalized *The Political Wire*, a new Governmental Affairs web site for member use

2007 SESSION NOT SHORT ON ISSUES

Just because 2007 is a “short” legislative session of only 30 days, don’t count on lawmakers to shy away from critical issues – particularly energy.

After all, the 2005 odd-year session saw legislators grapple with tax reform, clean-coal incentives, overweight trucks and municipal joint action.

Key legislators discussed some potential issues recently in Lexington at the 30th annual Governor’s Conference on the Environment:



Sen. Tom Jensen, R-London, is chairman of the Senate Agriculture and Natural

Resources Committee.

He said lawmakers will revisit mine safety legislation and will look to address storm water runoff planning, waste tires and meth lab cleanup issues.



Rep. Jim Gooch, D-Providence, chairs the House Natural Resources Committee.

He predicted that energy independence, controlling the flow of out-of-state garbage, a study of hemp to make paper, and what to do with electronic waste will be top issues.

Here are some other items that co-op lobbyists will be closely monitoring:

- **Affiliate services:** Co-ops will be strongly defending last year’s successful bill on non-electric services.
- **Clean-coal cost recovery:** Investor-owned utilities are planning to re-introduce this measure as a way to recover expensive clean-coal plants.
- **Energy efficiency:** Look for bills promoting energy efficiency through tax breaks, incentives, or even a surcharge for demand side management programs.
- **Streetlight liability:** KAEC is looking at the liability of utilities for malfunctioning streetlights, following a recent state Supreme Court ruling against LG&E in a child’s death.

SESSION CALENDAR

Legislators will convene Jan. 2 for a four-day “organizational” session to elect leaders and to make committee appointments.

After a four-week break, they return Feb. 6 for the remaining 26 days of the session. It is scheduled to end March 27.

Click [here](#) for a printable version of the 2007 session calendar.

IMPORTANT DATES

Jan. 2-5

Organizational session convenes to elect leadership

Feb. 6

Session reconvenes

Feb. 16

Last day for new Senate bills

Feb. 20

Last day for new House bills

March 12

Last scheduled legislative working day before two-week veto session

March 27

Sine die, legislature ends

EKPC LAUNCHING THE POLITICAL WIRE

The Governmental Affairs team has had several requests in the past year to make *Currents* and other items available online.

That’s why we have created *The Political Wire*, a new web site available to anyone with access to the EKPC intranet or extranet. It will start January 2 when the new session convenes.

Some of the features include:

- ✓ The co-op bill tracking database, updated daily during the session

- ✓ Weekly editions of *Currents*, as well as archives from past sessions
- ✓ An easy-to-use interactive map to locate legislators by county and service territory
- ✓ And a multimedia section with all sorts of handouts and presentations on hot legislative issues

We appreciate the tremendous support for *Currents*. And, we hope you find the new site a useful tool in keeping you updated about issues that impact you and your member-owners.

2007 ISSUES BOOK NOW AVAILABLE

Each year, the Legislative Research Commission publishes a guide to potential issues in the upcoming session. Click [here](#) to get an electronic copy in Adobe PDF format.

ENERGY TOPICS APPROVED FOR STUDY

The Program Review & Investigations Committee has approved two critical energy issues to be studied in 2007 – transmission siting and air emissions credits.

The transmission siting study comes from Senate Resolution 238, which called for the review primarily due to landowner concerns with EKPC's line to serve Warren RECC. Click [here](#) to see the committee staff's study outline.

Lobbyists are unclear what prompted the study on emissions credits. Click [here](#) to see that study outline.

An in-depth report on each issue, which could include recommendations for potential legislation, will most likely be issued in time for the 2008 session.



PRE-FILED BILLS OF INTEREST

Here are some bills that have been pre-filed for 2007:

Service restoration

BR 213, sponsored by Sen. Ed Worley, D-Richmond, would require regulated utilities to assign at least one full-time service restoration employee in each county in which the utility has 500 or more customers.

Minimum wage

BR 148 and BR 149, sponsored by several House and Senate Democrats, would raise the state minimum wage to \$5.85 an hour immediately, then to \$6.55 in 2008 and \$7.25 in 2009. The state minimum wage also would match the federal rate, if that rate were higher.

BR 246, sponsored by Rep. Tom Riner, D-Louisville, would increase the minimum wage to \$6.15 an hour immediately, and to \$7 in 2008 – or match the federal rate if it was higher.

BR 347, sponsored by Rep. J.R. Gray, D-Benton, would immediately raise the minimum wage to \$7 an hour, abolish the tip credit and match the federal rate if it was higher. After July 2008, the rate would be tied to the Consumer Price Index.

HVAC

BR 152, sponsored by Sen. Gary Tapp, R-Waddy, requires a permit for the installation of heating, ventilation, and air conditioning systems (HVAC) and establishes standards for the permitting process.

Taxes

BR 179, sponsored by Rep. Darryl Owens, D-Louisville, would exempt from sales and use tax the charges for residential utilities billed to an owner or operator of a multi-unit residential facility or mobile home park, including charges for common areas.

HOW TO REACH US

During the session, [Eric](#) and [Barry](#) can be reached at the following numbers:

Eric's cell: (859) 771-1050
 Barry's cell: (859) 229-4072
 In Frankfort: (502) 223-7030
 Fax (502) 223-7031

Human Resources & Support Services

DECEMBER 2006

EKPC: To provide reliable and competitive energy and member services.

Unit: To serve and assist the Cooperative, it's employees, the Member Systems, and External Customers by:

- Managing Costs
- Ensuring the safety, well-being, and development of EKPC employees
- Providing appropriate corporate staffing requirements
- Providing effective communications
- Complying with all laws and regulations

Human Resources, Facilities Management, Corporate Support Services

1. Managing Costs

Significant Results:

- **Budget management** – Centers 032, 040, 041, 043, 046, 047 are under budget \$695,178 year-to-date through November.
- **Cost containment** – All non-critical costs are being delayed.

2. Ensuring the safety, well-being, and development of EKPC employees

Significant Results:

- **OSHA Lost Time Incident Rate through November 30 – 1.60**

3. Providing appropriate corporate staffing requirements

Significant Results:

- **Positions Filled:**
 - Senior Accountant – Charles Michael Brann
 - Substation Technician – Bardstown – Steve Hurst
 - Construction Technician – Rod McCarty

Human Resources & Support Services

- **Positions open:**
 - Construction Project Manager @ Spurlock
 - Senior Engineer (Production)
 - Senior Engineer – EMS
 - Environmentalist
 - Construction Technician Crew Leader
 - Senior Analyst
 - Electrician @ Spurlock
 - Auxiliary Operator @ Dale
 - Computer & Instrument Technician @ Spurlock
 - Warehouseman @ Spurlock
 - Maintenance Material Specialist @ Spurlock
 - Engineer – Operations
 - Maintenance Mechanic @ Cooper
 - 4 - Auxiliary Operator – Spurlock
 - Substation Technician – Hillsboro
 - Plant Safety & Warehouseman @ J.K. Smith
 - Senior Accountant
 - 2 – LAN/PC Support Specialist
 - Computer & Instrument Technician @ Cooper
 - 2 – Auxiliary Operator @ Cooper

4. Providing effective communications

Significant Results:

- Customer service education was provided to SERCO (contractor). This should result in improved relations among contractor and EKPC staff.

5. Regulatory compliance

Significant Results:

- Employees received their Summary of Annual Reports in December, which is required by ERISA guidelines.
- Members of Human Resources participated in the Emergency Restoration Plan Tabletop Drill that is required by NRECA to be completed by January 12, 2007.

6. Member Systems Support

Significant Results:

- Members continue to call for services.

Human Resources & Support Services

Information Technology Process – Wes Moody, Manager

Provide support for the PeopleSoft ERP system

PeopleSoft HRMS Version 8.8

- ◆ Payroll – Applied Tax Update 06F to the Production environment. Testing has started for the Year-End processes. Changed signature on payroll checks to that of David Eames. This change will take place on the first payroll run of 2007.
- ◆ Benefits – Completed two new interface programs for insurance provider that provided the data they needed in their format. Setup all Action/Reason combinations to flow to Ben Admin correctly. Tested and completed Benefits Billing processing and printed statements.

PeopleSoft Financials Version 7.5

- ◆ Asset Management – Completed the load process of the Gilbert Unit into the Asset Management database utilizing Visual Basic and PeopleSoft Import Manager to load these assets.

Depreciation – Approval has been received from the PSC and RUS to change the depreciation on Plant Assets to extend the depreciation life. Procedures and new Processes are being developed and tested to change the End Life dates and recomputed depreciation based on the current Net Book Value of the asset to another assigned date.

- ◆ Accounts Payable - Changed signature on A/P checks to that of David Eames. This change will take place on the first check run of 2007.

PeopleSoft is an enterprise resource-planning tool that integrates company financial and human resource information into a common application. This supports key measures **Competitive Energy** and **Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information about capital projects, benefits, expenditures, fixed assets, budgets and other financial and human resource information.

Develop Power Delivery Scoping System

- ◆ System is being System Tested by Power Delivery, and four out of the five sign-off documents have been received.
- ◆ The database will be purged of testing transactions, and will be turned over to Power Delivery after sign-off documents have been received.
- ◆ Application documentation is currently being developed.
- ◆ “Go-Live” implementation date has been moved back to late January due to the extended time required for System testing.

This supports **Competitive Energy** and **Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information for the Power Delivery Business Unit.

Human Resources & Support Services

Enhance Coal Accounting System

- ◆ The rail freight calculations were changed to accommodate new minimum tonnage rates that will be paid by coal suppliers that ship less than the minimum requirement per month.

This supports **Competitive Energy and Reliable Energy** by providing Power Production with the flexibility required to purchase contract coal in the current competitive environment.

Maximo CMMS System Upgrade

- ◆ PeopleSoft to Maximo interface is complete. The last modification has been moved to production. This modification was necessary due to lines being added to the Purchase Order after the PO has been dispatched.

This supports **Competitive Energy and Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information for the Production Business Unit.

Provide Company-Wide Computer and Network Services

- ◆ The Computer Support Line resolved 81 support calls during the previous period.
- ◆ All Peoplesoft systems at the Smith disaster recovery site tested successfully.
- ◆ Did preliminary testing for Peoplesoft upgrade.
- ◆ Rollout of Livebackup software continued. Over 200 clients currently running.

Computer and network services support key measures **Competitive Energy and Reliable Energy** by developing a network and computing environment that facilitates a collaborative work environment.

Provide Telecommunications to Substations.

- ◆ A permanent install has been completed on the data and phone circuits at the North Springfield Substation.
- ◆ The blocking carrier has been reconfigured and installed on the Rowan to Skaggs line and Rowan to Rodburn line.
- ◆ Bluegrass Parkway Substation's RTU is now linked by radio through Garrison Lane tower to the EMS system.
- ◆ Plans were made and materials received to extend the orderwire voice communication system to the Backup Control Center.
- ◆ Plans were made to distribute backup timing signals from a new Stratum 1 clock at the Backup Control Center.
- ◆ The North Ring SONET multiplexer at the Backup Control Center was replaced with one that matches the mux at Headquarters.
- ◆ Disaster Recovery plans were revised and reviewed, and patch cables were purchased for a disaster recovery parts kit at the Backup Control Center.

This supports key measure **Reliable Energy** by providing the ability to get substation information and do remote switching.

Human Resources & Support Services

Provide Telecommunications to Members.

- ◆ Completed a preliminary coverage assessment for using 950 MHz multiple address radios for SCADA at Clark Energy substations.
- ◆ Telecom technicians assisted Blue Grass Energy in turning up two T1 circuits between the Nicholasville and Harrison County offices.
- ◆ We are searching for a repeater site to relay SCADA radio signals to Fleming-Mason Energy's Hilda substation.
- ◆ Delivered materials to a contractor to terminate a fiber optic cable linking Pendleton landfill gas generating plant to Griffin substation, then by radio to the EMS system.

This supports key measure **Member Services** by providing a value-added service to member systems.

Provide New Two-way Radio System.

- ◆ The consultants are working on a channel reuse plan.

This supports key measures **Reliable Energy** and **Competitive Energy** by providing a two-way radio system that will enhance our ability to maintain and operate the transmission system and to assist in outage restoration.

Maintain the Telecommunications System

- ◆ Drawings for the new digital system are being delivered to the remote sites.
- ◆ Routine maintenance was performed at eleven microwave sites.
- ◆ Tower lights were repaired at the Garrison Lane microwave site.
- ◆ The new fiber optic cable has been installed between the Balance of Plant and the Back-up Control center at JK Smith. All fiber circuits have been cut to this cable.
- ◆ Telecom technicians replaced an I/O module on the North Ring JK Smith to Stanton Alcatel microwave radio.
- ◆ Technicians have performed routine maintenance on Alcatel digital radios at Renaker, Folsom, Stanley Parker, Owen County switchyard, Spurlock, Murphysville, Goddard, Zion Ridge and Ault.

Routine operation and maintenance of the telecom systems supports key measures **Competitive Energy** and **Reliable Energy** by providing the ability to get critical power system operating information.

IT Performance Measures

- ◆ Annual O&M Budget - Under Budget.
- ◆ Lost Time Accident Rate – 0.0
- ◆ WAN Availability – 100.0%
- ◆ LAN Availability – 100.0%
- ◆ Two-Way Radio Availability

- Member System Base Stations – 99.19%
- EKPC Base Stations – 99.92%
- ◆ Application Availability –99.53%
- ◆ Data Circuit Availability- 99.94%
- ◆ On-Time 555 Problem Resolution – 96%
- ◆ Customer Satisfaction Index
 - NCS Team – 100%
- ◆ PBX Availability – 100%

DECEMBER 2006

Pending Litigation against EKPC

1. *Brenda Milton v. EKPC, et al (Employment Discrimination Lawsuit)* – Clark Circuit Court. The case has been fully briefed and submitted for a decision. At issue are allegations by a former employee seeking damages on claims of a hostile work environment, retaliation and assault and battery by a co-worker.
2. *Mark Jordan v. EKPC and CBA* – U.S. District Court for the Eastern District of Kentucky. On August 14, 2006, the Federal District Court Judge granted EKPC's Motion for Summary Judgment and dismissed the lawsuit. This lawsuit had been filed by a former employee alleging that EKPC had breached one or more of the terms of his workers' compensation settlement; and, had conspired with CBA to arbitrarily deny him continued long-term disability benefits. Jordan has now terminated his attorney and has filed a Motion to Vacate the Judgment. EKPC has filed a response, objecting to said motion. Motion is pending before Judge Coffman. Jordan has also filed an appeal with the Sixth Circuit Court of Appeals but the appeal may be dismissed as not being filed timely.
3. *United States of America v. EKPC (Clean Air Act Enforcement)* – U.S. District Court, Lexington – On January 28, 2004, the United States, on behalf of the Environmental Protection Agency ("EPA") sued EKPC alleging that physical or operating changes to three coal-fired generators resulted in simultaneous violations of the Prevention of Significant Deterioration ("PSD") provision of the Clean Air Act; the New Source Performance Standards ("NSPS") of the Clean Air Act; and the State Implementation Plan ("SIP") for Kentucky, as approved by EPA. The lawsuit seeks injunctive relief and civil penalties. The Cooperative answered the lawsuit on June 18, 2004. Since that date, the parties engaged in and have now completed discovery. On January 17, 2006, the Cooperative filed several motions with the Court asking that most, if not all of the claims, be dismissed. These Motions for Summary Judgment involved,
 - (a) statute of limitation issues;
 - (b) federal enforceability of Title V and state operating permits;
 - (c) applicability of the routine maintenance exclusion; and
 - (d) legal standards applicable to PSD and NSPS claims, generally, as decided by the Fourth Circuit in *United States v. Duke Energy*.

On August 18, 2006, the Court entered an Order Setting Aside the Pre-Trial Conference and Bench Trial (previously scheduled for October 2) pending further Orders of the Court and stating that, "It would make the most sense to wait to try this matter until after the Supreme Court has issued a decision in *Duke Energy*." The Order also directed the parties to file a short statement with the Court by early September, "setting forth which of the outstanding Motions for Summary Judgment clearly implicate the issues raised in the *Duke Energy* case, and thus should await a decision from the Supreme Court, and which of the outstanding Motions for Summary Judgment should go forward for decision." The parties filed the statements requested by the Court, and on September 26, the Court issued an Order dismissing most of the Government's motions without prejudice pending a final decision in *Duke Energy*.

At this time, the case is effectively stayed except that the Court may enter decisions on the remaining outstanding motions not implicated in *Duke Energy*. Oral arguments in *Duke Energy* were made before the United States Supreme Court on November 1, 2006. A decision is expected in early Summer 2007.

4. *Enviropower LLC v. EKPC (Spurlock 4 Certificate Order)* – Franklin Circuit Court. The parties have filed prehearing statements with the Court of Appeals in this case. There will be no prehearing conference. The briefing schedule will begin upon the certification of the record by the Franklin Circuit Court.
5. *Enviropower v. PSC (Spurlock 4 – Denial of Intervention)* – Court of Appeals. Oral arguments before the Court of Appeals in this case were held on December 14. The PSC, EKPC and the Attorney General responded to arguments by Enviropower. The judges were familiar with the facts and issues, and asked many questions during the arguments. A decision can be expected in the next few months.
6. *Robert Mulberry v. EKPC, et al* – Scott Circuit Court. On May 2, 2006, the plaintiff sued EKPC and David Eames for personal injuries resulting from an automobile accident on July 29, 2004. Subsequent thereto, the Legal Department filed an Answer on behalf of both EKPC and David Eames; and also filed Complaints against two additional parties— St. Joseph Hospital and Dr. Joseph Westerfield—alleging their primary responsibility for the events giving rise to the automobile accident. Discovery has been initiated by EKPC.
7. *Nathan Writesel v. Goodyear Tire & Rubber & EKPC, et al – (Asbestos Personal Injury)* – Court of Common Pleas, Cuyahoga County, Ohio. On June 21, 2006, Plaintiff filed this case seeking recovery for personal injuries associated with asbestos exposure while working for various contractors throughout the years. EKPC has retained an Ohio law firm to represent it for purposes of filing a Motion to Dismiss. Limited discovery undertaken reveals that EKPC’s exposure in this case is not likely and we intend to file a Motion to Dismiss at the conclusion of discovery.
8. *United States of America v. EKPC (Clean Air Act Enforcement)* – U.S. District Court, Lexington – On June 30, 2006, the United States, acting at the request of the Environmental Protection Agency (“EPA”) sued EKPC charging operation of Dale Station Units 1 and 2 with technical violations of the Clean Air Act (“CAA”) acid rain program, and provisions of the NOx State Implementation Plan or NOx SIP Call. The issue for both units involves whether these units were subject to regulations as generators having a “nameplate” capacity greater than 25 megawatts and/or were generators used to generate 25 megawatts or more of electricity. EKPC filed its Answer on August 8, 2006. Discovery is ongoing, and is to be completed by May 9, 2007. The Court has assigned the action for trial by jury on September 25, 2007.

On July 14, 2006, the Commonwealth of Kentucky’s Motion to Intervene was granted on the basis of common questions of law and fact. The case is in discovery with depositions of EKPC employees scheduled to begin January 19, 2007.

Pending Litigation for EKPC

1. *Substation Vandalism (EKPC v. Caudill, Middleton & McElroy)* – Garrard Circuit Court. Judgment was entered in favor of EKPC against these three individuals for damages in the amount of \$126,000 representing the replacement cost associated with the step-down transformer vandalized by the defendants on July 15, 1997. In addition, McElroy was assessed an additional \$50,000 for punitive damages since he was the shooter. Judgment has been entered against all three defendants. To date, \$79,611.72 on the Judgment has been collected from the defendants.
2. *EKPC v. Greenwich Insurance Company* – U.S. District Court for the Eastern District of Kentucky. EKPC has filed this action (originally in Clark Circuit Court but was removed to federal court) to recover proceeds of a performance bond against the surety of this land. Lexington Coal Company is claiming entitlement to the proceeds also but EKPC does not believe that claim is meritorious and intends to vigorously prosecute the claim. Lexington Coal has attempted to transfer this action to Bankruptcy Court but the U.S. District Court, in an order entered on January 24, 2006, denied the motion to transfer the case. The case has been remanded back to Clark Circuit Court.

Claim and Topics

1. *KU and LG&E v. EKPC (FERC Proceeding)* – On September 18, 2002, KU and LG&E filed with the FERC a proposed restructuring of two agreement with EKPC. The first is an Interconnection Agreement dated 5/11/1995, and the second is a Transmission Agreement dated 2/9/1995 for transmission service to the Gallatin Steel Company. The modifications sought by KU and LG&E are intended to incorporate all, or substantially all, of the rates and charges under the Midwest ISO ("MISO") tariff. EKPC objects and contends that the two agreements may not be modified since earlier amendments to the agreements, in conjunction with the KU/LG&E merger, and companion rate case, were intended to foreclose subsequent modifications for the remaining life of both agreements.

On April 1, 2004, the administrative law judge entered preliminary findings for EKPC. On March 31, 2004, a preliminary order was entered in the case favorable to EKPC's position. On December 22, 2004, FERC issued its order, which affirmed most of the judge's findings. The order remanded the case for further proceedings. On balance, the FERC decision was more favorable to EKPC than to LG&E/KU. A final decision is expected anytime.

FERC Docket No. ER 02-2560-003 - On October 4, 2006, EKPC filed its Request for Rehearing of FERC's Order dated September 1, 2006, which denied (1) East Kentucky's request to remove certain MISO administrative charges from interconnection and transmission agreements with LG&E/KU (all now expired), and (2) its proposal to remedy unjustified rate pancaking and associated refunds. At issue in the latest filing is approximately \$155,000. EKPC has already received

approximately \$1,640,000 from LG&E/KU representing refunds plus interest for improper tariff charges pursuant to earlier FERC Orders which agreed with EKPC's positions.

A similar and somewhat of a companion case has been docketed in the United States Court of Appeals for the District of Columbia as Docket No. 06-1003. This appeal is brought by EKPC asking for review of a FERC Order which authorized MISO to assess and collect administrative and operating costs from all users of the MISO grid including parties to grandfather transmission agreements that predated MISO's formation, including EKPC.

2. FERC Case No. TX05-1 – On October 1, 2004, EKPC filed an application with the Federal Energy Regulatory Commission ("FERC") seeking an order compelling the Tennessee Valley Authority ("TVA") to physically interconnect with EKPC's transmission system at three new locations for purposes of serving Warren RECC when it becomes a member on April 1, 2008. The filing was necessary because TVA refused to allow the proposed interconnections. On June 20, 2006, FERC denied TVA's request to rehear the case, and for clarification of earlier orders, and reaffirmed its decision requiring the interconnection agreement.

On August 18, 2006, TVA filed a Notice of Appeal in the United States Court of Appeals for the District of Columbia Circuit asking for review of the FERC's Final Orders on Interconnection dated January 19, 2006, and denial of TVA's Request for Rehearing dated June 20, 2006.

3. Commonwealth of Kentucky Sales and Use Tax Audit – On June 6, 2005, EKPC filed its response to a sales and use tax audit totaling roughly Two Million Dollars for the period February 1, 2001 through November 30, 2004. EKPC acknowledged owing \$257,459.46 and PROTESTED the balance of the assessments. The Revenue Cabinet has advised that the matter is in abeyance pending resolution of certain related issues in the Board of Tax Appeals.
4. PSC Case No. 2004-00401 – Proposed FAC Cap – The PSC held an informal conference on May 26, 2005, to consider possible alternatives in dealing with fuel adjustment clause fluctuations. Several EKPC member system managers and staff representatives attended and discussed the impacts of the fluctuations and billing lag. An analysis will be made of possible changes in FAC billing procedures to reduce the billing lag. A proposal will be submitted to the PSC in the next few weeks.
5. PSC Admin. Case No. 2006-00045 – Consideration of Federal Energy Policy Act Standards – The Commission issued an order on December 21 which directed EKPC to proceed with the development of a pilot voluntary real-time pricing program for large industrial and commercial customers, and provided that all jurisdictional electric utilities should include IEEE Standard 1547 as the basis for its technical standards for interconnection of generation resources of 10 MVA and below. The Commission did not adopt the Energy Policy Act Smart Metering or Interconnection standards.

6. PSC Case No. 2006-00131 – Six-Month Review of Environmental Surcharge – The Commission has requested all parties in this case to indicate if they believe there are any issues which require a hearing. The only intervenors, the AG and Gallatin Steel Co., indicated at an informal conference on May 24 that they did not foresee a need for a hearing. EKPC has responded that it and the member systems do not feel a hearing is needed.
7. PSC Case No. 2006-00236 - EKPC Depreciation Study – The Commission approved EKPC's new depreciation study on November 29, with an effective date of January 1, 2007. RUS approval of the study was received on December 21 (CASE CLOSED)
8. PSC Case No. 2006-00455 – EKPC Financial Condition – EKPC representatives attended an informal conference in this case, which was scheduled by the Commission on December 15. The timing of EKPC's rate application, its expected year-end financial position, and steps required to address the decision of Warren RECC to return to TVA for power supply, were all topics of discussion.
9. PSC Case No. 2006-00471 – Integrated Resource Plan – EKPC has received the Commission's first set of data requests. Responses are due on January 17.
10. PSC Case No. 2006-00472 – Wholesale Rate Adjustment – EKPC notified the Commission on December 7 of the decision of the EKPC Board of Directors to delay the effective date of its wholesale rate adjustment to April 1, 2007.
11. PSC Case No. 2006-00508 – FAC 2-Year Review – The Commission has initiated the two-year review of EKPC's Application of the Fuel Adjustment Clause. Responses to data requests are due on January 22, and the hearing is scheduled for March 14, 2007 at 9:00 a.m. at the PSC offices in Frankfort.
12. Sierra Club v. Environmental and Public Protection Cabinet and East Kentucky Power Cooperative, Inc. – Commonwealth of Kentucky, Environmental and Public Protection Cabinet File No. DAQ-27974-037. On July 18, 2006, EKPC received notice of an administrative challenge brought by the Sierra Club to the issuance of the Spurlock #4 air permit. The petition filed by the Sierra Club seeks to have the air permit revoked; or, in the alternative, to have the permit re-issued with corrections to what petitioner believes to be errors and mistakes in the permit conditions.

The hearing in this matter concluded in late December 2006. A decision by the Hearing Officer expected in the Spring 2007.

On August 15, 2006, EKPC received notice of an administrative challenge brought by the Sierra Club to the issuance of the Spurlock Unit 4 air permit. This challenge was filed under Section 505 (b)(2) of the Clean Air Act ("CAA"). The Petition requests that the United States Environmental Protection Agency ("EPA") object to the issuance of the Title V operating permit. EKPC filed its Response on September 27, 2006. The matter is pending before the EPA Administrator.

13. *FERC Case No. NJ07-1-000* – On November 13, 2006, EKPC filed with FERC a revised Open Access Transmission Tariff (“OATT”) which proposed to change the rate which EKPC charges for network integration transmission services (“NITS”). The standard under which FERC would evaluate this rate change is whether the proposed rate is comparable to the amount that EKPC charges itself for this same service. On December 12, 2006, E.ON US challenged whether the new NITS rate is comparable to what EKPC charges itself for network service, and whether EKPC is serving itself pursuant to terms and conditions for OATT.

On December 29, 2006, EKPC filed papers with FERC setting forth both facts and arguments showing that its OATT satisfies FERC’s comparability standard, and asking that E.ON’s Protest be rejected.

Dale W. Henley
General Counsel

c: Dave Eames (for distribution)
(H:legal\MR-dec-06)

DECEMBER 2006**Economic Development Process**

- Participated in a oral history project on Eastern Kentucky Pride supported by the member systems of East Kentucky Power. This history project will be developed into a book and stored in the University of Kentucky's history archives.
- Attended a reception honoring outgoing Economic Development Secretary Gene Strong and the staff of the Economic Development Cabinet.
- Participated in meetings of the Bluegrass Alliance, Leadership Kentucky Board, Commerce Lexington Board, Kentucky Chamber of Commerce Board, Bluegrass Tomorrow economic analysis study, and the University of Kentucky's Venture Club.
- Accepted appointment to the Council on Postsecondary Education's Science, Technology, Engineering, and Math Task Force heading the business sector group as we explore ways to improve programming and promotion of the sciences in postsecondary education.
- Attended MMRC Board of Directors meeting on December 13th. Also attended the Morehead/Rowan County Industrial Board Meeting the same day.
- Finalized the proposed Economic Development Loan Program Policy.
- Finalized development of a marketing program to be implemented the first quarter of 2007 to promote the EKPC Economic Development website to site consulting firms.
- Assisted a domestic business in identifying potential sites within the state to expand production.

Non-Traditional Power Production Process

- Met with representatives of Allied Waste and re-tendered a draft Gas Purchase Agreement for the Benson Valley Landfill, near Frankfort, Kentucky.
- Met with representatives of the Hardin County Fiscal Court to review proposed modifications to the Hardin County Landfill Gas collection system.
- Start-up of the Pendleton County LFGTE Project near Falmouth, Kentucky.
- Top end overhauls completed on Laurel Ridge LF Gas Units # 1 and # 4.

Member Services

Marketing & Natural Resources Process

- EKPC Marketing Personnel attended the Governor's Energy Conference and the Governor's Conference on the Environment.
- Marketing and EnviroWatts staff met with representatives of the Legislative Research Commission to discuss landfill gas and renewable energy.
- Marketing Personnel attended the Load Control Meeting at EKPC HQ.
- Met with EKPC Planning personnel to discuss the future of DSM programs at EKPC.
- Marketing and Natural Resources personnel attended the Member Services Advisory Council Meeting at EKPC.

Listed below are the Environmental activities for this month:

- Presented 46 Environmental Education Programs to 1,160 people in 7 member service territories.
- Construction Projects Involving Environmental Activities for December: Smith-Sideview 345/69 kV Substation and Transmission Project, Inez Sub and Tap, Alex Creek Substation and Tap, Bullitt-Beam-Tichenor Transmission Line. Smith-West Garrard, Webb's Cross Roads, Big Creek Sub and Tap, Laurel – Keavy Transmission Line, Garrard Co. – KU Lancaster Transmission Line, Burlington Sub and Tap, Garlin Sub and Tap, Woodstock Sub and Tap, Flint Ink Sub and Tap, Girdler Sub and Tap, Campbellsville #2 Substation, Deatsville Substation and Tap, Liberty Church Substation and Transmission Line, Conway Sub and Tap, Sterling Sub and Tap, Garrard County Substation.
- Met with RUS officials regarding the Smith – West Garrard 345kV Transmission Line Project.
- Met with Daniel Boone National Forest officials regarding the proposed Big Creek to Goose Rock Transmission Line Project.
- Attended the Woodstock Sub and Tap and Girdler Sub and Tap Open Houses.
- Met with USFWS regarding the Bullitt County – Joe Tichenor project. The meeting dealt with issues related to the federally endangered Indiana bat.
- Met with Kentucky Department of Fish and Wildlife personnel. They have requested we participate in some field studies in our area of the state. They may be

Member Services

able to provide funding for these studies, and they were wondering if we would be interested in participating.

- Met with the consultants conducting the cultural resource work on the Smith – West Garrard Transmission Line project. The consultants provided the engineers with field data gathered regarding historic properties near the project corridor.
- Natural Resources submitted the following environmental reports to RUS for adoption and approval: Garlin Sub and Tap Transmission Line.
- Environmental approval from RUS was received for the West Bardstown Switching Station, Bullitt County – Joe Tichenor Transmission, Line, West Bardstown reconductor.

Member and Corporate Communications Process

- Finished work on The Political Wire, an Internet site from EKPC Governmental Affairs about on-going events/news/legislation in Frankfort.
- Completed and distributed the 2007 EKPC Calendar.
- Revised the Rate Communications schedule for member systems. This is a complete package of materials to assist members in explaining the rate case, including everything from bill stuffers to Internet materials.
- Received member approval to begin production of new Simple Savings energy tips to promote various co-op energy conservation programs.
- Photographed all employees and Board members at Nolin RECC.
- Distributed the November Fuel Adjustment Clause report.
- Answered media calls about Warren RECC and other matters.
- Delivered new marquees for member systems to promote Touchstone Energy Living programs.
- Posted the February InterChange list of stories for member systems optional use in their Kentucky Living inserts.
- Distributed the next estimate from Pricing on the upcoming Environmental Surcharge factor.

Member Services

Touchstone Energy Brand Management

- Attended Co-op Connections Card “users” meeting hosted by World Expositions, discussed strategies for adding value to card.
- Attended MSAC meeting, brought co-ops up to date on current plans for 2007 brand promotion and advertising.
- Touchstone Energy Regional Partners’ conference call to review recent board action and garner information on items requiring action at next Partners’ meeting.
- Visited Nolin RECC with communications staff to discuss rate communications.
- Met with Touchstone Energy ALL “A” representatives.
- Met with Big Rivers personnel regarding their participation in 2007 ALL “A” Classic.
- Worked with Communications staff on rate communications material.
- Handled reimbursement to co-ops of Touchstone Energy grant & matching funds.

Power Delivery Unit

DECEMBER 2006

POWER DELIVERY – OPERATIONS – GEORGE CARRUBA, MANAGER

The following information is related to system transmission outages and the Average Service Unavailability Index (ASUI) and how they reflect Power Delivery Unit’s efforts towards the key measures used in the corporate scorecard for reliable energy, competitive energy and providing service to our member services.

The following information is related to system transmission outages and the Average Service Unavailability Index (ASUI) and how they reflect Power Delivery Unit’s efforts towards the key measures used in the corporate scorecard for reliable energy, competitive energy and providing service to our member services.

Outage Reports for November 2006 – EKPC Power Supply outages have accounted for .62 consumer hours out year-to-date. Of these .01 were scheduled and .61 were emergency outages. None of these were due to major storms. For the month of November, we experienced four emergency outages affecting six substations and four member systems. Seven scheduled outage occurred and 12 line requests were also completed. Emergency outage reports for the complete system are attached.

Average Service Unavailability Index (ASUI) – Through November 2006, our reliability measure, ASUI is 31 minutes with no major storms occurring.

**EAST KENTUCKY POWER COOPERATIVE
EMERGENCY OUTAGES - THIS MONTH
November 2006**

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
BLUE GRASS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CLARK	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CUMBERLAND VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FARMERS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	2-100%
FLEMING-MASON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
GRAYSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
INTER-COUNTY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	1-100%
JACKSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
NOLIN	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	1-100%
SALT RIVER	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SHELBY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SOUTH KENTUCKY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
TAYLOR COUNTY	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SYSTEM TOTAL	0-0%	1-17%	1-17%	0-0%	0-0%	0-0%	0-0%	1-17%	2-33%	0-0%	1-17%	6-100%

TLIN=Transmission Line Equipment Failure	ROW=Right-Of-Way	VAND=Vandalism
TSUB=Transmission Sub Equipment Failure	ABO=Accident By Outsiders	WILD=Wildlife
DSUB=Distribution Sub Equipment Failure	PERR=Personnel Error	SIMP=System Improvements
WTHR=Storm/Weather Related	MOPS=Mis-operation of Protection Scheme	

**EAST KENTUCKY POWER COOPERATIVE
EMERGENCY OUTAGES - YEAR TODATE**

November 2006

Page 1 of 1

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
BLUE GRASS	2-20%	0-0%	0-0%	7-70%	0-0%	0-0%	0-0%	0-0%	0-0%	1-10%	0-0%	10-100%
CLARK	0-0%	0-0%	0-0%	4-67%	0-0%	0-0%	0-0%	0-0%	2-33%	0-0%	0-0%	6-100%
CUMBERLAND VALLEY	0-0%	0-0%	2-33%	4-67%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	6-100%
FARMERS	0-0%	0-0%	1-7%	7-47%	0-0%	0-0%	2-13%	1-7%	2-13%	2-13%	0-0%	15-100%
FLEMING-MASON	0-0%	3-27%	2-18%	0-0%	0-0%	3-27%	0-0%	3-27%	0-0%	0-0%	0-0%	11-100%
GRAYSON	0-0%	1-25%	0-0%	1-25%	0-0%	0-0%	0-0%	1-25%	0-0%	1-25%	0-0%	4-100%
INTER-COUNTY	3-33%	0-0%	2-22%	1-11%	0-0%	0-0%	0-0%	1-11%	0-0%	2-22%	0-0%	9-100%
JACKSON	0-0%	0-0%	1-9%	5-45%	0-0%	4-36%	0-0%	0-0%	0-0%	1-9%	0-0%	11-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	1-100%
NOLIN	0-0%	1-17%	0-0%	5-83%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	6-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-20%	0-0%	0-0%	3-60%	1-20%	5-100%
SALT RIVER	3-9%	0-0%	0-0%	9-28%	0-0%	6-19%	1-3%	12-38%	0-0%	1-3%	0-0%	32-100%
SHELBY	0-0%	0-0%	0-0%	8-89%	0-0%	0-0%	0-0%	0-0%	1-11%	0-0%	0-0%	9-100%
SOUTH KENTUCKY	5-28%	0-0%	1-6%	12-67%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	18-100%
TAYLOR COUNTY	0-0%	0-0%	1-11%	8-89%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	9-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SYSTEM TOTAL	13-8%	5-3%	11-7%	71-46%	0-0%	13-8%	4-3%	18-12%	6-4%	11-7%	1-1%	153-100%

TLIN=Transmission Line Equipment Failure
 TSUB=Transmission Sub Equipment Failure
 DSUB=Distribution Sub Equipment Failure
 WTHR=Storm/Weather Related

ROW=Right-Of-Way
 ABO=Accident By Outsiders
 PERR=Personnel Error
 MOPS=Mis-operation of Protection Scheme

VAND=Vandalism
 WILD=Wildlife
 SIMP=System Improvements

M 42

**EAST KENTUCKY POWER COOPERATIVE
SUBSTATION OUTAGE SUMMARY REPORT
NOVEMBER 2006 for Entire System**

Date/Time	Time Off	Consumer Hours Out	KWH Unserved	Substation Company	Type / Cause
Emer/Sched 11/02/06 15:43	Consumers Out 0 h 59 m	0	0	N63 Maysville Industrial	Description System Improvements : Maintenance
Scheduled	745			Fleming-Mason	A scheduled outage was required in order to remove differential relaying current transformers.
11/04/06 5:53 Emergency	0 h 7 m 700	82	175	W0 Bonnieville 8 Farmers	Vandalism : Vandalism Vandals shot and damaged center phase conductor in line section between KU Munfordville-EK Munfordville at STR #U-166 & STR. #U-167 of Barren County-Bonnieville 69 KV transmission line.
11/04/06 5:53 Emergency	0 h 7 m 4,328	505	625	W0 Munfordville 9 Farmers	Vandalism : Vandalism Vandals shot and damaged center phase conductor in line section between KU Munfordville-EK Munfordville at STR #U-166 & STR. #U-167 of Barren County-Bonnieville 69 KV transmission line.
11/04/06 5:53 Emergency	0 h 7 m 1,069	125	550	W3 Upton 9 Nolin	Transmission Sub. Equip. Failure : Breaker Breaker W6-624 at Stephensburg operated and locked-out for a fault on Barren County-Bonnieville 69 KV transmission line. All sources that connect to Bonnieville 69 KV bus relayed out of service for a breaker failure type condition.
11/04/06 18:52 Emergency	0 h 33 m 2,786	1,532	4,650	S17 Shelby City Inter-County	Mis-operation of Protection Scheme : Other A high magnitude distribution fault near substation caused circuit interrupter S17-708 to operate before OCR-965 isolated distribution fault. This appears to be a coordination problem between circuit interrupter and OCR settings.
11/06/06 8:59 Scheduled	8 h 16 m 2,165	0	0	W8 Beulah Beam 5 Salt River	System Improvements : Maintenance LGEE performing switch maintenance on 676-9, 676-10 and 676-11. Substation maintenance will be performed by EKPC at same time.
11/09/06 9:59 Scheduled	3 h 41 m 3,510	0	0	S85 Carpenter Cumberland Valley	System Improvements : Maintenance Replace 3-phase transformer and defective differential CTs.

**EAST KENTUCKY POWER COOPERATIVE
SUBSTATION OUTAGE SUMMARY REPORT
NOVEMBER 2006 for Entire System**

Date/Time	Time Off	Consumer Hours Out	KWH Unserved	Substation Company	Type / Cause
Emer/Sched	Consumers Out	Hours Out			Description
11/09/06 12:45 Scheduled	2 h 20 m 2,152	0	0	N19 Clay Village Shelby	System Improvements : System Addition A scheduled outage was required in order to connect a capacitor bank to 69 kV bus at Clay Village substation.
11/26/06 9:15 Scheduled	7 h 15 m 1	0	0	N40 Dravo (Mine) Fleming-Mason	System Improvements : Maintenance A scheduled outage was required in order to replace bushings on customer owned Mine transformer. Dravo personnel also had contractors working in sub
11/27/06 7:45 Emergency	0 h 1 m 1,526	25	0	W1 Greensburg 3 Taylor County	Distribution Sub. Equip. Failure : Regulator An outage was required by Taylor County personnel in order to remove regulator #561 from service and bypass. The regulator was at 128v and motor was running, but regulator failed to step.
11/27/06 11:00 Emergency	0 h 38 m 94	0	0	N48 W.M. Smith #2 Owen	System Improvements : Maintenance A scheduled outage was required in order to remove voltage regulator #1274. The unregulated voltage too high to step regulator back to neutral.
11/29/06 9:05	9 h 50 m	0	0	N56 Inland Container #1	System Improvements : Maintenance A scheduled outage was required in order to replace switches N56-803, N56-813, and modify Spurlock-Inland 138 KV IPS bus.
Scheduled	1			Fleming-Mason	
11/29/06 12:08 Scheduled	0 h 1 m 2,284	0	0	E16 Fall Rock Jackson	System Improvements : Maintenance A scheduled outage was required in order to change taps on main power transformer.
TOTAL	21,361	2,269	6,000	Average Hours Outage Per	0.00
YEAR TO DATE	328,396	308,913	1,139,694	YTD Avg Hrs Outage Per	0.62
TOTAL CONSUMERS SERVED = 499,309					

**EAST KENTUCKY POWER COOPERATIVE
POWER SUPPLIER OUTAGE REPORT**

November 2006

Page 1 of 1

Average Hours Outage Per Consumer

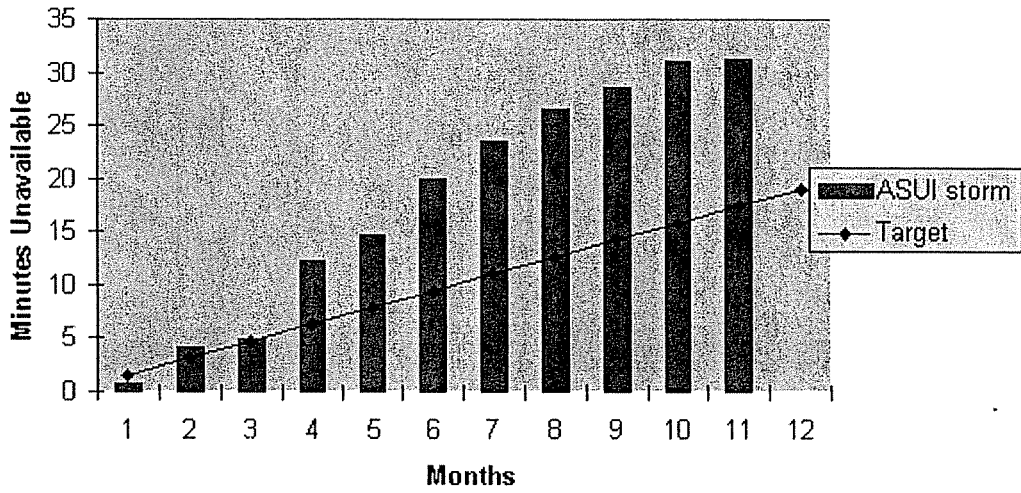
	THIS MONTH			YEAR-TO-DATE		
	<u>EMERGENCY</u>	<u>SCHEDULE</u>	<u>TOTAL</u>	<u>EMERGENCY</u>	<u>SCHEDULE</u>	<u>TOTAL</u>
BIG SANDY	0.00	0.00	0.00	0.03	0.05	0.08
BLUE GRASS	0.00	0.00	0.00	0.09	0.00	0.09
CLARK	0.00	0.00	0.00	0.05	0.00	0.05
CUMBERLAND VALLEY	0.00	0.00	0.00	2.24	0.00	2.24
FARMERS	0.03	0.00	0.03	0.97	0.00	0.97
FLEMING-MASON	0.00	0.00	0.00	0.41	0.00	0.41
GRAYSON	0.00	0.00	0.00	1.20	0.00	1.20
INTER-COUNTY	0.06	0.00	0.06	0.61	0.00	0.61
JACKSON	0.00	0.00	0.00	0.46	0.00	0.46
LICKING VALLEY	0.00	0.00	0.00	0.01	0.12	0.13
NOLIN	0.00	0.00	0.00	0.46	0.00	0.46
OWEN	0.00	0.00	0.00	0.05	0.00	0.05
SALT RIVER	0.00	0.00	0.00	0.84	0.00	0.84
SHELBY	0.00	0.00	0.00	5.85	0.00	5.85
SOUTH KENTUCKY	0.00	0.00	0.00	0.31	0.00	0.31
TAYLOR COUNTY	0.00	0.00	0.00	0.38	0.00	0.38
EKPC	0.00	0.00	0.00	0.17	0.00	0.17
SYSTEM AVERAGE	0.00	0.00	0.00	0.61	0.01	0.62

EKPC POWER SUPPLIER OUTAGES have accounted for .62 consumer hours out year to date. Of these .01 were scheduled, .00 were due to major storms, and .61 were other emergency outages.

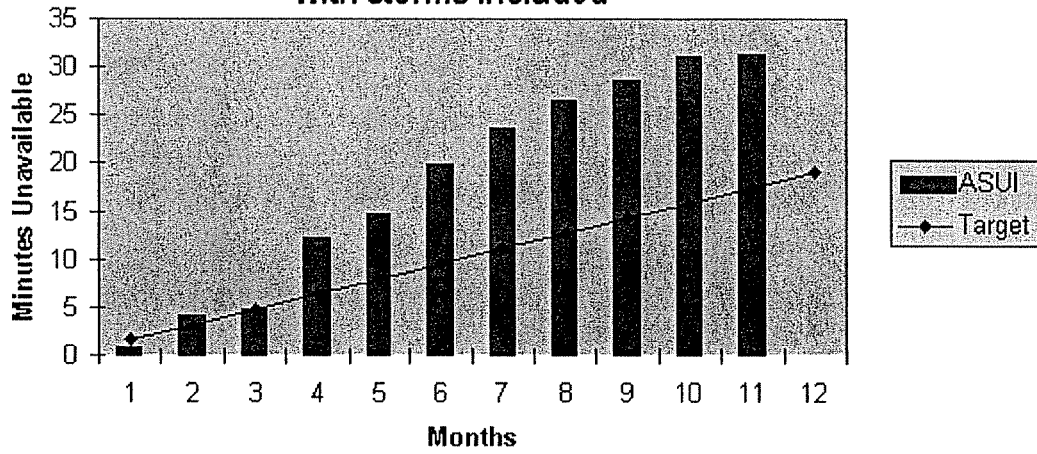
**AVERAGE SERVICE UNAVAILABILITY
INDEX REPORT
(ASUI)**

<u>Month</u>	<u>Year</u>	<u>Without Major Storms (Min.)</u>	<u>With Major Storms (Min.)</u>	<u>Threshold</u>	<u>Target</u>	<u>Stretch</u>
1	2006	0.7914	0.7914	2.08	1.58	1.08
2	2006	4.0745	4.0745	4.17	3.17	2.17
3	2006	4.8597	4.8597	6.25	4.75	3.25
4	2006	12.1789	12.1789	8.33	6.33	4.33
5	2006	14.7422	14.7422	10.42	7.92	5.42
6	2006	19.9461	19.9461	12.50	9.50	6.50
7	2006	23.5257	23.5257	14.58	11.08	7.58
8	2006	26.5085	26.5085	16.67	12.67	8.67
9	2006	28.6703	28.6703	18.75	14.25	9.75
10	2006	30.9657	30.9657	20.83	15.83	10.83
11	2006	31.2302	31.2302	22.92	17.42	11.92
12	2006	0.0000	0.0000	25.00	19.00	13.00

**Average Service Unavailability Index
with storms excluded**



**Average Service Unavailability Index
with storms included**



POWER DELIVERY – EXPANSION – RICK DRURY, MANAGER

The main purpose of Power Delivery maintenance is to support the EKPC mission by “meeting or exceeding our Member’s electric service expectations by providing safe and cost effective maintenance of EKPC’s Power Delivery System.” The ongoing maintenance activities in this process are designed and carried out with this mission in mind. Below is a scorecard with measures that reflect our progress in meeting this mission.

Mission	Key Measures	¹Year-To-Date Results	¹Year-To-Date Goal	Yearly Goal
Safety				
Accidents	Lost Time Accident Rate	1.68	3.08	3.3
Inspections	Avg. Inspection Rating	98%	98%	98%
Electric Service				
Duration	ASUI (without major storms)	31.23	17.42	19 min.
Cost				
Effective Cost	Operating Cost	\$6,542,779	\$7,765,751	\$8,619,073
	Capital Project Cost	\$ 973,272	\$3,220,363	\$3,498,836

Notes:

1. Year to date results and goals through November 30, 2006

POWER DELIVERY – EXPANSION – MARY JANE WARNER, MANAGER

Status reports for the progress of projects “under construction” in Power Delivery-Expansion are included in the board book materials.

(h:monthly reports/Dec06rpt.doc)



Power Delivery Expansion DECEMBER PROJECT SUMMARY

2006

<u>Projects</u>	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial RW Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
SUBS & TAPS												
Aberdeen Jct. 161 kV Trans Sub (2 Breakers)	S	●	❖	●	●	○				08/01/08	Project Cancelled	
Alex Creek 5.6/6.44 MVA Substation	S	●	○	●	●	○				12/01/07		
Alex Creek Tap 69 kV, 1.4 mi.	L	●		❖	❖					12/01/07		
Barren Co. 161 kV Trans Sub (2 Breakers)	S	●	N/A	N/A	N/A	□	N/A			05/01/08	Project Cancelled	
Barren County - Magna 24 mi.	L	●	❖	○	□	□				12/26/08	Project Cancelled	
Joe Tichenor W.Bardstown 69 kV Fiber	L	●	❖							06/01/07		
Beattyville Rebuild, 15/20/25 mVA (CANCELLED)	S	●		○	●	❖				05/01/07	Project Cancelled	
Beattyville Distr-Beattyville SW. Sta 69kV Trans Line 2 mi	L	●		❖	❖					12/01/07		
Beattyville Switching Station 1-69kV Breaker Addition	S	●	❖	N/A	N/A	○	N/A			12/01/07		
Big Creek 69-12.5 kV, 11.2 MVA Substation	S	●	●	●	●	□				12/01/07		
Tap, 10 mi.	L	●	□	□	□	●	❖			12/01/07		
BlueGrass Parkway 69-12.5 kV, 11.2/14 MVA Sub	S	●	●	●	●	●	●	●	●	11/30/06		12/01/06
Tap 0.04 mi.	L	●	●	●	●	●	●	●	●	11/30/06		09/27/06
Bristow # 2 Sub. 69-12.5 kV, 11.2/14MVA Sub Add	S	●	N/A	N/A	N/A	●	N/A	●	●	05/01/06	01/16/06	05/04/06
Bullitt Co. 69 kV BKR Addition	S	●	●	●	●	●	N/A	●	●	12/01/06		11/30/06
Bullitt County - JTichenor/W Bardstown 69kV line	L	●	□	□	□	●	❖			09/01/07		
Burlington 11.2/14 MVA 69-12.5 Distr. Sub	S	●	○	○						05/01/07		
Tap .19 mile	L	●		❖						05/01/07		
Campbellsville #2 69-12.5 kV, 11.2/14 MVA	S	●	N/A	N/A	N/A	□	N/A			05/01/07		
Cedar Grove 161-12.47kV 12 MVA Dist Sub	S	●	●	●	●	●	●	●	●	12/15/06		12/14/06
Conway 69-12.5 kV, 11.2 MVA Dist. Sub.	S	●		○	□	○				06/01/07		
Conway Tap 0.2 mi.	L	●		○	❖	❖				06/01/07		
Cranston-Rowan Co. 138 kV, 7.50 mi.	L	●	●	●	●	●	□	○		04/15/07		
Cynthiana Dist Sub Rebuild		○	❖	❖						05/01/08		
Cynthiana Normally Open 69 kV Tap and Switch	L	●	□	□	□	□				12/01/06		
Deatsville 11.2/14 MVA, 69-12.5 kV Distr. Sub	S	●		○		❖				05/01/07		
Tap, 0.2 mi	L	●	○	○	□	□				05/01/07		
Downing # 2 Sub 69-12.5 kV, 11.2/14MVA Sub Add	S	●	N/A	●	●	●	●	●	●	05/01/06	02/28/06	07/21/06
E. Bowling Green 161 kV Trans Sub (1 Breaker)	S	●	●	N/A	●	○				01/01/08	Project Cancelled	
Edmonton Ind'l Park 69-12.5 kV, 11.2 MVA	S	●	●	□	●	❖				06/01/06	On Hold	
Tap 4.0 mile	S	●	○	□	□	❖				06/01/06	On Hold	
Fall Rock 161/69 kV 100 MVA Sub.& Install 3-69 kV Brks	S	●	N/A	N/A	N/A	❖				04/30/08		
Flint Ink 69-12.5 kV, 11.2/14 MVA Sub	S	●								05/01/08		
Garlin 11.2/14, 69-12.5 kV MVA Sub	S	●	□	□	●					12/01/07		
Tap, 0.5 mi	L	●	❖	□	□	○				12/01/07		
Gap of the Ridge 69-12.5 kV, 11.2 MVA Dist. Sub	S	●	●	●	●	●	●	○		06/01/07		
Tap	L	●	●	□	□	●	❖	❖		06/01/07		

- ❖ - Project Started
- - 25% - 49% Complete
- - 50% - 89% Complete
- - 90% - 100% Complete

- S Substation Team
- L Line Team



Power Delivery Expansion DECEMBER PROJECT SUMMARY 2006

Projects	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\R/W Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
SUBS & TAPS CONT'D												
Garrard Co. Breaker Addition	S	●	N/A	N/A	N/A	●	N/A	□		12/01/06		
Garrard Co.-KU Lancaster Trans Line, 69kV,.10 mi	L	●	□	□	□	□				12/01/06		
Girdler 11.2/14 MVA, 69-13.2 kV Sub	S	●	○	●	❖	❖				12/01/07		
<i>Tap, 3.5 mi</i>	L	●	❖	❖	❖					12/01/07		
GM 161 kV Trans Sub (4 Breakers)	S	●	●	●	●	●	N/A	●	●	10/15/05	01/15/06	
GM-Memphis Jct. - 161 kV 14.5 miles	L	●	□	□	●	●				12/31/07	Project Cancelled	
Hardwicks Creek 69-12.5 kV, 5.6/6.44 MVA Sub	S	●	●	●	●	●	●	●	●	12/01/05		03/09/06
<i>Tap, 69 kV, 3 mi.</i>	L	●	●	●	●	●	●	●	●	02/23/06		02/23/06
Headquarters 69-12.47 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	●	05/05/06	05/19/06	05/19/06
<i>Tap, 69 kV, .02 mi.</i>	L	●	●	●	●	●	N/A	●	●	05/05/06		05/24/06
Headquarters Tap (Assoc w/Transmission Stat. Portion)	L	●	●	●	●	●	N/A	●	●	05/05/06		05/24/06
Inez Sub (Site Acquisition Only)	S	●	❖	●	○	N/A	N/A	N/A	N/A	12/01/06		
<i>Tap 69 kV - 6.0 mi.</i>	L	●	○	□	□	○				12/01/06		
J.K. Smith-N.Clark 345kV Trans line 19 mi	L	●	●	●	●	●	□	□	□	06/01/07		
J. K. Smith 138 kV/345 DC Tie Line	L	●	N/A	N/A						06/01/07		
J. K. Smith CT Substation 345 kV	S	●	N/A	N/A	●	●	N/A	○		06/01/07		
J.K. Smith 138 kV - 345 kV Tie Modifications	S	●	N/A	N/A	N/A	●	N/A	□		12/29/06		
Keavy #2 69-12.5 kV, 11.2 MVA	S	●	●	N/A	●	●	N/A	●	●	06/01/06	07/07/06	09/26/06
Keavy-Laurel Co. (Circuit #2), 69 kV, .40 mi.	L	●	●	●	●	●	❖	❖		03/15/07		
KU Bedford Tap	L	●	N/A	●	●	●	●	●	●	06/15/05	06/24/05	
Laurel Co. Ind'l Park #2 Sub 11.2 MVA	S	●	●	N/A	●	●	N/A	●	●	05/05/06	05/18/06	09/26/06
Liberty Church 11.2/14 MVA, 69-13.2 kV Sub	S	●	❖	□	❖					05/01/07		
<i>Tap, 1.8 mi</i>	L	●		❖	❖					05/01/07		
Little Mount 161-12.5 kV Distr. Substation	S	●	●	●	●	●	●	●	●	12/01/05		06/20/06
<i>Tap, 6 mi.</i>	L	●	●	●	●	●	●	●	●	12/01/05		06/15/06
Memphis Jct. 161 kV Trans Sub (2 Breakers)	S	●	●	N/A	●	□				08/01/07	Project Cancelled	
Memphis Jct. - Aberdeen 161kV 27 mi	L	●	□	□	●	●	❖	❖		03/28/08	Project Cancelled	
North Clark (Sideview) 345 kV Transmission Station	S	●	●	●	●	●	●	○		06/01/07		
Oak Ridge 69-2.5 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	●	05/05/06		03/13/06
Oak Ridge Tap	L	●	●	●	●	●	N/A	●	●	05/01/06		03/10/06
Pine Grove #2 69-12.5kV, 11.2/14MVA Sub Add.	S	●								11/01/07		
<i>Pine Grove # 2 Tap 69 kV, 0.1 mi.</i>	L	●								11/01/07		
Powell - Taylor 69-12.5 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	●	11/30/07		12/11/06
Powell - Taylor 69 kV Tap 4.75 mi.	L	●	●	●	●	●	●	●	●	11/30/07		12/11/06

- ❖ - Project Started
- - 25% - 49% Complete
- - 50% - 89% Complete
- - 90%- 100% Complete

- S Substation Team
- L Line Team



**Power Delivery Expansion
DECEMBER PROJECT SUMMARY
2006**

Projects	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
SUBS & TAPS CONT'D												
Rowan Co. 138 kV Breaker Addition	S	●	N/A	N/A	N/A	●	N/A	□		01/02/07		11/06
Salmons Substation 161-69 kV (Warren RECC)	S	●		N/A	●	❖				12/01/08	Project Cancelled	
Snow Hill 69-25 kV, 11.21/14 MVA Sub	S	●	●	●	●	○				06/01/07		
Tap .20 mi	L	●	●	□	□	□				06/01/07		
South Point 69-12.47kV, 11.2 Sub	S	●	●	●	●	●	●	●	●	12/15/06		
Tap	L	●	●	●	●	●	N/A	❖		12/15/06		
Spurlock #4	S	●	●	N/A	N/A	●	N/A			02/15/08		
Sterling 138-12.5 kV 12/16/20 MVA	S	●								10/01/07		
Upchurch Sub 11.2/14 MVA Sub 69-12.5 kV	S	●	●	●	●	●	●	●	●	05/02/06		06/22/06
Tap	L	●	●	●	●	●	●	●	●	05/02/06		06/22/06
W. Bardstown Jct. 69 kV BKR Station	S	●	○	●	●	●				09/01/07		
W. Nicholasville #2 69-12.5kV, 11.2/14MVA Sub Addit.	S	●	N/A	N/A	N/A	●	N/A	□		05/01/07		
W. Nicholasville Tap 69 kV, .04 mi	L	●	●							05/01/07		
Web's Cross Roads 69-12.5 11.2/14 MVA Sub	S	●	●	●	●	●	●	❖		02/01/07		
Web's Cross Roads Tap .30 mi.	L	●	□	●	□	○				02/01/07		
Wilson-Aberdeen 161/69 kV, 26mi.	L	●	○	○	□	□				01/02/09	Project Cancelled	
Woodstock 11.2/14 MVA Substation	S	●	●	□	●	❖				12/01/07		
Woodstock 69 kV Tap, 4.4 mi.	L	●		❖	❖					12/01/07		
STATION UPGRADES												
Avon 138 kV Line Tap (Dale Line)	S	●	N/A	N/A	N/A	●	●	●	●	Complete		
Boone Dist Sub Upgrade 15/20/25 MVA Complete	S	●	●	N/A	●	●	N/A	●	●	05/01/06	05/01/06	05/01/06
Boone Co. Station Service Relocation	S	●	N/A	N/A	N/A	●	●	●	●	05/01/06	05/01/06	05/01/06
Boone Sub Tap Reconf 69kV, 0.1 m	L	●								05/01/06	05/01/06	05/01/06
Cooper Aux. Transformer Addition	S	●	N/A	N/A	●	●	N/A	●	●	09/01/03	02/01/04	
Cooper Dist Sub Rebuild	S	●	N/A	N/A	●	●	●	●	●	12/01/05		03/14/06
Kargle #1 Addition	S	●	●	N/A	●	●	N/A	●	●	12/30/05		
McKinney Corner Substation Upgrade	S	●								05/01/06		
CAPACITOR BANKS												
Bedford 6.12 MVAR Cap Bank & Tap	S&L	●	●	●	●	●	N/A	●	●	06/01/05	09/11/05	02/09/06
Blevins Valley 10.1 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●	●	05/01/06		04/20/06
Clay Village 12.25 MVAR Cap bank	S	●	N/A	N/A	N/A	●	N/A	●	●	05/01/06	08/01/06	12/13/06
Griffin 9.18 MVAR Cap Bank	S	●	N/A	N/A	N/A	●	N/A	●		05/01/06	10/02/06	12/18/06

- ❖ - Project Started
- - 25% - 49% Complete
- - 50% - 89% Complete
- - 90% - 100% Complete

- S Substation Team
- L Line Team



**Power Delivery Expansion
DECEMBER PROJECT SUMMARY
2006**

<u>Projects</u>	PDE Team in Charge of Project	Project Justification\WP Amendmen	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
CAPACITOR BANKS CONT'D												
Hickory Plains 25.52 MVAR Cap Bank	S	●	N/A	N/A	N/A	●	N/A	●		05/01/06		
Lees Lick 10.715 MVAR Cap Bank	S	●	N/A	●	N/A	●	N/A	●	●	01/31/02	06/21/02	
Loretto 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	●	12/01/04	07/31/04	
Martin County 12.25 MVAR Cap Bank	S	●	N/A	N/A	N/A	●	N/A	●		05/01/06	08/01/06	
Maytown 10.2 MVAR Cap Bank	S	●		N/A	N/A	●	N/A	●		12/01/06	10/02/06	12/06/06
Pulaski Co.(Norwood) 18.0 MVAR Cap Bank&Tap	S&L	●	N/A	N/A	N/A	●	N/A	●		12/01/06		
Shelby County 25.51 MVAR Cap Bank & Tap	S&L	●	●	N/A	●	●	N/A	●	●	12/01/03	12/01/03	
Sideview 7.14 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	●	●	●	05/01/06		06/07/06
Sinai 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●	●	12/01/05	07/16/05	
Tyner 16.33 MVAR Capacitor	S&L	●	N/A		●	●	N/A	○		12/01/06		
Tommy Gooch 12.25 MVAR 69 kV Cap Bank	S	●								11/01/07		
W. R. Smoot(Boone) 30.61 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	●	05/01/06		06/08/06
RECONDUCTORS												
Bonnieville-Munfordville, 69kV, 8.18 mi.	L	●	N/A	N/A	●	●	N/A	●	●	06/01/06		08/11/06
Burkesville-Snow Jct.69kV Recond, 556.6, 10.07	L	●								12/01/07		
Davis Jct.- Nicholasville 69 kV(556.6 MCM ACSS) 4 Miles	L	●								05/01/12		
Fort Knox Jct. - Smithersville Jct. 69 kV, 3.11 mi.	L	●								05/01/09		
Grants Lick-Stanley Parker Jct., 69kV, 9.94 mi.	L	●	N/A	N/A	●	●	N/A	○	○	09/01/06		
Headquartaers - Millersburg Reconductor .09		●	N/A	N/A	●	●	N/A	●	●	05/01/06		05/24/06
Hickory Plains - PPG 69kV Recond 556.5 2.5 mi	L	●								12/02/07		
Hillsboro- Peastick 69kV Recond, 556.6, 10.51 mi	L	●								12/01/10		
LGEE's Fawkes Tap-Fawkes KU 138kV Line Recon	L	●								04/01/07		
Tyner-North London ReblD.954MCM 69kV,16.71mi	L	●								01/02/09		
Tyner - McKee Trans. Line Rebuild 954 MCM 9.3 mi	L	●								05/01/09		
W. Bardstown Jct - W Bardstown 69 kV, 4.5 miles	L	●	N/A	N/A			N/A			05/01/07		
W. Berea - Three Links Reconductor .09 miles	L	●	●	●	●	●	●	●	●	05/01/06	05/01/06	05/01/06
Davis Jct.-Fayette 3.5 Miles	L	●								05/01/12		

- ❖ - Project Started
- - 25% - 49% Complete
- - 50% - 89% Complete
- - 90%- 100% Complete

- S Substation Team
- L Line Team

DECEMBER 2006Engineering

Engineering is supporting the Smith Unit No. 1, combustion turbines, and Spurlock Unit No. 4.

Engineering is also supporting the scrubbers at Spurlock Power Station.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

Environmental

The administrative hearing has concluded on the Spurlock Power Station Unit No. 4 Air Quality Construction Permit. The Sierra Club is appealing the issuance of the permit. The Judge will make a recommendation to the Secretary of Natural Resources by April 15, 2007. The main issue of concern is the level of NOx control proposed for the facility.

The U.S. Forest Service met at Cooper Power Station concerning the possibility of burning refuse from abandoned coal mines in the National Forest. Discussions are continuing.

Discussion continues with the Division of Water concerning violations of storm water discharge at the Yeiser Industrial site. Some ash was lost during the heavy rains earlier in the year.

The end of ozone season NOx allowances was forwarded to EPA. EKPC held enough allowances to cover our emissions.

Opacity trigger level testing is continuing at our power plants. This testing is required to determine the level of opacity where particulate emissions exceed the permit limits.

These activities support all three of our corporate key measures—reliable energy, competitive energy, and services.

Production Monthly Report

Page 2

December 2006

Fuel

EKPC's coal inventory at the end of December 2006 will be approximately 40 days. The inventory is projected to decrease through the winter months prior to the spring maintenance outages.

Work continues on future coal and limestone sources for the new scrubbers.

Approximately 7,500 gallons of No. 2 fuel oil were purchased for Dale Power Station and approximately 7,500 gallons for Cooper Power Station.

EKPC personnel have concluded their meetings with a short list of potential coal suppliers to aid in EKPC's future solicitation process for high-sulfur coal to be used when the new scrubbers are operational and in the new fluidized bed unit.

Work continues with Finance, Production, and Planning to evaluate an offer for natural gas storage.

Proposals have been received in response to a solicitation for third and fourth quarter coal deliveries to Spurlock Power Station Unit No. 1 and are being evaluated.

A solicitation has been sent for contract proposals for coal deliveries beginning October 2008 for high sulfur coal for the Spurlock Power Station scrubbers and are due to be received by January 26, 2007.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

ProductionDale Power Station

Dale Power Station has generated a total of 957,461 net MWh through November 30, 2006. Units No. 2, No. 3, and No. 4 were on-line and fully available the month of December. Unit No. 1 was on-line and fully available until December 7th. The unit was forced off-line due to loss of fuel. The unit was back on-line the same day but was derated 13 MW due to a 1A pulverizer motor shorted-out and remained on-line until December 10th. On December 10th the unit was forced off-line to repair a tube leak. The unit was back on-line on December 12th and fully available the remainder of the month.

Power Production

Production Monthly Report

Page 3

December 2006

Dale Power Station (Continues)

ABM Technical was on-site performing monthly vibration analysis on critical equipment.

Dale personnel assisted the CT Site with water treatment needs. They also performed preventative maintenance of Unit No. 1 during the unscheduled outage. Unit No. 1A mill motor was removed and sent to Lebanon Power for a complete rewind. Motor was installed after repairs were made. SERC testing was performed on all four units at Dale Power Station.

Other routine preventive maintenance was performed plant-wide by Dale Power Station's personnel.

Routine safety meetings were held at Dale Power Station. The November safety meetings were conducted on Asbestos Competent Person Class.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

J.K. Smith Power Station

The combustion turbines have generated a total of 178,996 net MWh through November 30, 2006.

All units were available the entire month of November, with the exception of Unit No. 2. Unit No. 2 was on a scheduled outage for 183 hours for a scheduled combustion inspection.

Preparation and planning is ongoing for Smith Unit No. 1 CFB and combustion turbines eight through twelve.

Work is ongoing for the Technician Training Program at J.K. Smith Power Station. Internal preventive maintenance is ongoing at J.K. Smith.

Other routine preventive maintenance was performed plant-wide by J.K. Smith Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

Power Production

Production Monthly Report

Page 4

December 2006

Cooper Power Station

Cooper Power Station has generated 1,784,347 net MWh through November 31, 2006. Units No. 1 and No. 2 was on-line and fully available for the month of December.

Cooper Power Station's maintenance personnel performed normal preventive maintenance tasks during the month of December. Some of the tasks that were completed were collecting monthly oil samples, servicing all conveyor main bearings, and checked Unit No. 1 and Unit No. 2 submerged chains, coal feeders, and coal sample-building equipment. These, as well as other projects, were completed during this time.

Precision Services repaired safety valves at Cooper Power Station. Magnetech performed predictive maintenance motor testing and vibration analysis to rebuild 2-A PA fan motor.

Other routine preventive maintenance was performed plant-wide by Cooper Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

Spurlock Power Station

Spurlock Power Station has generated a net equivalent of 7,163,120 MWh through November 30, 2006. Unit No. 1 was on-line and fully available though the month. Unit No. 2 was on-line and fully available until December 12th when the unit derated to 375 MW to repair a tube leak in No. 5 feedwater heater. The derate lasted approximately 37 hours and the unit was back on-line December 13th and fully available the remainder of the month. Unit No. 3 was on-line and fully available until December 6th when the unit derated to 200 MW to repair a leak on No. 6 feedwater heater drain line. The derate lasted approximately three hours and the unit was back on-line the same day. The unit was back off-line on December 16th when the boiler tripped due to a mistake in tuning the boiler controls. The unit was off-line for approximately one hour and was back on-line the same day and fully available the remainder of the month.

Maintenance work for December was limited to regular routine maintenance tasks and the repairs to the feedwater heaters.

These activities support two of our three corporate key measures—reliable energy and competitive energy.



EAST KENTUCKY POWER COOPERATIVE

EKPC Business Management Plan



EKPC Board of Directors
Status Report for December

December 5, 2006



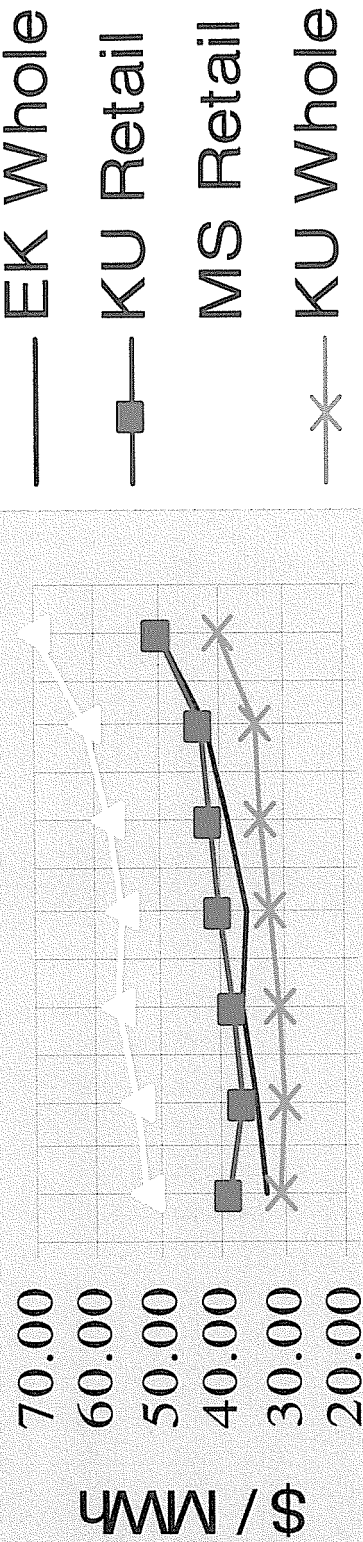
December Status Report

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

Historical EKPC / KU

Comparison of Avg Cost



12/5/06



Reporting Metrics Discussion

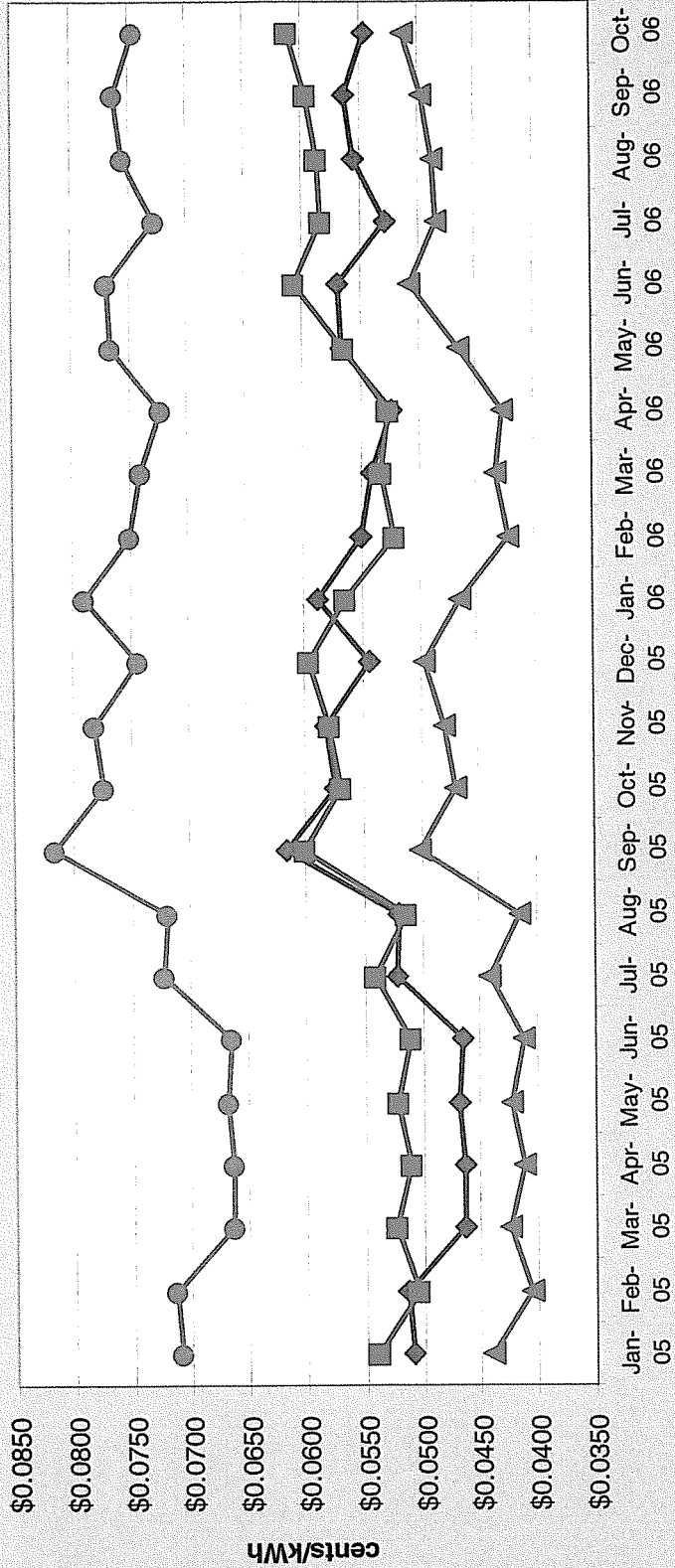
COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

EK Rate E Compared to KU Residential

—◆— EK —■— KU bill —▲— Est KU Wholesale (1¢ adder) —●— EK Member System (2¢ adder)



Note: Analysis by Pricing resulted in a .992¢ distribution adder for KU.



SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE—ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

1. Reduce Fuel Adjustment Clause Charges and Volatility

- Fuel - \$5 Million: Randy Dials
 - Reported May 2006 \$3,301,700
 - Spurlock Units 1 & 2 – Test Burn \$2,214,000
 - Cooper Station Replacement Coal \$10,000
 - Total Savings to Date \$5,525,700



SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

1. Reduce Fuel Adjustment Clause Charges and Volatility
 - Purchased Power - \$4 Million: Randy Dials, Jim Lamb
 - Outage Management
 - Reported June 2006 \$4,116,340
 - Deferral of Spur. 2 Fall Outage \$1,593,017
 - Total Savings To Date \$5,709,357



SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE – ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

2. Reduce Environmental Surcharge and Volatility - \$3 Million
 - Reduce the costs of current compliance strategies - Dale 1 & 2 NOV's (\$2.4 M increase)
 - Reduce the operation and maintenance costs of pollution control equipment - Randy Dials
 - Volatility of Surcharge has increased during the summer
 - 7.93% Low – February
 - 12.96% High - August



SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE—ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

3. Operational Cost Reviews - \$8 Million

2006 2007

<input type="checkbox"/> Reduce operational budget -	\$1,543,000	\$1,543,000
<input type="checkbox"/> October Budget Reductions-	\$4,972,316	
<input type="checkbox"/> Cost containment		
• Previous cost containment savings	\$1,198,643	\$3,763,058
• Administrative/Benefits		\$2,285,000
• Power Delivery		\$ 257,800
• Total Savings to date	\$7,713,959	\$7,848,858

12/05/06

12/05/06



EAST KENTUCKY POWER COOPERATIVE

SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE – ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

Total Current Estimated Savings:

2006

\$17,701,016

2007

\$18,107,915



Reporting Metrics Discussion

COST CONSCIOUS CULTURE – ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

Quarterly Reports

Margin Forecast Update

Report Date

December



Budget to Actual Variance Analysis

COST CONSCIOUS CULTURE – ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

2006 Statement of Operations – 10 Months

Actual/ 2 Months Budget

• Revenue	\$668,769,089
• Fuel	\$279,646,076
• Operations Expense	\$213,932,241
• Maintenance	\$ 48,647,722
• Fixed Costs	\$142,686,991
• Operating Margins	(\$ 16,143,940)
• Non-Operating Items	\$ 18,637,974
• Net Margins	\$ 2,494,034



Reporting Metrics Discussion

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

Monthly Reports (Trends, Forecasts, and Variances)

Coal

Purchased Power

Gas

FAC Forecast

Allowances

Environmental Surcharge Forecast

12/05/06



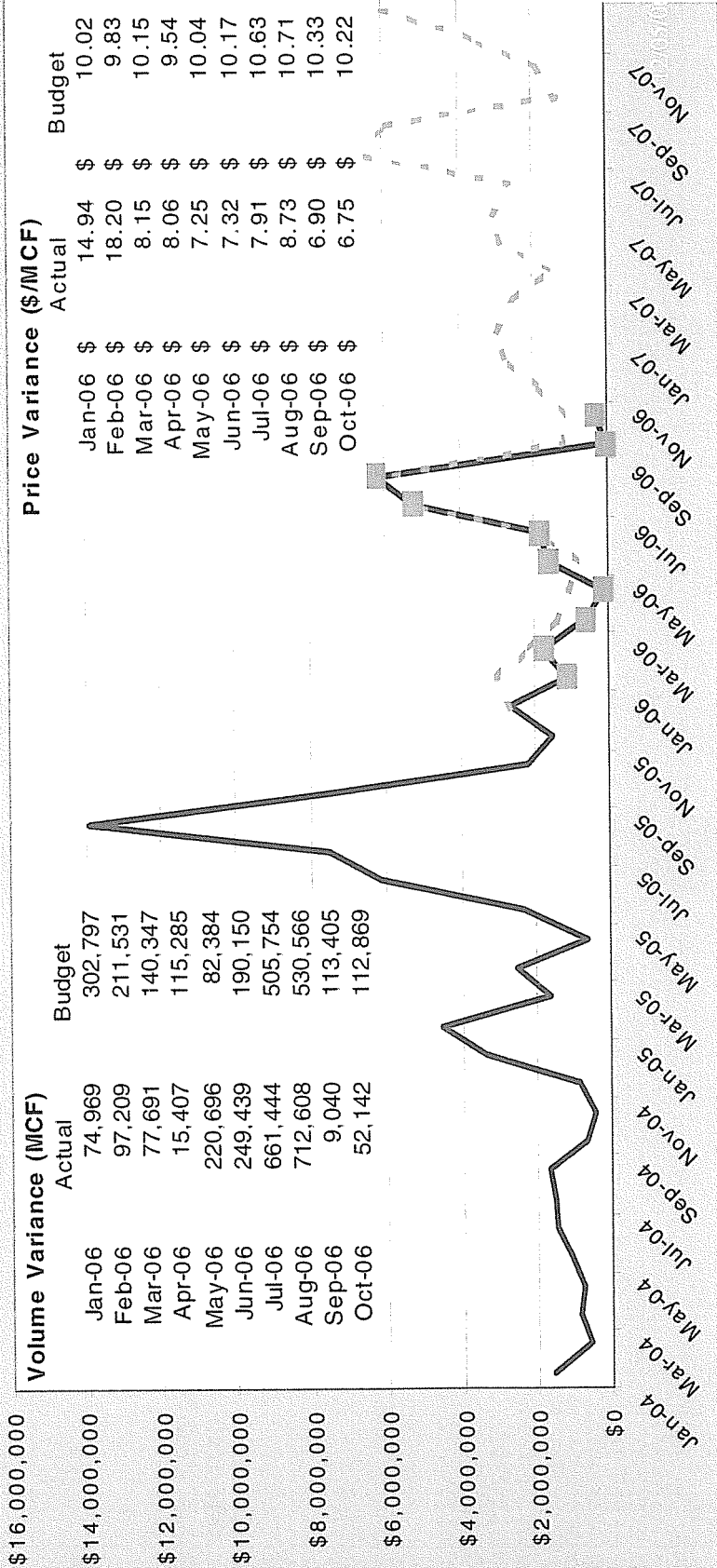
Reporting Metrics Discussion

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EKPC Gas Dollars

Historical Actual Budget





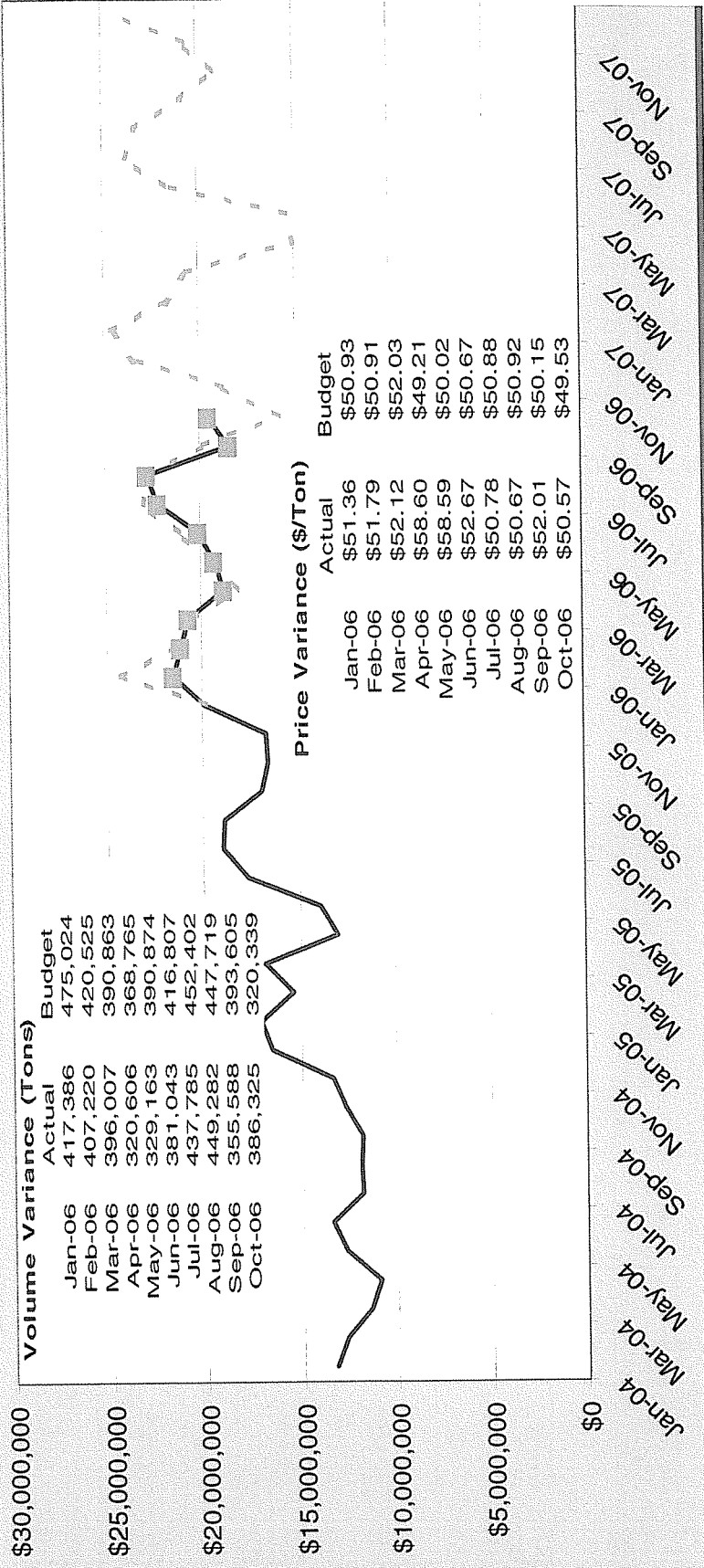
Reporting Metrics Discussion

COST CONSCIOUS CULTURE – ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EKPC Coal Dollars

— Historical ■ Actual - - - Budget





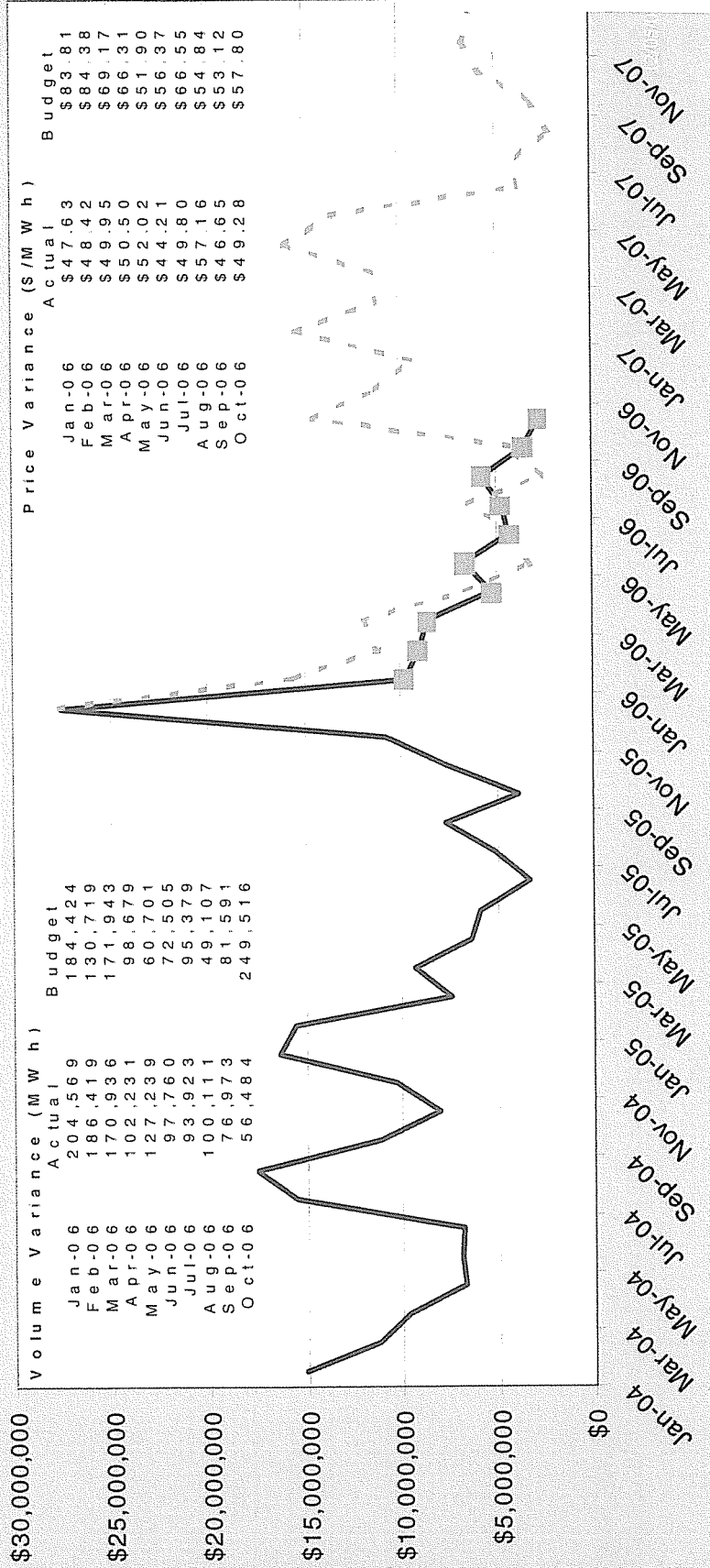
Reporting Metrics Discussion

COST CONSCIOUS CULTURE—ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EKPC Purchased Power Dollars

— Historical ■ Actual - - - Budget





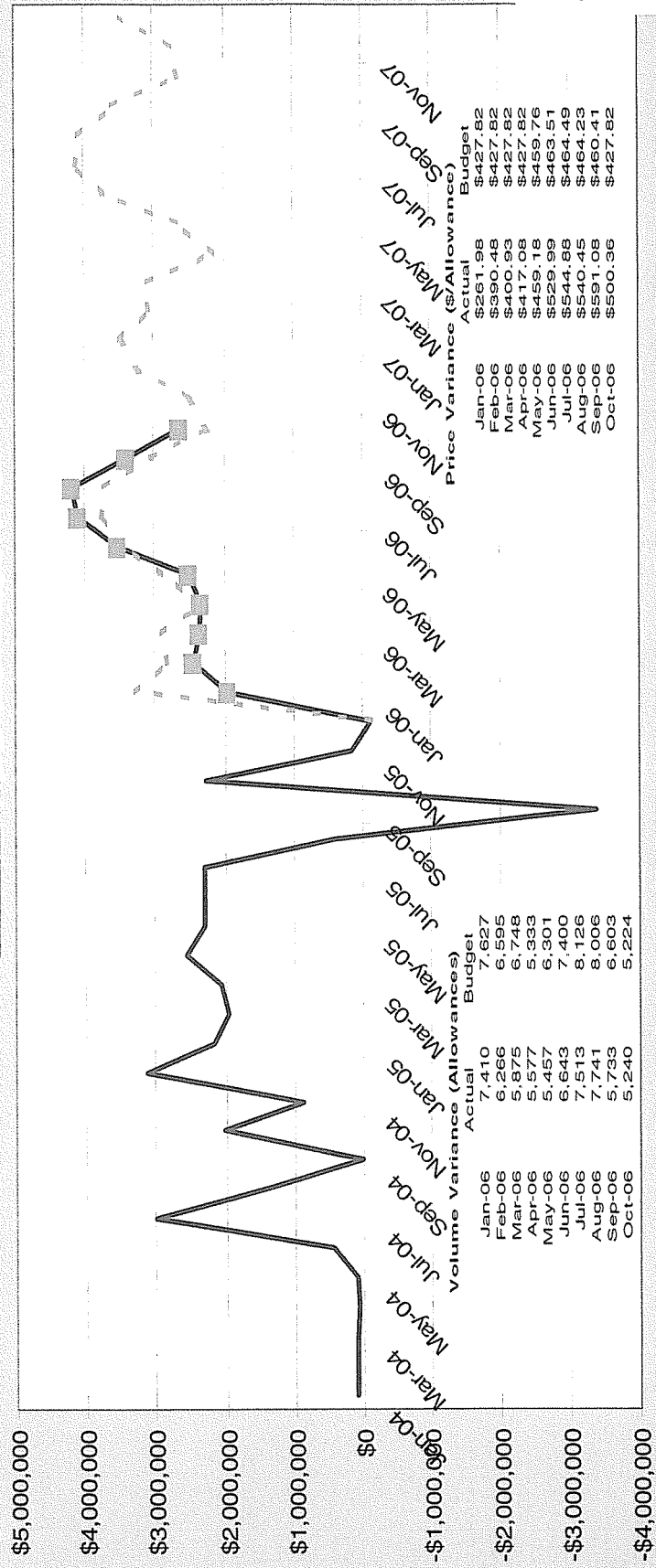
Reporting Metrics Discussion

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EKPC SO2 & NOx Emission Allowance Dollars

— Historical ■ Actual - - Budget



Note: Sept 05 negative adjustment to balance accruals for swap transactions.



Reporting Metrics Discussion

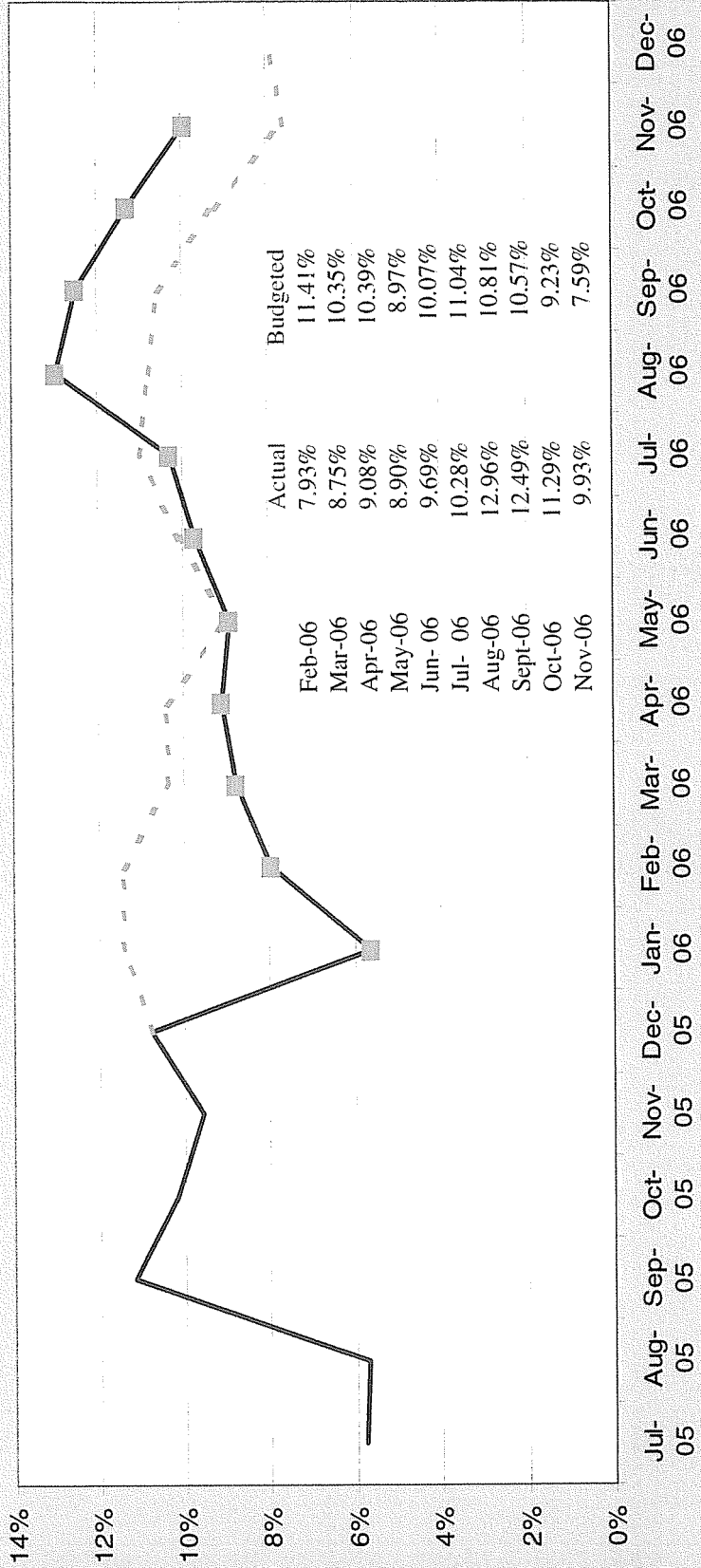
COST CONSCIOUS CULTURE –ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

EKPC Environmental Surcharge Factors

— Historical ■ Actual - - Budgeted



12/05/06

SUMMARY

ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

- Cost Reduction Plan
 - \$20.0 Million Target
 - \$18.1 Million Identified for 2007
 - \$17.7 Million Identified for 2006





EAST KENTUCKY POWER COOPERATIVE

EKPC Business Management Plan



EKPC Board of Directors
Status Report for January

January 9, 2007



Reporting Metrics Discussion

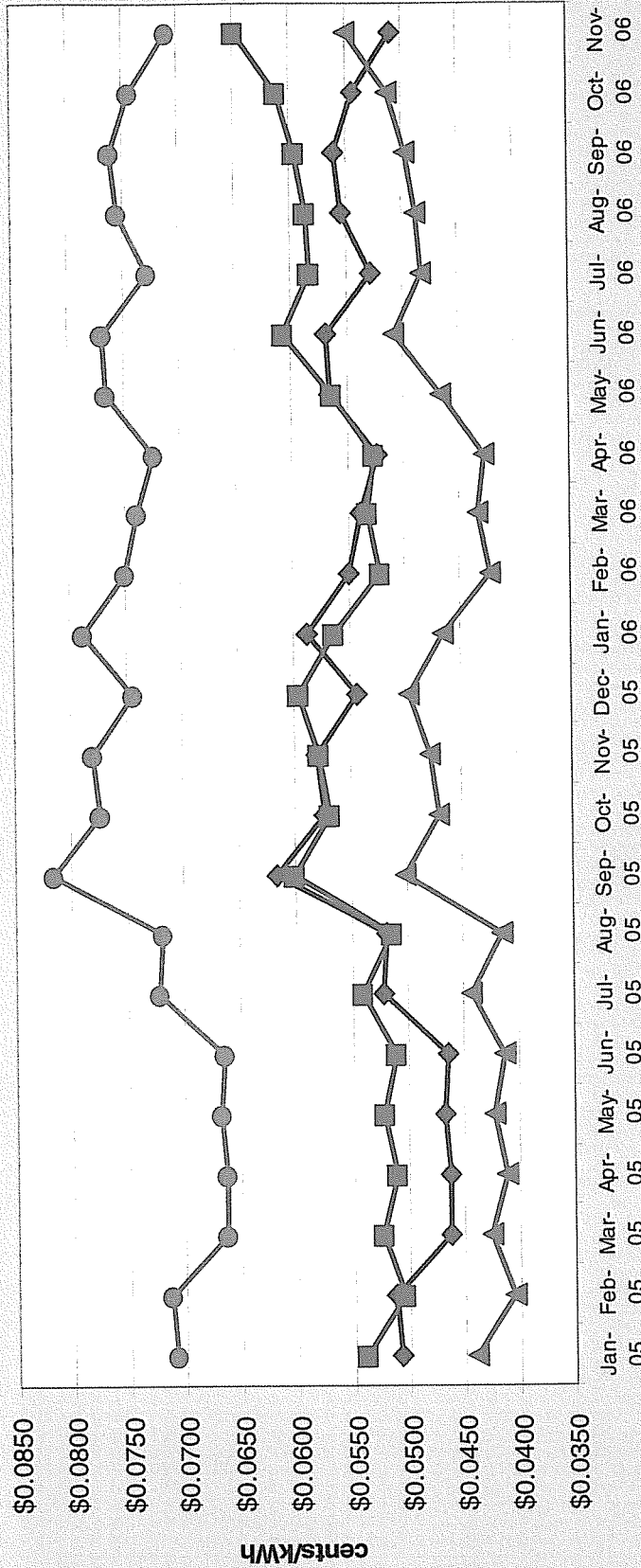
COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

EK Rate E Compared to KU Residential

—◆— EK —■— KU bill —▲— Est KU Wholesale (1¢ adder) —●— EK Member System (2¢ adder)



Note: Analysis by Pricing resulted in a .992¢ distribution adder for KU.



SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE –ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

1. Reduce Fuel Adjustment Clause Charges and Volatility

- Fuel - \$5 Million: Randy Dials

	<u>2006</u>	<u>2007</u>
Total Savings Through 11/26/06	\$4,040,737	\$4,169,000



SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE -ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

3. Operational Cost Reviews - \$8 Million

2006 2007

<input type="checkbox"/> Reduce operational budget –	\$ 1,543,000	\$ 1,543,000
<input type="checkbox"/> October Budget Reductions-	\$ 4,972,316	
<input type="checkbox"/> Cost containment		
• Fuel Inventory Savings	\$ 157,000	
• Previous cost containment savings	\$ 1,198,643	\$ 3,763,058
• Administrative/Benefits		\$ 2,285,000
• Power Delivery		\$ 257,800
• Total Savings to date	\$ 7,870,959	\$ 7,848,858



EAST KENTUCKY POWER COOPERATIVE

SHORT TERM COST REDUCTION TARGETS

COST CONSCIOUS CULTURE -ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

Total Current Estimated Savings:

2006

\$17,621,053

2007

\$17,727,215



Reporting Metrics Discussion

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan



Quarterly Reports

Project Updates

Report Date

Jan. '07



January 2007 Project Reviews

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

<u>Name</u>	<u>Status</u>	<u>Finish</u>	<u>Cost (Millions)</u>
<u>Generation</u>			
Spurlock #4	Construction	4/09	\$494
Spurlock #2 Scrubber	Construction	9/08	\$163
Spurlock #1 Scrubber	Pending	1/09	\$142
Smith #1	Air	6/10	\$615
Smith CT #8	Air	2/09	\$ 60
Smith CT #9	Air	1/09	\$ 60
<u>Transmission</u>			
Smith-North Clark 345Kv	Construction	11/07	\$ 22
Smith-West Garrard 345Kv	Permit	6/09	\$ 38



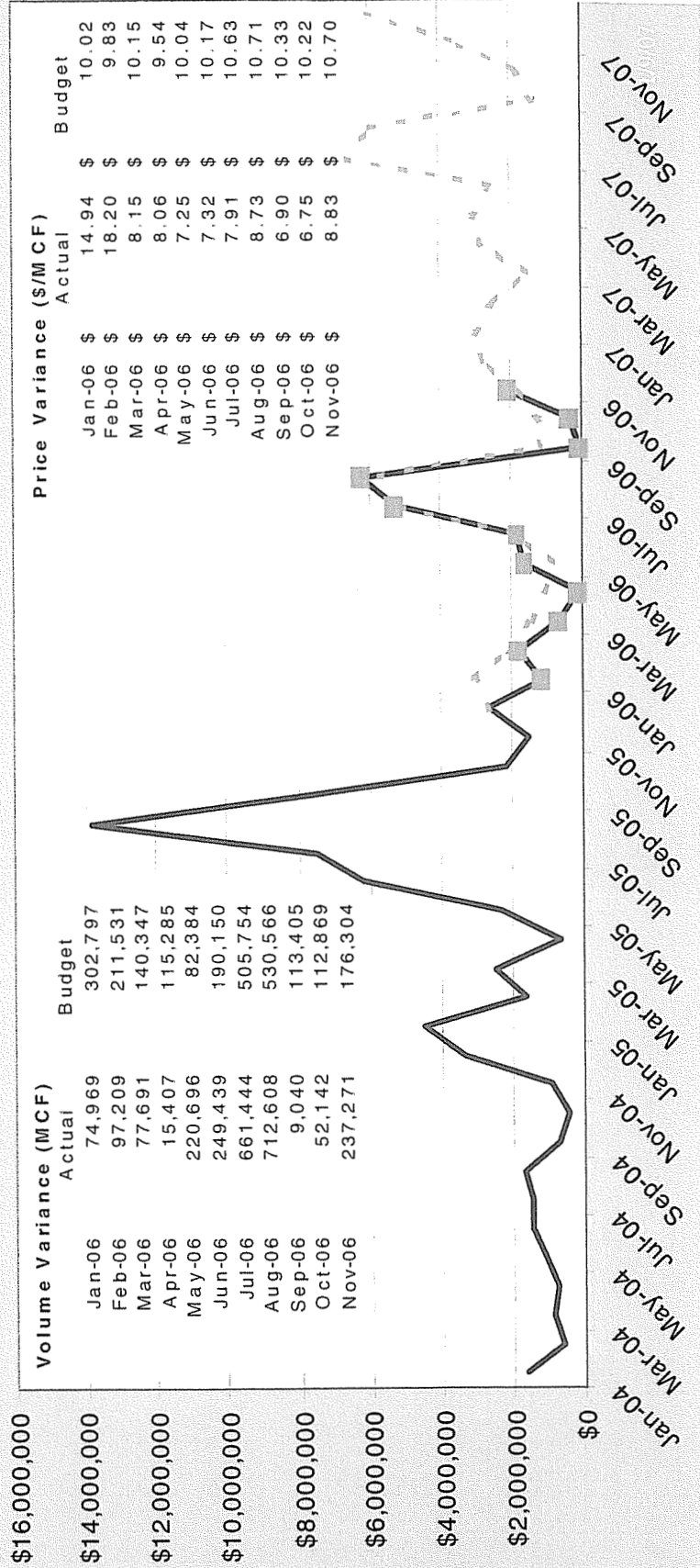
Reporting Metrics Discussion

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EKPC Gas Dollars

— Historical ■ Actual " Budget





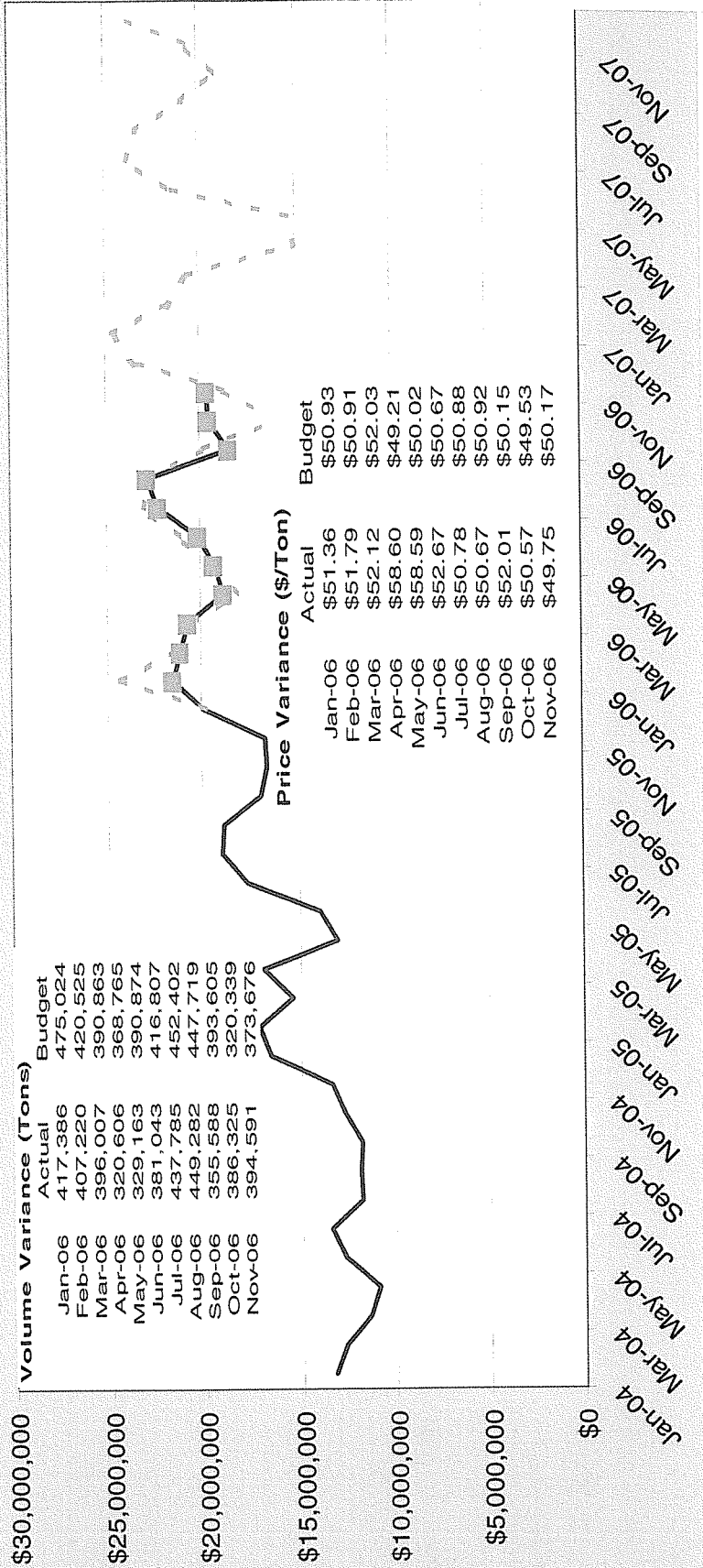
Reporting Metrics Discussion

COST CONSCIOUS CULTURE -ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EKPC Coal Dollars

— Historical ■ Actual - - Budget





Reporting Metrics Discussion

COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

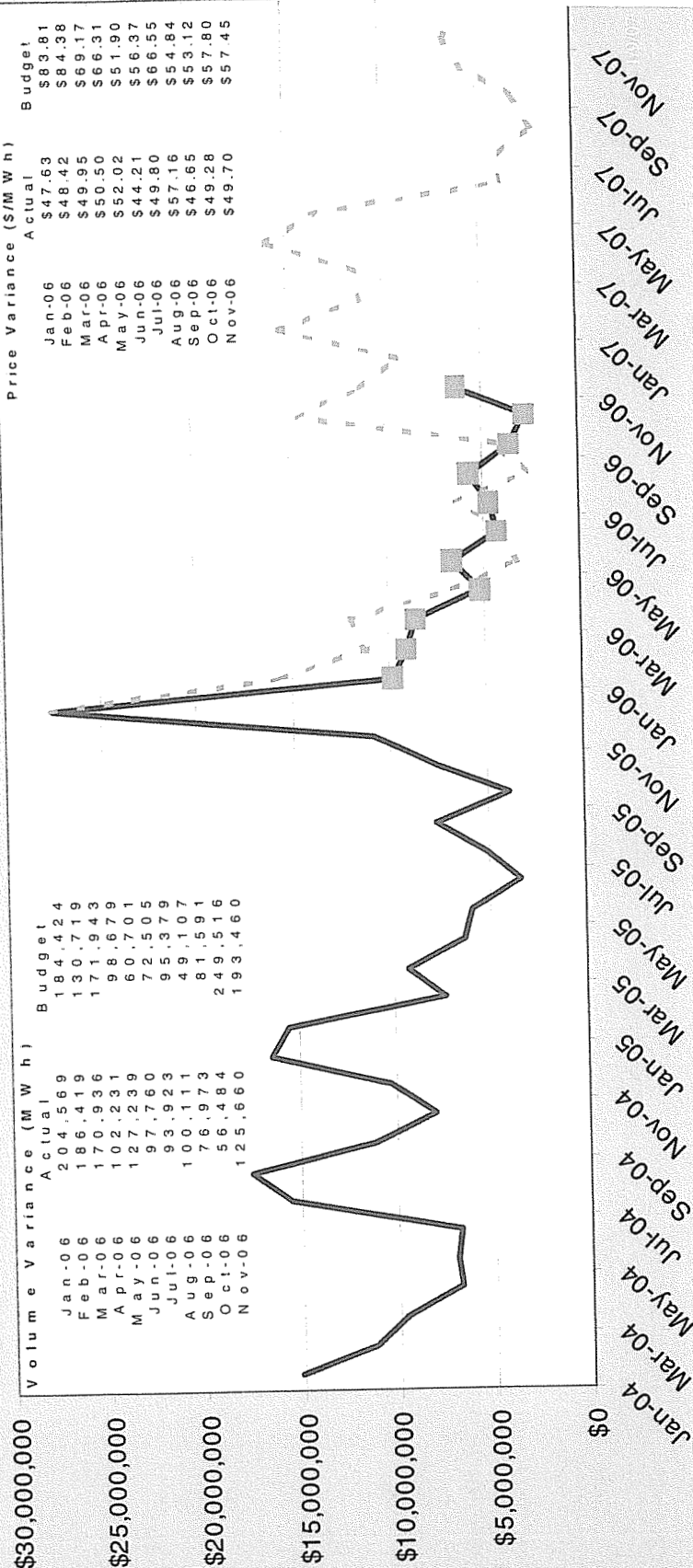
EKPC Business Management Plan

EKPC Purchased Power Dollars

— Historical ■ Actual * Budget

Volume Variance (MWh)	Actual	Budget
Jan-06	204,569	184,424
Feb-06	186,419	130,719
Mar-06	170,936	171,943
Apr-06	102,231	98,679
May-06	127,239	60,701
Jun-06	97,760	72,505
Jul-06	93,923	95,379
Aug-06	100,111	49,107
Sep-06	76,973	81,591
Oct-06	56,484	249,516
Nov-06	125,660	193,460

Price Variance (\$/MWh)	Actual	Budget
Jan-06	\$47.63	\$83.81
Feb-06	\$48.42	\$84.38
Mar-06	\$49.95	\$69.17
Apr-06	\$50.50	\$66.31
May-06	\$52.02	\$51.90
Jun-06	\$44.21	\$56.37
Jul-06	\$49.80	\$66.55
Aug-06	\$57.16	\$54.84
Sep-06	\$46.65	\$53.12
Oct-06	\$49.28	\$57.80
Nov-06	\$49.70	\$57.45





Reporting Metrics Discussion

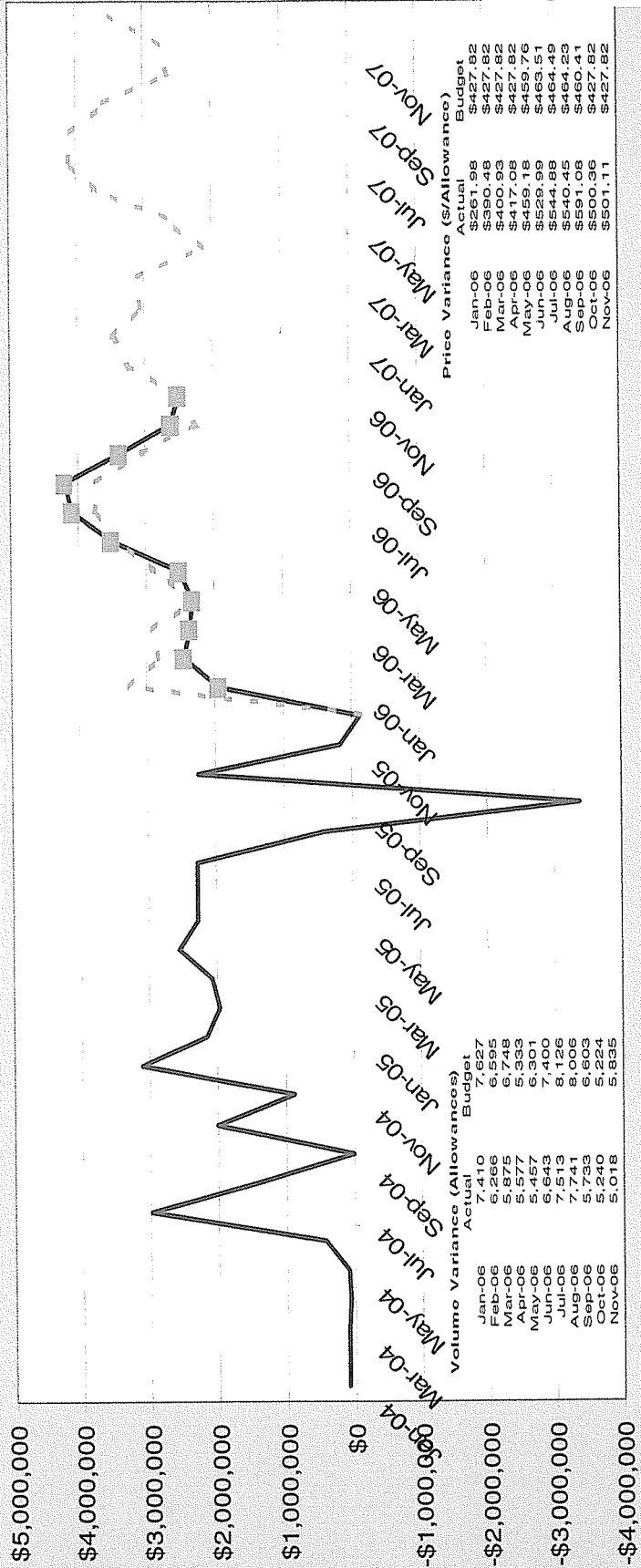
COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

EKPC SO2 & NOx Emission Allowance Dollars

— Historical ■ Actual - - - Budget



Note: Sept 05 negative adjustment to balance accruals for swap transactions



Reporting Metrics Discussion

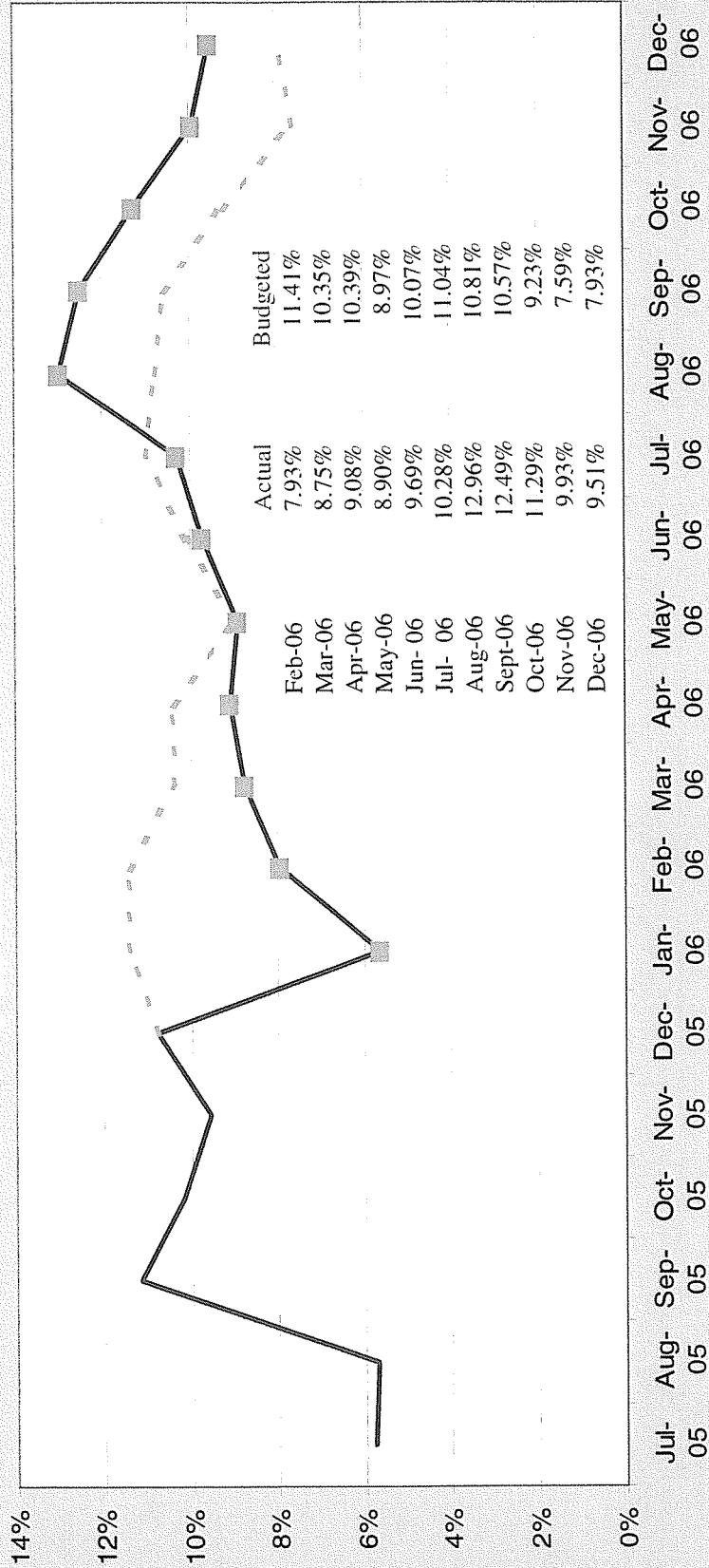
COST CONSCIOUS CULTURE - ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

EAST KENTUCKY POWER COOPERATIVE

EKPC Environmental Surcharge Factors

— Historical ■ Actual - - - Budgeted





EAST KENTUCKY POWER COOPERATIVE

SUMMARY

ORGANIZATIONAL ACCOUNTABILITY

EKPC Business Management Plan

- Cost Reduction Plan
 - \$20.0 Million Target
 - \$17.7 Million Identified for 2007
 - \$17.6 Million Identified for 2006