

February 9, 2009

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40502

RECEIVED

FEB 13 2009

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

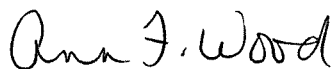
Re: East Kentucky Power Cooperative, Inc. Financial Information

In accordance with the Public Service Commission Order in Case No. 2006-00472,  
please find attached the following:

- Monthly accounting of expenses and revenues in a monthly format and a 12-month ending format
- Monthly budget information for calendar year 2008
- Calculation of TIER and DSC for the 12-month period ending December 31, 2008

If you have any questions, please contact me at (859) 745-9670.

Very truly yours,



Ann F. Wood  
Manager, Regulatory Services

Attachments

**EAST KENTUCKY POWER COOPERATIVE, INC.  
STATEMENT OF OPERATIONS**

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	12 month period ended 12/31/08
<b>Electric Energy Revenues</b>													
Power Sales—Member Cooperatives	82,124,839	72,272,889	64,847,294	54,574,551	50,892,743	59,560,163	70,734,556	61,848,728	58,825,573	57,382,315	68,664,583	77,500,226	779,228,460
Power Sales—Off-System	587,865	1,385,050	275,937	113,358	107,143	783,528	348,490	635,872	235,612	341,799	222,613	146,171	5,183,439
<b>Total Electric Energy Revenue</b>	<b>82,712,704</b>	<b>73,657,939</b>	<b>65,123,231</b>	<b>54,687,909</b>	<b>50,999,886</b>	<b>60,343,691</b>	<b>71,083,046</b>	<b>62,484,600</b>	<b>59,061,185</b>	<b>57,724,114</b>	<b>68,887,196</b>	<b>77,646,397</b>	<b>784,411,899</b>
Other Operating Revenue—Income	1,591,481	1,458,796	1,412,388	1,302,476	1,328,458	1,153,039	1,317,680	1,227,128	1,335,912	1,698,347	1,635,289	1,248,597	16,709,592
<b>Total Operating Revenue &amp; Patronage Capital</b>	<b>84,304,185</b>	<b>75,116,735</b>	<b>66,535,619</b>	<b>55,990,385</b>	<b>52,328,344</b>	<b>61,496,730</b>	<b>72,400,726</b>	<b>63,711,728</b>	<b>60,397,098</b>	<b>59,422,461</b>	<b>70,522,485</b>	<b>78,894,994</b>	<b>801,121,491</b>
<b>Operation Expenses</b>													
Production Costs Excluding Fuel	4,302,983	4,560,287	4,353,783	5,502,131	3,029,000	5,467,035	5,273,816	5,220,004	4,919,042	4,648,307	3,648,887	5,891,511	56,816,788
Fuel	28,109,779	25,519,295	21,425,750	17,730,799	17,666,369	27,430,102	26,063,661	28,883,360	28,940,116	23,910,131	28,233,774	29,064,640	302,977,775
Other Power Supply	22,667,505	15,949,719	23,369,523	14,251,143	12,216,635	19,116,700	17,356,320	11,754,407	8,990,888	10,403,694	11,213,791	7,188,296	174,478,620
Transmission	2,941,345	2,866,531	2,079,030	2,306,809	2,452,064	2,696,433	2,532,837	1,798,669	2,065,974	2,151,773	1,944,441	2,261,790	28,097,697
Distribution	51,198	33,464	39,029	52,295	81,300	75,941	92,831	48,560	63,745	87,172	57,603	45,981	729,119
Customer Service & Information	260,104	88,558	198,876	126,612	131,435	104,207	80,949	100,816	93,082	645,675	283,534	476,132	2,589,982
Sales	(2,233)	1,543	2,053	1,684	2,148	1,650	1,724	1,921	1,334	4,124	1,242	1,457	18,648
Administration & General	2,490,872	1,789,063	1,959,893	1,911,678	1,897,296	1,038,722	2,796,082	1,638,095	1,773,841	2,029,242	2,207,677	1,843,836	23,376,297
<b>Total Operation Expenses</b>	<b>60,821,552</b>	<b>50,808,461</b>	<b>53,427,938</b>	<b>41,883,151</b>	<b>37,476,247</b>	<b>55,930,791</b>	<b>54,198,220</b>	<b>49,445,831</b>	<b>46,848,022</b>	<b>43,880,119</b>	<b>47,590,949</b>	<b>46,773,644</b>	<b>589,084,924</b>
<b>Maintenance Expenses</b>													
Production	1,638,752	2,513,720	3,486,154	6,864,728	8,571,826	7,700,939	2,316,676	7,988,975	3,573,146	1,382,324	1,820,132	3,610,515	51,467,888
Transmission	240,072	254,162	258,669	361,362	381,960	362,270	291,919	180,688	660,748	289,088	324,307	434,913	4,040,158
Distribution	131,887	93,968	93,694	104,482	76,331	117,798	174,734	89,168	88,483	101,289	78,275	47,079	1,197,187
General Plant	59,130	86,284	48,244	52,148	63,585	55,308	108,026	50,776	55,472	40,119	41,880	102,019	762,990
<b>Total Maintenance Expenses</b>	<b>2,069,841</b>	<b>2,948,134</b>	<b>3,886,761</b>	<b>7,382,720</b>	<b>9,093,703</b>	<b>8,236,315</b>	<b>2,891,354</b>	<b>8,309,608</b>	<b>4,377,850</b>	<b>1,812,820</b>	<b>2,264,593</b>	<b>4,194,526</b>	<b>57,468,224</b>
<b>Operating Expenses</b>													
Depreciation/Amortization	3,434,965	3,442,237	3,460,188	3,544,371	3,391,904	3,499,217	3,417,768	3,393,608	3,378,028	3,389,238	3,421,616	3,423,598	41,196,739
Taxes	-	(8,452)	9,252	-	-	-	-	-	-	-	-	0	800
Interest on Long-Term Debt	9,074,194	8,504,201	9,002,520	8,530,089	8,898,220	8,847,599	9,096,952	9,272,395	9,216,080	9,865,518	9,614,994	9,925,678	109,848,439
Other Interest Expense	2,705	-	1,420	1,823	2,358	1,353	1,778	2,069	998	6,683	-	6,067	27,254
Other Deductions	114,888	90,571	150,264	153,478	(199,368)	78,169	91,179	111,483	71,082	111,848	136,141	7,549,539	8,459,274
<b>Total Operating Expenses</b>	<b>12,626,752</b>	<b>12,028,558</b>	<b>12,623,644</b>	<b>12,229,761</b>	<b>12,093,115</b>	<b>12,426,338</b>	<b>12,607,678</b>	<b>12,779,555</b>	<b>12,666,188</b>	<b>13,373,287</b>	<b>13,172,750</b>	<b>20,904,881</b>	<b>159,532,507</b>
<b>Total Cost of Electric Service</b>	<b>75,518,145</b>	<b>65,785,152</b>	<b>69,938,343</b>	<b>61,495,632</b>	<b>58,663,064</b>	<b>76,593,444</b>	<b>69,697,252</b>	<b>70,534,993</b>	<b>63,892,059</b>	<b>59,066,226</b>	<b>63,028,292</b>	<b>71,873,051</b>	<b>806,085,654</b>
<b>Operating Margins (Deficit)</b>	<b>8,786,040</b>	<b>9,331,582</b>	<b>(3,402,724)</b>	<b>(5,505,247)</b>	<b>(6,334,720)</b>	<b>(15,096,714)</b>	<b>2,703,475</b>	<b>(6,823,265)</b>	<b>(3,494,962)</b>	<b>356,236</b>	<b>7,494,193</b>	<b>7,021,943</b>	<b>(4,964,163)</b>
<b>Non-Operating Items</b>													
Interest Income	339,371	422,392	506,932	419,255	449,387	555,526	422,244	480,880	469,784	455,806	445,006	417,897	5,384,480
Allowance for Funds Used													
During Construction	2,609,058	2,536,399	2,438,416	2,581,689	2,576,670	2,748,292	2,727,110	2,874,747	3,019,293	1,555,346	1,624,057	1,593,762	28,884,837
Other Non-Operating Income	11,604	(288)	(2,792)	5,954	(1,772)	35,576	(1,522)	(4,016)	44	3,331	(6,468)	(2,817)	36,834
Other Capital Credits/Patronage	231	-	37,177	1,596	797	2,669	280	6,410	94,988	556	97	144,802	
<b>Total Non-Operating Items</b>	<b>2,960,264</b>	<b>2,958,503</b>	<b>2,979,733</b>	<b>3,008,496</b>	<b>3,024,285</b>	<b>3,340,191</b>	<b>3,150,501</b>	<b>3,351,891</b>	<b>3,495,531</b>	<b>2,109,471</b>	<b>2,063,150</b>	<b>2,008,939</b>	<b>34,450,953</b>
<b>Net Patronage Capital &amp; Margins (Deficit)</b>	<b>11,746,304</b>	<b>12,290,085</b>	<b>(422,992)</b>	<b>(2,496,752)</b>	<b>(3,310,436)</b>	<b>(11,756,522)</b>	<b>5,853,975</b>	<b>(3,471,374)</b>	<b>570</b>	<b>2,465,706</b>	<b>9,557,343</b>	<b>9,030,882</b>	<b>29,486,790</b>

TIER 1.27  
DSC 1.05

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**MONTHLY BUDGET INFORMATION--2008**

	BUDGET Jan-08	BUDGET Feb-08	BUDGET Mar-08	BUDGET Apr-08	BUDGET May-08	BUDGET Jun-08	BUDGET Jul-08	BUDGET Aug-08	BUDGET Sep-08	BUDGET Oct-08	BUDGET Nov-08	BUDGET Dec-08	2008 BUDGET
<b>Electric Energy Revenues</b>													
Power Sales--Member Cooperatives	72,826,171	67,782,177	59,293,485	52,802,106	53,855,656	60,581,759	61,930,406	63,788,992	55,617,451	52,694,719	56,679,306	70,175,580	728,027,808
Power Sales--Off-System	375,246	264,044	160,279	226,113	147,520	536,044	501,288	641,444	344,556	466,484	604,195	319,127	4,586,340
<b>Total Electric Energy Revenue</b>	<b>73,201,417</b>	<b>68,046,221</b>	<b>59,453,764</b>	<b>53,028,219</b>	<b>54,003,176</b>	<b>61,117,803</b>	<b>62,431,694</b>	<b>64,430,436</b>	<b>55,962,007</b>	<b>53,161,203</b>	<b>57,283,501</b>	<b>70,494,707</b>	<b>732,614,148</b>
Other Operating Revenue--Income	1,127,071	1,119,988	1,023,359	1,054,641	1,070,242	1,170,320	946,653	1,025,971	962,813	1,066,089	1,007,368	1,136,152	12,710,667
<b>Total Operating Revenue &amp; Patronage Capital</b>	<b>74,328,488</b>	<b>69,166,209</b>	<b>60,477,123</b>	<b>54,082,860</b>	<b>55,073,418</b>	<b>62,288,123</b>	<b>63,378,347</b>	<b>65,456,407</b>	<b>56,924,820</b>	<b>54,227,292</b>	<b>58,290,869</b>	<b>71,630,859</b>	<b>745,324,815</b>
<b>Operation Expenses</b>													
Production Costs Excluding Fuel	5,237,892	5,140,414	4,572,377	4,507,214	4,756,030	5,209,405	5,496,367	5,459,693	5,010,471	4,251,400	4,246,925	6,535,874	60,424,062
Fuel	31,607,693	26,452,771	25,064,169	17,800,348	18,366,184	25,026,687	31,682,475	30,119,311	24,014,766	19,399,944	19,628,803	28,757,910	297,921,061
Other Power Supply	10,938,072	8,143,672	10,926,096	12,860,928	14,529,090	6,275,888	5,989,214	4,729,837	8,202,724	8,606,012	14,014,394	10,840,061	116,055,988
Transmission	2,875,976	2,337,592	2,524,642	2,575,809	2,769,901	1,782,381	1,816,809	1,759,405	1,992,312	2,511,337	2,820,704	2,753,385	28,520,253
Distribution	152,177	149,443	154,968	149,046	157,840	143,706	156,642	145,277	177,549	143,664	144,516	160,394	1,835,222
Customer Service & Information	208,824	149,522	160,102	149,521	154,654	149,950	145,215	145,560	146,680	146,075	143,897	179,462	1,879,462
Sales	3,489	3,377	3,477	3,329	3,327	3,582	3,484	3,369	3,421	3,359	3,362	4,094	41,670
Administration & General	2,671,232	1,877,207	1,837,307	1,773,501	1,740,181	1,814,222	2,920,578	1,707,842	1,820,636	1,727,020	2,065,353	1,924,838	23,879,917
<b>Total Operation Expenses</b>	<b>53,695,355</b>	<b>44,253,998</b>	<b>45,243,138</b>	<b>39,819,696</b>	<b>42,477,207</b>	<b>40,405,821</b>	<b>48,210,784</b>	<b>44,070,294</b>	<b>41,368,559</b>	<b>36,788,811</b>	<b>43,067,954</b>	<b>51,156,018</b>	<b>530,557,635</b>
<b>Maintenance Expenses</b>													
Production	2,756,914	4,081,374	5,184,111	3,823,757	3,740,668	3,747,169	3,739,704	3,720,205	3,881,929	4,709,979	4,604,720	4,795,995	48,786,525
Transmission	309,069	425,688	426,688	425,943	425,688	425,688	426,264	427,149	426,109	426,290	426,472	552,699	5,123,747
Distribution	68,282	85,707	86,707	85,742	85,707	85,707	85,742	85,943	85,707	85,748	85,789	106,262	1,033,043
General Plant	97,555	92,771	81,261	83,546	81,271	107,971	83,166	81,805	83,391	81,170	81,199	136,037	1,091,143
<b>Total Maintenance Expenses</b>	<b>3,231,820</b>	<b>4,685,540</b>	<b>5,778,767</b>	<b>4,418,988</b>	<b>4,333,334</b>	<b>4,366,535</b>	<b>4,334,876</b>	<b>4,315,102</b>	<b>4,477,136</b>	<b>5,303,187</b>	<b>5,198,180</b>	<b>5,590,993</b>	<b>56,034,458</b>
<b>Operating Expenses</b>													
Depreciation/Amortization	3,658,097	3,666,158	3,677,889	3,715,711	3,732,975	3,789,666	3,789,749	3,790,284	3,790,476	3,800,164	3,800,375	4,411,346	45,622,890
Taxes	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000
Interest on Long-Term Debt	10,231,475	9,874,225	10,254,440	10,720,174	10,866,748	10,745,945	11,565,308	11,564,100	11,435,246	11,856,264	11,721,188	11,908,043	132,743,156
Other Interest Expense	7,713	7,215	7,713	7,464	7,713	7,464	7,713	7,713	7,464	7,713	7,464	7,713	91,062
Other Deductions	107,646	108,803	108,883	109,091	(241,092)	109,033	109,659	109,008	109,056	109,025	108,774	112,952	960,838
<b>Total Operating Expenses</b>	<b>14,004,931</b>	<b>13,656,401</b>	<b>14,048,925</b>	<b>14,552,440</b>	<b>14,376,344</b>	<b>14,652,108</b>	<b>15,472,429</b>	<b>15,471,105</b>	<b>15,342,242</b>	<b>15,773,166</b>	<b>15,637,801</b>	<b>16,440,054</b>	<b>179,427,946</b>
<b>Total Cost of Electric Service</b>	<b>70,932,106</b>	<b>62,595,939</b>	<b>65,070,830</b>	<b>58,791,124</b>	<b>61,186,885</b>	<b>59,424,464</b>	<b>68,018,089</b>	<b>63,856,501</b>	<b>61,187,937</b>	<b>57,865,164</b>	<b>63,903,935</b>	<b>73,187,065</b>	<b>766,020,039</b>
<b>Operating Margins (Deficit)</b>	<b>3,396,382</b>	<b>6,570,270</b>	<b>(4,593,707)</b>	<b>(4,708,264)</b>	<b>(6,113,467)</b>	<b>2,863,659</b>	<b>(4,639,742)</b>	<b>1,599,906</b>	<b>(4,263,117)</b>	<b>(3,637,872)</b>	<b>(5,613,066)</b>	<b>(1,556,206)</b>	<b>(20,695,224)</b>
<b>Non-Operating Items</b>													
Interest Income	613,385	610,920	613,078	611,817	612,729	611,468	469,620	488,726	487,503	488,466	487,244	488,206	6,583,162
Allowance for Funds Used During Construction	2,956,216	2,788,273	3,222,963	3,245,822	3,485,118	3,491,872	3,701,109	4,534,183	4,536,849	4,838,377	4,820,773	5,106,902	46,728,457
Other Non-Operating Income	(2,725)	(2,341)	(2,609)	(2,214)	(2,306)	(2,327)	(2,253)	(2,261)	(2,315)	(2,309)	(2,254)	(2,619)	(28,533)
Other Capital Credits/Patronage	2,083	2,083	2,083	2,083	2,083	2,083	2,083	302,083	2,083	2,083	2,083	2,087	325,000
<b>Total Non-Operating Items</b>	<b>3,568,959</b>	<b>3,398,935</b>	<b>3,835,515</b>	<b>3,857,508</b>	<b>4,097,624</b>	<b>4,103,096</b>	<b>4,170,559</b>	<b>5,322,731</b>	<b>5,024,120</b>	<b>5,326,617</b>	<b>5,307,846</b>	<b>5,594,576</b>	<b>53,608,086</b>
<b>Net Patronage Capital &amp; Margins (Deficit)</b>	<b>6,965,341</b>	<b>9,969,205</b>	<b>(758,192)</b>	<b>(850,756)</b>	<b>(2,015,843)</b>	<b>6,966,755</b>	<b>(469,183)</b>	<b>6,922,637</b>	<b>761,003</b>	<b>1,688,745</b>	<b>(305,220)</b>	<b>4,038,370</b>	<b>32,912,862</b>