



EAST KENTUCKY POWER COOPERATIVE

February 27, 2007

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

Re: PSC Case No. 2006-00472

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies each of the Responses of East Kentucky Power Cooperative, Inc., to the Commission Staff's Second Data Request and the Initial Data Request of the Attorney General, both dated February 20, 2007, and the First Data Request of Kentucky Industrial Utility Customers, Inc., dated February 19, 2007.

Very truly yours,

Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Elizabeth E. Blackford, Esq.
Michael L. Kurtz, Esq.

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COMMISSION

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PUBLIC SERVICE
COMMISSION

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

In the Matter of:

**GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2006-00472
COOPERATIVE, INC.)**

**RESPONSES TO FIRST DATA REQUEST OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED FEBRUARY 19, 2007**

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S
FIRST DATA REQUEST DATED 02/19/07**

East Kentucky Power Cooperative, Inc. (EKPC) hereby submits responses to the First Data Request of Kentucky Industrial Utility Customers, Inc. (KIUC), dated February 19, 2007. Each response with its associated supportive reference materials is individually tabbed.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 1

RESPONSIBLE PERSON: William A. Bosta/Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 1. Please refer to Exhibit F Summary of Adjustment to your rate case filing.

REQUEST 1a. With respect to Adjustment 19 of \$59,049 (costs associated with unregulated affiliates), please provide the rationale and Kentucky ratemaking principles which were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE 1a. With respect to adjustment 19 of \$59,049 (costs associated with unregulated affiliates), the rationale/ratemaking principle which EKPC relied upon to make the adjustment is Kentucky Revised Statute (KRS) 278.2201. KRS 278.2201 states: "A utility shall not subsidize a nonregulated activity provided by an affiliate or by the utility itself. The Commission shall require all utilities providing nonregulated activities, either directly or through an affiliate, to keep separate accounts and allocate costs in accordance with procedures established by the Commission. The Commission may promulgate administrative regulations that will assist the Commission enforcing this section." The items covered in this adjustment include expenses associated with the nonregulated activity and EKPC's share of the propane company profits.

REQUEST 1b. With respect to Adjustment 13 of \$1,152,935 (promotional advertising), please provide the rationale and Kentucky ratemaking principles which were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE 1b. The adjustment was based on the elimination of promotional advertising expenses incurred during the test year, as required by 807 KAR 5:016. The specific items covered by this adjustment are shown on Page 2 of 2, Exhibit F, Schedule 13. The “comments” section provides a description of each item.

REQUEST 1c. With respect to Adjustment 14 of \$65,484 (expenses incurred by EKPC Board of Directors), please provide the rationale and Kentucky ratemaking principles which were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE 1c. The adjustment eliminates the types of expenses that are generally not allowed by the Commission in rate proceedings. For example, the Commission has generally limited the recovery of expenses incurred by Board members at industry functions. In EKPC’s case, it is reasonable to permit recovery of expenses of the Chairman and one other Director at various industry meetings and/or conferences, particularly given the size (16 Board Members) of the EKPC Board. Other expense items, such as any expenses for spouses, gifts and severance bonuses, were all excluded. The specific items covered by this adjustment are shown on Page 2 of 2, Exhibit F, Schedule 14. The “Notes” section provides a description of each item.

REQUEST 1d. With respect to Adjustment 15 of \$502,476 (donations except those relating to economic development and certain research and development expenditures), please provide the rationale and Kentucky ratemaking principles which

were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE 1d. The adjustment includes those types of expenses that have generally been disallowed in rate proceedings. The specific items covered by this adjustment are shown in the response to Staff's First Data Request, Item 30c, Attachment.

REQUEST 1e. With respect to Adjustment 21 of \$152,716 (lobbying expense and certain consulting fees), please provide the rationale and Kentucky ratemaking principles which were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE 1e. The adjustment includes those types of expenses that have generally been disallowed in rate proceedings. The response to Item 33 in the PSC Staff's First Data Request provides the specific items covered by this adjustment. The \$101,095 amount charged to Account 42640, Civic and Political Activities, consists of the salaries (\$59,807), employee benefits (\$26,817), travel expenses (\$6,184), supplies (\$1,437), telephone (\$230), Legislative Research Commission – copies of bills (\$220), Keeneland Association – sponsor of Legislative Reception (\$1,000) and the cost of a shared office in Frankfort (\$5,400). The \$1,621 charged to Account 92100 is for the cost of attending legislative conferences during the test year. The \$50,000 charged to Account 93022 is for professional services provided by Government Strategies, LLC as shown in the response to Item 31, Attachment, page 3 of 10, PSC First Data Request.

REQUEST 1f. With respect to Adjustment 22 of \$376,000 (EKPC and Member dues in Touchstone Energy), please provide the rationale and Kentucky ratemaking

principles which were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE If. The elimination of Touchstone Energy dues is consistent with the requirements set forth in 807 KAR 5:016 regarding promotional advertising. These costs are promotional in nature and are the type of costs that the Commission has typically not allowed in rates.

REQUEST Ig. With respect to Adjustment 23 of \$12,763 (cost of SERC membership and costs associated with TVA as reliability coordinator), please provide the rationale and Kentucky ratemaking principles which were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE Ig. The adjustment recognizes a known and measurable change in EKPC's cost of membership in an organization (SERC) for which membership is necessary. The adjustment also recognizes a known and measurable change in the cost associated with having TVA as the Reliability Coordinator.

REQUEST Ih. With respect to Adjustment 24 of \$49,424 (Employee recreation costs or contributions made by EKPC to the Employee Association for various recreational functions, gift certificates which serve as an employee bonus, the annual employee dinner celebration at year end, net costs associated with the Supplemental Executive Retirement Plan, and cost of vending supplies for coffee, tea, etc. which is offered at no charge to employee), please provide the rationale and Kentucky ratemaking principles which were relied on by the Company to make this adjustment. Please identify the specific items covered by this adjustment.

RESPONSE 1h. The adjustment includes those types of expenses that have generally been disallowed in rate proceedings.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 2

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 2. Please provide a copy of the Company's monthly Environmental Surcharge ("ECR") filings for the expense months October 2005 through the most recent month available.

RESPONSE 2. Please see pages 2 through 146.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending October 31, 2005

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor
BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	10.06%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>9.55%</u>

Effective Date for Billing: Bills issued beginning December 1, 2005 covering service rendered beginning November 1, 2005.

Submitted by: _____

Title: Pricing Manager

Date Submitted: November 18, 2005

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending October 31, 2005

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$202,191,094
3 Rate Base / 12		\$16,849,258
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$953,668
6 Operating Expenses (OE)	+	\$3,838,553
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$4,792,221

9 Member System Allocation Ratio for the Month (Form 3.0)		99.26%
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10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$4,756,759
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11 Adjustment for (Over)/Under Recovery, as applicable		\$0
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12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$4,756,759
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13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$47,265,559
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14 CESF: E(m) / R(m); as a % of Revenue		10.06%
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East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending October 31, 2005

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$191,234
Inventory - Emission Allowances	\$3,279,989
Cash Working Capital Allowance	\$419,168
Subtotal	<u>\$3,890,392</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$23,206,648</u>
Subtotal	<u>\$23,206,648</u>
Environmental Compliance Rate Base	<u>\$202,191,094</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$360,692
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$16,380
Monthly Insurance Expense	\$26,696
Monthly Emission Allowance Expense	\$2,628,449
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$3,838,553</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
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**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending October 31, 2005

(1) Project No.	(2) Description	(3) Eligible Gross Plant in Service	(4) Eligible Accumulated Depreciation	(5) CWIP Amount	(6) Eligible Net Plant in Service $(2)-(3)-(4)=(5)$	(7) Monthly Depreciation Expense	(8) Monthly Tax Expense	(9) Monthly Insurance Expense
1	Gilbert	\$69,612,000	\$1,450,250		\$68,161,750	\$181,281		\$9,240
2	Spurlock 1 Precipitator	\$24,291,751	\$2,388,003		\$21,903,748	\$82,345	\$2,841	\$3,028
3	Spurlock 1 SCR	\$82,442,907	\$9,510,137		\$72,932,770	\$327,936	\$8,858	\$9,447
4	Spurlock 2 SCR	\$45,160,692	\$9,858,258		\$35,302,434	\$214,774	\$4,681	\$4,981
	Total	\$221,507,350	\$23,206,648	\$0	\$198,300,702	\$806,336	\$16,380	\$26,696

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending October 31, 2005

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$191,234	\$0		\$0	\$191,234	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending October 31, 2005

SO2 Allowances

For the Expense Month Ending October 31, 2005

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	8,232.31	7,500	6,577.4	-	9,154.91
Dollars	\$3,229,717	\$2,404,100	\$2,355,399	\$0	\$3,278,418
\$/Allowance	\$392.32	\$ 320.55	\$358.10	\$0	\$358.10

NOx Allowances

For the Expense Month Ending October 31, 2005

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	0.5	87.0	87.0	\$0	0.5
Dollars	\$361.60	\$274,260	\$273,050	\$0	\$1,571
\$/Allowance	\$722.19	\$3,152.41	\$3,138.51	\$0	\$3,138.51

*Includes coal-fired allowances only.

Note: EKPC purchased 2,500 SO2 allowances in October at a cost of \$960 per allowance. In addition, EKPC acquired 5,000 vintage 2005 allowances in a cashless swap by exchanging vintage 2009 allowances with another party.

EKPC purchased 100 NOx allowances at an average cost of \$2,700. Due to EPA flow control restrictions, EKPC also exchanged 113 vintage 2004 NOx allowances for 100 vintage 2005 NOx allowances in a cashless swap with another party.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending October 31, 2005

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$3,364	\$0	\$3,364
10th previous month	\$860,756	\$0	\$860,756
9th previous month	\$9,380	\$0	\$9,380
8th previous month	\$647	\$0	\$647
7th previous month	\$16,263	\$164,004	\$180,267
6th previous month	\$20,663	\$272,750	\$293,413
5th previous month	\$40,356	\$179,864	\$220,220
4rd previous month	\$95,356	\$304,397	\$399,753
3nd previous month	\$90,948	\$292,466	\$383,414
2nd previous month	\$140,877	\$277,102	\$417,979
Previous month	\$93,694	\$361,223	\$454,917
Current Month	\$31,128	\$98,109	\$129,237
Total 12 Month O&M	\$1,403,432	\$1,949,915	\$3,353,347
Average Monthly O&M	\$116,953	\$243,739	\$360,692

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,403,432	\$1,949,915	\$3,353,347
One-Eighth (1/8) of 12 Month O&M Expenses	\$175,429	\$243,739	\$419,168

East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending October 31, 2005

Expense Type	Account Description	Amount
I	Maintenance	
50144	Fuel Coal Gilbert	\$100,692
51241	Maintenance of Boiler Plant Spurlock 1	\$392
51242	Maintenance of Boiler Plant Spurlock 2	\$0
51244	Maintenance of Boiler Plant Gilbert	-\$2,583
		<u>\$98,501</u>
II	Air Permit Fees	
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
50641	Misc Steam Power Expense - Spurlock 1	\$30,736
50642	Misc Steam Power Expense - Spurlock 2	\$0
50644	Misc Steam Power Expense - Gilbert	\$0
		<u>\$30,736</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
50144	Fuel Coal Gilbert	\$100,692
51244	Maintenance of Boiler Plant Gilbert	-\$2,583
50644	Misc Steam Power Expense - Gilbert	\$0
	Total - Gilbert	<u>\$98,109</u>
	<u>Non-Gilbert</u>	
51241	Maintenance of Boiler Plant Spurlock 1	\$392
51242	Maintenance of Boiler Plant Spurlock 2	\$0
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
50641	Misc Steam Power Expense - Spurlock 1	\$30,736
50642	Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$31,128</u>
	Total Monthly Total	<u>\$129,237</u>

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Monthly Average Revenue Computation of R(m)

For the Expense Month Ending October 31, 2005

		Revenues from Member Systems					Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Nov-04	\$34,240,749	\$3,720,983	\$0	\$37,961,732	\$37,961,732	\$7,864	\$37,969,596	\$37,969,596	
Dec-04	\$46,090,928	\$7,722,399	\$0	\$53,813,327	\$53,813,327	\$34,333	\$53,847,660	\$53,847,660	
Jan-05	\$47,278,431	\$12,333,818	\$0	\$59,612,249	\$59,612,249	\$68,155	\$59,680,404	\$59,680,404	
Feb-05	\$39,304,618	\$11,775,720	\$0	\$51,080,338	\$51,080,338	\$91,643	\$51,171,981	\$51,171,981	
Mar-05	\$41,526,241	\$7,694,715	\$0	\$49,220,956	\$49,220,956	\$305,413	\$49,526,369	\$49,526,369	
Apr-05	\$31,636,011	\$5,671,033	\$0	\$37,307,044	\$37,307,044	\$484,790	\$37,791,834	\$37,791,834	
May-05	\$32,588,832	\$5,605,276	\$0	\$38,194,108	\$38,194,108	\$405,960	\$38,600,068	\$38,600,068	
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582	
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551	
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820	
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561	
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118	
Totals	\$481,623,199	\$85,563,514	\$15,897,017	\$583,083,730	\$567,186,713	\$4,231,831	\$587,315,561	\$571,418,544	
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.				\$47,265,559					
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								99.26%	

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending November 30, 2005

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 11.27%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 10.76%

Effective Date for Billing: Bills issued beginning January 1, 2006 covering service rendered beginning December 1, 2005.

Submitted by: _____

Title: Pricing Manager

Date Submitted: December 20, 2005

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending November 30, 2005

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$203,019,785
3 Rate Base / 12		\$16,918,315
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$957,577
6 Operating Expenses (OE)	+	\$4,517,054
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$5,474,630
9 Member System Allocation Ratio for the Month (Form 3.0)		99.16%
10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$5,428,643
11 Adjustment for (Over)/Under Recovery, as applicable		\$0
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$5,428,643
13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$48,181,393
14 CESF: E(m) / R(m); as a % of Revenue		11.27%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending November 30, 2005

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$191,315
Inventory - Emission Allowances	\$4,874,080
Cash Working Capital Allowance	\$460,304
Subtotal	<u>\$5,525,699</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$24,013,264
Subtotal	<u>\$24,013,264</u>
Environmental Compliance Rate Base	<u>\$203,019,785</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$370,143
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$16,380
Monthly Insurance Expense	\$26,696
Monthly Emission Allowance Expense	\$3,297,499
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$4,517,054</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
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**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending November 30, 2005

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$191,234	\$94,129		\$94,048	\$191,315	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending November 30, 2005

SO2 Allowances

<i>For the Expense Month Ending November 30, 2005</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	9,154.91	2,500	5,697.0	-	5,957.91
Dollars	\$3,278,418	\$3,238,750	\$3,185,636	\$0	\$3,331,532
\$/Allowance	\$358.10	\$ 1,295.50	\$559.18	\$0	\$559.18

NOx Allowances

<i>For the Expense Month Ending November 30, 2005</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	0.5	597.0	40.4	\$0	557.1
Dollars	\$1,571.45	\$1,652,840	\$111,863	\$0	\$1,542,548
\$/Allowance	\$3,138.51	\$2,768.58	\$2,768.89	\$0	\$2,768.89

*Includes coal-fired allowances only.

Note: EKPC purchased 2,500 SO2 allowances in November at a cost of \$1,295.50 per allowance.

EKPC purchased 597 NOx allowances in November at an average cost of \$2,768.58

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending November 30, 2005

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$860,756	\$0	\$860,756
10th previous month	\$9,380	\$0	\$9,380
9th previous month	\$647	\$0	\$647
8th previous month	\$16,263	\$164,004	\$180,267
7th previous month	\$20,663	\$272,750	\$293,413
6th previous month	\$40,356	\$179,864	\$220,220
5th previous month	\$95,356	\$304,397	\$399,753
4rd previous month	\$90,948	\$292,466	\$383,414
3nd previous month	\$140,877	\$277,102	\$417,979
2nd previous month	\$93,694	\$361,223	\$454,917
Previous month	\$31,128	\$98,109	\$129,237
Current Month	\$4,513	\$327,933	\$332,446
Total 12 Month O&M	\$1,404,581	\$2,277,848	\$3,682,429
Average Monthly O&M	\$117,048	\$253,094	\$370,143

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,404,581	\$2,277,848	\$3,682,429
One-Eighth (1/8) of 12 Month O&M Expenses	\$175,573	\$284,731	\$460,304

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge
 Operating and Maintenance Expenses
 For the Expense Month Ending November 30, 2005

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$4,488
	51241 Maintenance of Boiler Plant Spurlock 1	\$3,453
	51242 Maintenance of Boiler Plant Spurlock 2	\$0
	51244 Maintenance of Boiler Plant Gilbert	\$229,397
		<u>\$237,338</u>
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$65
	50631 Misc Steam Power Environmental Cooper	\$86
	50645 Misc Steam Power Environmental Spurlock	\$909
		<u>\$1,060</u>
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$0
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$94,048
		<u>\$94,048</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$4,488
	51244 Maintenance of Boiler Plant Gilbert	\$229,397
	50644 Misc Steam Power Expense - Gilbert	\$94,048
	Total - Gilbert	<u>\$327,933</u>
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$3,453
	51242 Maintenance of Boiler Plant Spurlock 2	\$0
	50621 Misc Steam Power Environmental Dale	\$65
	50631 Misc Steam Power Environmental Cooper	\$86
	50645 Misc Steam Power Environmental Spurlock	\$909
	50641 Misc Steam Power Expense - Spurlock 1	\$0
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$4,513</u>
	Total Monthly Total	<u>\$332,446</u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)**

For the Expense Month Ending November 30, 2005

Revenues from Member Systems							Total Company Revenues	
(1) Month	(2) Base Rate Revenues	(3) Fuel Clause Revenues	(4) Environmental Surcharge Revenues	(5) Total (2)+(3)+(4)	(6) Total Excluding Environmental Surcharge (5)-(4)	(7) Off-System Sales	(8) Total (5)+(7)	(9) Total Excluding Environmental Surcharge (8)-(4)
Dec-04	\$46,090,928	\$7,722,399	\$0	\$53,813,327	\$53,813,327	\$34,333	\$53,847,660	\$53,847,660
Jan-05	\$47,278,431	\$12,333,818	\$0	\$59,612,249	\$59,612,249	\$68,155	\$59,680,404	\$59,680,404
Feb-05	\$39,304,618	\$11,775,720	\$0	\$51,080,338	\$51,080,338	\$91,643	\$51,171,981	\$51,171,981
Mar-05	\$41,526,241	\$7,694,715	\$0	\$49,220,956	\$49,220,956	\$305,413	\$49,526,369	\$49,526,369
Apr-05	\$31,636,011	\$5,671,033	\$0	\$37,307,044	\$37,307,044	\$484,790	\$37,791,834	\$37,791,834
May-05	\$32,588,832	\$5,605,276	\$0	\$38,194,108	\$38,194,108	\$405,960	\$38,600,068	\$38,600,068
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854
Totals	\$488,515,471	\$89,661,243	\$20,571,911	\$598,748,625	\$578,176,714	\$4,917,088	\$603,665,713	\$583,093,802
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$48,181,393			
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								99.16%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending December 31, 2005

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	6.15%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>5.64%</u>

Effective Date for Billing: Bills issued beginning February 1, 2006 covering service rendered beginning January 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: January 20, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending December 31, 2005

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$201,467,293
3 Rate Base / 12		\$16,788,941
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$950,254
6 Operating Expenses (OE)	+	\$2,092,733
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$3,042,987

9 Member System Allocation Ratio for the Month (Form 3.0) 98.74%

10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio \$3,004,646

11 Adjustment for (Over)/Under Recovery, as applicable \$0

12 E(m) = Subtotal E(m) plus (Over)/Under Recovery \$3,004,646

13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0) \$48,843,728

14 CESF: E(m) / R(m); as a % of Revenue 6.15%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending December 31, 2005

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$183,082
Inventory - Emission Allowances	\$4,087,743
Cash Working Capital Allowance	\$508,999
Subtotal	<u>\$4,779,824</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$24,819,881</u>
Subtotal	<u>\$24,819,881</u>
Environmental Compliance Rate Base	<u>\$201,467,293</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$384,485
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$16,380
Monthly Insurance Expense	\$26,696
Monthly Emission Allowance Expense	\$858,837
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$2,092,733</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending December 31, 2005

(1) Project No.	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	\$69,612,000	\$1,812,813		\$67,799,187	\$181,281		\$9,240
2	\$24,291,751	\$2,552,692		\$21,739,059	\$82,345	\$2,841	\$3,028
3	\$82,442,907	\$10,166,009		\$72,276,898	\$327,936	\$8,858	\$9,447
4	\$45,160,692	\$10,288,367		\$34,872,325	\$214,774	\$4,681	\$4,981
	\$221,507,350	\$24,819,881	\$0	\$196,687,469	\$806,336	\$16,380	\$26,696
Total							

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending December 31, 2005

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$191,315	\$209,058		\$217,291	\$183,082	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending December 31, 2005

SO2 Allowances

<i>For the Expense Month Ending December 31, 2005</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	5,957.91	19,957	6,432.93	-	19,481.98
Dollars	\$ 3,331,531.51	\$72,500	\$844,992.18	\$0	\$2,559,039.33
\$/Allowance	\$559.18	\$ 3.63	\$131.35	\$0	\$131.35

NOx Allowances

<i>For the Expense Month Ending December 31, 2005</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	557.1	0.0	5.0	\$0	552.1
Dollars	\$1,542,548.45	\$0	\$13,844	\$0	\$1,528,704
\$/Allowance	\$2,768.89	\$0.00	\$2,768.89	\$0	\$2,768.89

*Includes coal-fired allowances only.

Note:

EKPC acquired 19,957 vintage 2005 allowances in a cashless swap by exchanging vintage 2007 allowances with another party.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending December 31, 2005

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$9,380	\$0	\$9,380
10th previous month	\$647	\$0	\$647
9th previous month	\$16,263	\$164,004	\$180,267
8th previous month	\$20,663	\$272,750	\$293,413
7th previous month	\$40,356	\$179,864	\$220,220
6th previous month	\$95,356	\$304,397	\$399,753
5th previous month	\$90,948	\$292,466	\$383,414
4rd previous month	\$140,877	\$277,102	\$417,979
3nd previous month	\$93,694	\$361,223	\$454,917
2nd previous month	\$31,128	\$98,109	\$129,237
Previous month	\$4,513	\$327,933	\$332,446
Current Month	\$819,053	\$431,266	\$1,250,319
Total 12 Month O&M	\$1,362,878	\$2,709,114	\$4,071,992
Average Monthly O&M	\$113,573	\$270,911	\$384,485

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,362,878	\$2,709,114	\$4,071,992
One-Eighth (1/8) of 12 Month O&M Expenses	\$170,360	\$338,639	\$508,999

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending December 31, 2005**

Expense Type	Account Description	Amount
I Maintenance		
50144	Fuel Coal Gilbert	\$122,554
51241	Maintenance of Boiler Plant Spurlock 1	\$6,282
51242	Maintenance of Boiler Plant Spurlock 2	\$0
51244	Maintenance of Boiler Plant Gilbert	\$91,421
		<u>\$220,257</u>
II Air Permit Fees		
50621	Misc Steam Power Environmental Dale	\$240,391
50631	Misc Steam Power Environmental Cooper	\$273,594
50645	Misc Steam Power Environmental Spurlock	\$267,672
		<u>\$781,657</u>
III Operating Expense - Ammonia and Limestone		
50641	Misc Steam Power Expense - Spurlock 1	\$31,114
50642	Misc Steam Power Expense - Spurlock 2	\$0
50644	Misc Steam Power Expense - Gilbert	\$217,291
		<u>\$248,405</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
50144	Fuel Coal Gilbert	\$122,554
51244	Maintenance of Boiler Plant Gilbert	\$91,421
50644	Misc Steam Power Expense - Gilbert	\$217,291
	Total - Gilbert	<u>\$431,266</u>
	<u>Non-Gilbert</u>	
51241	Maintenance of Boiler Plant Spurlock 1	\$6,282
51242	Maintenance of Boiler Plant Spurlock 2	\$0
50621	Misc Steam Power Environmental Dale	\$240,391
50631	Misc Steam Power Environmental Cooper	\$273,594
50645	Misc Steam Power Environmental Spurlock	\$267,672
50641	Misc Steam Power Expense - Spurlock 1	\$31,114
50642	Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$819,053</u>
	Total Monthly Total	<u>\$1,250,319</u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)**

For the Expense Month Ending December 31, 2005

Revenues from Member Systems									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Jan-05	\$47,278,431	\$12,333,818	\$0	\$59,612,249	\$59,612,249	\$68,155	\$59,680,404	\$59,680,404	
Feb-05	\$39,304,618	\$11,775,720	\$0	\$51,080,338	\$51,080,338	\$91,643	\$51,171,981	\$51,171,981	
Mar-05	\$41,526,241	\$7,694,715	\$0	\$49,220,956	\$49,220,956	\$305,413	\$49,526,369	\$49,526,369	
Apr-05	\$31,636,011	\$5,671,033	\$0	\$37,307,044	\$37,307,044	\$484,790	\$37,791,834	\$37,791,834	
May-05	\$32,588,832	\$5,605,276	\$0	\$38,194,108	\$38,194,108	\$405,960	\$38,600,068	\$38,600,068	
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582	
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551	
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820	
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561	
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118	
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854	
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636	
Totals	\$495,525,536	\$90,599,200	\$27,217,411	\$613,342,147	\$586,124,736	\$7,469,042	\$620,811,189	\$593,593,778	
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$48,843,728				
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =									98.74%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending January 31, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 8.44%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 7.93%

Effective Date for Billing: Bills issued beginning March 1, 2006 covering service rendered beginning February 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: February 20, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending January 31, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$213,877,218
3 Rate Base / 12		\$17,823,102
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,008,788
6 Operating Expenses (OE)	+	\$3,166,597
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$4,175,384

9 Member System Allocation Ratio for the Month (Form 3.0)		98.75%
--	--	--------

10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$4,123,192
--	--	-------------

11 Adjustment for (Over)/Under Recovery, as applicable		\$0
---	--	-----

12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$4,123,192
--	--	-------------

13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$48,879,782
--	--	--------------

14 CESF: E(m) / R(m); as a % of Revenue		8.44%
--	--	-------

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending January 31, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$177,470
Inventory - Emission Allowances	\$17,287,805
Cash Working Capital Allowance	\$531,090
Subtotal	<u>\$17,996,364</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$25,626,496
Subtotal	<u>\$25,626,496</u>
Environmental Compliance Rate Base	<u>\$213,877,218</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$375,996
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$16,380
Monthly Insurance Expense	\$26,696
Monthly Emission Allowance Expense	\$1,941,189
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$3,166,597</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending January 31, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$183,082	\$125,826		\$131,439	\$177,470	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending January 31, 2006

SO2 Allowances

<i>For the Expense Month Ending January 31, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	19,481.98	50,064	7,627.10	-	61,918.88
Dollars	\$ 2,559,039.33	\$15,141,250	\$1,941,188.79	\$0	\$ 15,759,100.54
\$/Allowance	\$131.35	\$ 302.44	\$254.51	\$0	\$254.51

NOx Allowances

<i>For the Expense Month Ending January 31, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	552.10	3,301.0	0.0	\$0	3,853.10
Dollars	\$1,528,704.00	\$0	\$0	\$0	\$1,528,704.00
\$/Allowance	\$2,768.89	\$0.00	\$0.00	\$0	\$396.75

*Includes coal-fired allowances only.

Note:

EKPC purchased 10,000 SO2 allowances in January at an average cost of \$1,514 per allowance.
EKPC received an allocation of 40,064 cost-free SO2 allowances from the EPA in January.

EKPC received an allocation of 3,301 cost-free NOx allowances from the EPA in January.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending January 31, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$647	\$0	\$647
10th previous month	\$16,263	\$164,004	\$180,267
9th previous month	\$20,663	\$272,750	\$293,413
8th previous month	\$40,356	\$179,864	\$220,220
7th previous month	\$95,356	\$304,397	\$399,753
6th previous month	\$90,948	\$292,466	\$383,414
5th previous month	\$140,877	\$277,102	\$417,979
4rd previous month	\$93,694	\$361,223	\$454,917
3nd previous month	\$31,128	\$98,109	\$129,237
2nd previous month	\$4,513	\$327,933	\$332,446
Previous month	\$819,053	\$431,266	\$1,250,319
Current Month	-\$328	\$186,435	\$186,108
Total 12 Month O&M	\$1,353,171	\$2,895,549	\$4,248,720
Average Monthly O&M	\$112,764	\$263,232	\$375,996

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,353,171	\$2,895,549	\$4,248,720
One-Eighth (1/8) of 12 Month O&M Expenses	\$169,146	\$361,944	\$531,090

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge
 Operating and Maintenance Expenses
 For the Expense Month Ending January 31, 2006

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$1,598
	51241 Maintenance of Boiler Plant Spurlock 1	-\$328
	51242 Maintenance of Boiler Plant Spurlock 2	\$0
	51244 Maintenance of Boiler Plant Gilbert	\$53,399
		<u>\$54,669</u>
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$0
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$131,439
		<u>\$131,439</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$1,598
	51244 Maintenance of Boiler Plant Gilbert	\$53,399
	50644 Misc Steam Power Expense - Gilbert	\$131,439
	Total - Gilbert	<u>\$186,435</u>
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	-\$328
	51242 Maintenance of Boiler Plant Spurlock 2	\$0
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$0
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>-\$328</u>
	Total Monthly Total	<u>\$186,108</u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)
For the Expense Month Ending January 31, 2006**

		Revenues from Member Systems				Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Feb-05	\$39,304,618	\$11,775,720	\$0	\$51,080,338	\$51,080,338	\$91,643	\$51,171,981	\$51,171,981
Mar-05	\$41,526,241	\$7,694,715	\$0	\$49,220,956	\$49,220,956	\$305,413	\$49,526,369	\$49,526,369
Apr-05	\$31,636,011	\$5,671,033	\$0	\$37,307,044	\$37,307,044	\$484,790	\$37,791,834	\$37,791,834
May-05	\$32,588,832	\$5,605,276	\$0	\$38,194,108	\$38,194,108	\$405,960	\$38,600,068	\$38,600,068
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239
Totals	\$493,806,665	\$92,750,720	\$30,603,936	\$617,161,321	\$586,557,385	\$7,436,228	\$624,597,549	\$593,993,613
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$48,879,782			
				Member System Allocation Percentage for Current Month				
				(Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =		98.75%		

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending February 28, 2006

MESF = CESF - BESF

Where:

CESF = Current Period Environmental Surcharge Factor
BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	9.26%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>8.75%</u>

Effective Date for Billing: Bills issued beginning April 1, 2006 covering service rendered beginning March 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: March 20, 2006

East Kentucky Power Cooperative, Inc. Form 1.1
 Environmental Surcharge Report

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending February 28, 2006

1	E(m) = RORB + OE - BAS	
2	Rate Base	\$225,468,192
3	Rate Base / 12	\$18,789,016
4	Rate of Return	= 5.66%
5	Return on Rate Base (RORB)	+ \$1,063,458
6	Operating Expenses (OE)	+ \$3,550,487
7	By-Product and Emission Allowance Sales (BAS)	- <u>\$0</u>
8	Sub-Total E(m)	\$4,613,945
9	Member System Allocation Ratio for the Month (Form 3.0)	98.74%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$4,555,809
11	Adjustment for (Over)/Under Recovery, as applicable	\$0
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$4,555,809
13	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$49,190,166
14	CESF: E(m) / R(m); as a % of Revenue	9.26%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending February 28, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$192,323
Inventory - Emission Allowances	\$29,621,449
Cash Working Capital Allowance	\$580,182
Subtotal	<u>\$30,393,954</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$26,433,112</u>
Subtotal	<u>\$26,433,112</u>
Environmental Compliance Rate Base	<u>\$225,468,192</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$386,788
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$33,061
Monthly Insurance Expense	\$26,696
Monthly Emission Allowance Expense	\$2,297,606
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$3,550,487</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
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**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending February 28, 2006

Project No.	(1) Description	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	Gilbert*	\$69,612,000	\$2,175,375		\$67,436,625	\$181,281	\$16,950	\$9,240
2	Spurlock 1 Precipitator	\$24,291,751	\$2,717,382		\$21,574,369	\$82,345	\$2,717	\$3,028
3	Spurlock 1 SCR	\$82,442,907	\$10,821,880		\$71,621,027	\$327,936	\$9,035	\$9,447
4	Spurlock 2 SCR	\$45,160,692	\$10,718,475		\$34,442,217	\$214,774	\$4,359	\$4,981
	Total	\$221,507,350	\$26,433,112	\$0	\$195,074,238	\$806,336	\$33,061	\$26,696

*Reflects January 2006 and February 2006 property tax expenses.

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending February 28, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$177,470	\$238,242		\$223,389	\$192,323	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending February 28, 2006

SO2 Allowances

<i>For the Expense Month Ending February 28, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	61,918.88	12,500	5,626.30	-	68,792.58
Dollars	\$ 15,759,100.54	\$14,631,250	\$2,297,605.51	\$0	\$ 28,092,745.03
\$/Allowance	\$254.51	\$ 1,170.50	\$408.37	\$0	\$408.37

NOx Allowances

<i>For the Expense Month Ending February 28, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	3,853.10	0.0	0.0	\$0	3,853.10
Dollars	\$1,528,704.02	\$0	\$0	\$0	\$1,528,704.02
\$/Allowance	\$396.75	\$0.00	\$0.00	\$0	\$396.75

*Includes coal-fired allowances only.

Note:

EKPC purchased 12,500 SO2 allowances in February at an average cost of \$1,171 per allowance.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending February 28, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$16,263	\$164,004	\$180,267
10th previous month	\$20,663	\$272,750	\$293,413
9th previous month	\$40,356	\$179,864	\$220,220
8th previous month	\$95,356	\$304,397	\$399,753
7th previous month	\$90,948	\$292,466	\$383,414
6th previous month	\$140,877	\$277,102	\$417,979
5th previous month	\$93,694	\$361,223	\$454,917
4rd previous month	\$31,128	\$98,109	\$129,237
3nd previous month	\$4,513	\$327,933	\$332,446
2nd previous month	\$819,053	\$431,266	\$1,250,319
Previous month	-\$328	\$186,435	\$186,108
Current Month	\$52,362	\$341,025	\$393,386
Total 12 Month O&M	\$1,404,886	\$3,236,573	\$4,641,459
Average Monthly O&M	\$117,074	\$269,714	\$386,788

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,404,886	\$3,236,573	\$4,641,459
One-Eighth (1/8) of 12 Month O&M Expenses	\$175,611	\$404,572	\$580,182

East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending February 28, 2006

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$72,433
	51241 Maintenance of Boiler Plant Spurlock 1	\$9,115
	51242 Maintenance of Boiler Plant Spurlock 2	\$1,984
	51244 Maintenance of Boiler Plant Gilbert	\$45,202
		\$128,734
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		\$0
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$41,263
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$223,389
		\$264,652
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$72,433
	51244 Maintenance of Boiler Plant Gilbert	\$45,202
	50644 Misc Steam Power Expense - Gilbert	\$223,389
	Total - Gilbert	\$341,025
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$9,115
	51242 Maintenance of Boiler Plant Spurlock 2	\$1,984
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$41,263
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	\$52,362
	Total Monthly Total	\$393,386

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Monthly Average Revenue Computation of R(m)

For the Expense Month Ending February 28, 2006

		Revenues from Member Systems					Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Mar-05	\$41,526,241	\$7,694,715	\$0	\$49,220,956	\$49,220,956	\$305,413	\$49,526,369	\$49,526,369	
Apr-05	\$31,636,011	\$5,671,033	\$0	\$37,307,044	\$37,307,044	\$484,790	\$37,791,834	\$37,791,834	
May-05	\$32,588,832	\$5,605,276	\$0	\$38,194,108	\$38,194,108	\$405,960	\$38,600,068	\$38,600,068	
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582	
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551	
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820	
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561	
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118	
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854	
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636	
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239	
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154	
Totals	\$501,028,733	\$89,253,260	\$34,949,191	\$625,231,184	\$590,281,993	\$7,519,793	\$632,750,977	\$597,801,786	
Average Monthly Member System Revenues, Excluding Environmental Surcharge for 12 Months Ending Current Expense Month.				\$49,190,166					
		Member System Allocation Percentage for Current Month						98.74%	
		(Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =							

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending March 31, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	9.59%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>9.08%</u>

Effective Date for Billing: Bills issued beginning May 1, 2006 covering service rendered beginning April 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: April 20, 2006

East Kentucky Power Cooperative, Inc. Form 1.1
Environmental Surcharge Report

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending March 31, 2006

1	E(m) = RORB + OE - BAS		
2	Rate Base	=	\$222,292,224
3	Rate Base / 12	=	\$18,524,352
4	Rate of Return	=	5.66%
5	Return on Rate Base (RORB)	+	\$1,048,478
6	Operating Expenses (OE)	+	\$3,733,817
7	By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8	Sub-Total E(m)		\$4,782,295
9	Member System Allocation Ratio for the Month (Form 3.0)		98.77%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$4,723,473
11	Adjustment for (Over)/Under Recovery, as applicable		\$0
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$4,723,473
13	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$49,274,342
14	CESF: E(m) / R(m); as a % of Revenue		9.59%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending March 31, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$234,441
Inventory - Emission Allowances	\$27,168,704
Cash Working Capital Allowance	\$621,458
Subtotal	<u>\$28,024,603</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$27,239,729</u>
Subtotal	<u>\$27,239,729</u>
Environmental Compliance Rate Base	<u>\$222,292,224</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$414,305
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$2,452,745
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$3,733,817</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending March 31, 2006

(1) Project No.	(2) Description	(3) Eligible Gross Plant in Service	(4) Eligible Accumulated Depreciation	(5) Eligible Net Plant in Service	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
				(2)-(3)-(4)=(5)			
1	Gilbert	\$69,612,000	\$2,356,656	\$67,255,344	\$181,281	\$8,475	\$12,338
2	Spurlock 1 Precipitator	\$24,291,751	\$2,799,727	\$21,492,024	\$82,345	\$2,717	\$3,961
3	Spurlock 1 SCR	\$82,442,907	\$11,149,816	\$71,293,091	\$327,936	\$9,035	\$13,178
4	Spurlock 2 SCR	\$45,160,692	\$10,933,530	\$34,227,162	\$214,774	\$4,359	\$6,368
	Total	\$221,507,350	\$27,239,729	\$194,267,621	\$806,336	\$24,586	\$35,845

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending March 31, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$192,323	\$306,515		\$264,397	\$234,441	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending March 31, 2006

SO2 Allowances

<i>For the Expense Month Ending March 31, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	68,792.58	-	6,006.20	-	62,786.38
Dollars	\$ 28,092,745.03	\$0	\$2,452,744.83	\$0	\$ 25,640,000.20
\$/Allowance	\$408.37	\$ -	\$408.37	\$0	\$408.37

NOx Allowances

<i>For the Expense Month Ending March 31, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	3,853.10	0.0	0.0	\$0	3,853.10
Dollars	\$1,528,704.02	\$0	\$0	\$0	\$1,528,704.02
\$/Allowance	\$396.75	\$0.00	\$0.00	\$0	\$396.75

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending March 31, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$20,663	\$272,750	\$293,413
10th previous month	\$40,356	\$179,864	\$220,220
9th previous month	\$95,356	\$304,397	\$399,753
8th previous month	\$90,948	\$292,466	\$383,414
7th previous month	\$140,877	\$277,102	\$417,979
6th previous month	\$93,694	\$361,223	\$454,917
5th previous month	\$31,128	\$98,109	\$129,237
4rd previous month	\$4,513	\$327,933	\$332,446
3nd previous month	\$819,053	\$431,266	\$1,250,319
2nd previous month	-\$328	\$186,435	\$186,108
Previous month	\$52,362	\$341,025	\$393,386
Current Month	\$58,250	\$452,220	\$510,470
Total 12 Month O&M	\$1,446,873	\$3,524,789	\$4,971,662
Average Monthly O&M	\$120,573	\$293,732	\$414,305

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,446,873	\$3,524,789	\$4,971,662
One-Eighth (1/8) of 12 Month O&M Expenses	\$180,859	\$440,599	\$621,458

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending March 31, 2006**

Expense Type	Account Description	Amount
I	Maintenance	
50144	Fuel Coal Gilbert	\$104,685
51241	Maintenance of Boiler Plant Spurlock 1	\$17,274
51242	Maintenance of Boiler Plant Spurlock 2	\$0
51244	Maintenance of Boiler Plant Gilbert	\$83,138
		<u>\$205,097</u>
II	Air Permit Fees	
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
50641	Misc Steam Power Expense - Spurlock 1	\$40,976
50642	Misc Steam Power Expense - Spurlock 2	\$0
50644	Misc Steam Power Expense - Gilbert	\$264,397
		<u>\$305,373</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
50144	Fuel Coal Gilbert	\$104,685
51244	Maintenance of Boiler Plant Gilbert	\$83,138
50644	Misc Steam Power Expense - Gilbert	\$264,397
	Total - Gilbert	<u>\$452,220</u>
	<u>Non-Gilbert</u>	
51241	Maintenance of Boiler Plant Spurlock 1	\$17,274
51242	Maintenance of Boiler Plant Spurlock 2	\$0
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
50641	Misc Steam Power Expense - Spurlock 1	\$40,976
50642	Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$58,250</u>
	Total Monthly Total	<u>\$510,470</u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)
For the Expense Month Ending March 31, 2006**

Revenues from Member Systems									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Apr-05	\$31,636,011	\$5,671,033	\$0	\$37,307,044	\$37,307,044	\$484,790	\$37,791,834	\$37,791,834	
May-05	\$32,588,832	\$5,605,276	\$0	\$38,194,108	\$38,194,108	\$405,960	\$38,600,068	\$38,600,068	
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582	
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551	
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820	
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561	
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118	
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854	
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636	
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239	
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154	
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092	
Totals	\$502,596,400	\$88,695,709	\$39,343,032	\$630,635,141	\$591,292,109	\$7,338,400	\$637,973,541	\$598,630,509	
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$49,274,342				
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) = 98.77%									

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending April 30, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	9.41%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>8.90%</u>

Effective Date for Billing: Bills issued beginning June 1, 2006 covering service rendered beginning May 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: May 18, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending April 30, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$219,073,536
3 Rate Base / 12		\$18,256,128
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,033,297
6 Operating Expenses (OE)	+	\$3,671,803
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$4,705,099
9 Member System Allocation Ratio for the Month (Form 3.0)		98.85%
10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$4,650,991
11 Adjustment for (Over)/Under Recovery, as applicable		\$0
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$4,650,991
13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$49,406,204
14 CESF: E(m) / R(m); as a % of Revenue		9.41%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending April 30, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$234,441
Inventory - Emission Allowances	\$24,769,438
Cash Working Capital Allowance	\$608,654
Subtotal	<u>\$25,612,532</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$28,046,346
Subtotal	<u>\$28,046,346</u>
Environmental Compliance Rate Base	<u>\$219,073,536</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$405,769
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$2,399,266
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$3,671,803</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending April 30, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$234,441	\$0		\$0	\$234,441	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending April 30, 2006

SO2 Allowances

<i>For the Expense Month Ending April 30, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	62,786.38	-	5,866.50	-	56,919.88
Dollars	\$ 25,640,000.20	\$0	\$2,395,695.70	\$0	\$ 23,244,304.50
\$/Allowance	\$408.37	\$ -	\$408.37	\$0	\$408.37

NOx Allowances

<i>For the Expense Month Ending April 30, 2006</i>					
	Beginning Inventory	Allocations/ Purchases	Utilized **	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	3,853.10	0.0	9.0	\$0	3,844.10
Dollars	\$1,528,704.02	\$0	\$3,571	\$0	\$1,525,133.30
\$/Allowance	\$396.75	\$0.00	\$396.7464	\$0	\$396.7464

*Includes coal-fired allowances only.

** Adjustment for usage in the May - September 2005 ozone season.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending April 30, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$40,356	\$179,864	\$220,220
10th previous month	\$95,356	\$304,397	\$399,753
9th previous month	\$90,948	\$292,466	\$383,414
8th previous month	\$140,877	\$277,102	\$417,979
7th previous month	\$93,694	\$361,223	\$454,917
6th previous month	\$31,128	\$98,109	\$129,237
5th previous month	\$4,513	\$327,933	\$332,446
4rd previous month	\$819,053	\$431,266	\$1,250,319
3nd previous month	-\$328	\$186,435	\$186,108
2nd previous month	\$52,362	\$341,025	\$393,386
Previous month	\$58,250	\$452,220	\$510,470
Current Month	\$29,043	\$161,938	\$190,980
Total 12 Month O&M	\$1,455,252	\$3,413,977	\$4,869,230
Average Monthly O&M	\$121,271	\$284,498	\$405,769

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,455,252	\$3,413,977	\$4,869,230
One-Eighth (1/8) of 12 Month O&M Expenses	\$181,907	\$426,747	\$608,654

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge
 Operating and Maintenance Expenses
 For the Expense Month Ending April 30, 2006

Expense Type	Account Description	Amount
I Maintenance		
50144	Fuel Coal Gilbert	\$113,006
51241	Maintenance of Boiler Plant Spurlock 1	\$5,978
51242	Maintenance of Boiler Plant Spurlock 2	\$2,996
51244	Maintenance of Boiler Plant Gilbert	\$48,932
		\$170,913
II Air Permit Fees		
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
		\$0
III Operating Expense - Ammonia and Limestone		
50641	Misc Steam Power Expense - Spurlock 1	\$20,068
50642	Misc Steam Power Expense - Spurlock 2	\$0
50644	Misc Steam Power Expense - Gilbert	\$0
		\$20,068
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
50144	Fuel Coal Gilbert	\$113,006
51244	Maintenance of Boiler Plant Gilbert	\$48,932
50644	Misc Steam Power Expense - Gilbert	\$0
	Total - Gilbert	\$161,938
	<u>Non-Gilbert</u>	
51241	Maintenance of Boiler Plant Spurlock 1	\$5,978
51242	Maintenance of Boiler Plant Spurlock 2	\$2,996
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
50641	Misc Steam Power Expense - Spurlock 1	\$20,068
50642	Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	\$29,043
	Total Monthly Total	\$190,980

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)

For the Expense Month Ending April 30, 2006

Revenues from Member Systems					Total Company Revenues			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
May-05	\$32,588,832	\$5,605,276	\$0	\$38,194,108	\$38,194,108	\$405,960	\$38,600,068	\$38,600,068
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784
Totals	\$504,796,210	\$88,078,239	\$42,870,768	\$635,745,217	\$592,874,449	\$6,907,010	\$642,652,227	\$599,781,459
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) = 98.85%			

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending May 31, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 10.20%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 9.69%

Effective Date for Billing: Bills issued beginning July 1, 2006 covering service rendered beginning June 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: June 20, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending May 31, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$223,963,732
3 Rate Base / 12		\$18,663,644
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,056,362
6 Operating Expenses (OE)	+	\$4,091,274
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$5,147,636
9 Member System Allocation Ratio for the Month (Form 3.0)		98.93%
10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$5,092,557
11 Adjustment for (Over)/Under Recovery, as applicable		\$0
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$5,092,557
13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$49,909,772
14 CESF: E(m) / R(m); as a % of Revenue		10.20%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending May 31, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$234,441
Inventory - Emission Allowances	\$30,459,660
Cash Working Capital Allowance	\$615,244
Subtotal	<u>\$31,309,344</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$28,852,962
Subtotal	<u>\$28,852,962</u>
Environmental Compliance Rate Base	<u>\$223,963,732</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$410,162
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$2,814,345
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$4,091,274</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending May 31, 2006

(1) Project No.	(2) Description	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	Gilbert	\$69,612,000	\$2,719,219		\$66,892,781	\$181,281	\$8,475	\$12,338
2	Spurlock 1 Precipitator	\$24,291,751	\$2,964,417		\$21,327,334	\$82,345	\$2,717	\$3,961
3	Spurlock 1 SCR	\$82,442,907	\$11,805,687		\$70,637,220	\$327,936	\$9,035	\$13,178
4	Spurlock 2 SCR	\$45,160,692	\$11,363,639		\$33,797,053	\$214,774	\$4,359	\$6,368
	Total	\$221,507,350	\$28,852,962	\$0	\$192,654,388	\$806,336	\$24,586	\$35,845

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending May 31, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$234,441	\$0		\$0	\$234,441	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending May 31, 2006

SO2 Allowances

For the Expense Month Ending May 31, 2006

	Beginning Inventory	Allocations/ Purchases**	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	56,919.88	13,500.00	5,450.30	-	64,969.58
Dollars	\$ 23,244,304.50	\$8,504,566.58	\$2,457,273.02	\$0	\$ 29,291,598.06
\$/Allowance	\$408.37	\$629.97	\$450.85	\$0	\$450.85

NOx Allowances

For the Expense Month Ending May 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	3,844.10	0.0	900.0	\$0	2,944.10
Dollars	\$1,525,133.30	\$0	\$357,071.76	\$0	\$1,168,061.54
\$/Allowance	\$396.7464	\$0.00	\$396.7464	\$0	\$396.7464

*Includes coal-fired allowances only.

** EKPC purchased 13,500 allowances at a cost of approximately \$678 per allowance.
May 2006 includes a credit of \$652,183 for EPA auction proceeds.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending May 31, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$95,356	\$304,397	\$399,753
10th previous month	\$90,948	\$292,466	\$383,414
9th previous month	\$140,877	\$277,102	\$417,979
8th previous month	\$93,694	\$361,223	\$454,917
7th previous month	\$31,128	\$98,109	\$129,237
6th previous month	\$4,513	\$327,933	\$332,446
5th previous month	\$819,053	\$431,266	\$1,250,319
4rd previous month	-\$328	\$186,435	\$186,108
3nd previous month	\$52,362	\$341,025	\$393,386
2nd previous month	\$58,250	\$452,220	\$510,470
Previous month	\$29,043	\$161,938	\$190,980
Current Month	\$136,102	\$136,837	\$272,939
Total 12 Month O&M	\$1,550,998	\$3,370,951	\$4,921,948
Average Monthly O&M	\$129,250	\$280,913	\$410,162

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,550,998	\$3,370,951	\$4,921,948
One-Eighth (1/8) of 12 Month O&M Expenses	\$193,875	\$421,369	\$615,244

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending May 31, 2006**

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$2,710
	51241 Maintenance of Boiler Plant Spurlock 1	\$3,575
	51242 Maintenance of Boiler Plant Spurlock 2	\$12,090
	51244 Maintenance of Boiler Plant Gilbert	\$134,127
		<u>\$152,502</u>
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$120,436
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$0
		<u>\$120,436</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$2,710
	51244 Maintenance of Boiler Plant Gilbert	\$134,127
	50644 Misc Steam Power Expense - Gilbert	\$0
	Total - Gilbert	<u>\$136,837</u>
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$3,575
	51242 Maintenance of Boiler Plant Spurlock 2	\$12,090
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$120,436
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$136,102</u>
	Total Monthly Total	<u>\$272,939</u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)**

For the Expense Month Ending May 31, 2006

Revenues from Member Systems					Total Company Revenues			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Jun-05	\$42,179,330	\$1,615,388	\$0	\$43,794,718	\$43,794,718	\$499,864	\$44,294,582	\$44,294,582
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719
Totals	\$510,181,570	\$88,735,690	\$46,804,648	\$645,721,908	\$598,917,260	\$6,506,850	\$652,228,758	\$605,424,110
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$49,909,772			
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								98.93%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending June 30, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 10.79%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 10.28%

Effective Date for Billing: Bills issued beginning August 1, 2006 covering service rendered beginning July 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: July 20, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending June 30, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$224,733,860
3 Rate Base / 12		\$18,727,822
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,059,995
6 Operating Expenses (OE)	+	\$4,413,859
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$5,473,854
9 Member System Allocation Ratio for the Month (Form 3.0)		98.99%
10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$5,418,568
11 Adjustment for (Over)/Under Recovery, as applicable		\$0
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$5,418,568
13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$50,240,968
14 CESF: E(m) / R(m); as a % of Revenue		10.79%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending June 30, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$214,877
Inventory - Emission Allowances	\$32,028,676
Cash Working Capital Allowance	\$642,538
Subtotal	<u>\$32,886,091</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$29,659,581</u>
Subtotal	<u>\$29,659,581</u>
Environmental Compliance Rate Base	<u>\$224,733,860</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$428,359
Monthly Depreciation and Amortization Expense	\$806,336
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$3,118,733
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$4,413,859</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending June 30, 2006

(1) Project No.	(2) Description	(3) Eligible Gross Plant in Service	(4) Eligible Accumulated Depreciation	(5) CWIP Amount	(6) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(7) Monthly Depreciation Expense	(8) Monthly Tax Expense	(9) Monthly Insurance Expense
1	Gilbert	\$69,612,000	\$2,900,500		\$66,711,500	\$181,281	\$8,475	\$12,338
2	Spurlock 1 Precipitator	\$24,291,751	\$3,046,762		\$21,244,989	\$82,345	\$2,717	\$3,961
3	Spurlock 1 SCR	\$82,442,907	\$12,133,623		\$70,309,284	\$327,936	\$9,035	\$13,178
4	Spurlock 2 SCR	\$45,160,692	\$11,578,696		\$33,581,996	\$214,774	\$4,359	\$6,368
	Total	\$221,507,350	\$29,659,581	\$0	\$191,847,769	\$806,336	\$24,586	\$35,845

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending June 30, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$234,441	- \$203,014		\$222,578	\$214,877	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending June 30, 2006

SO2 Allowances

For the Expense Month Ending June 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity	64,969.58	7,500.00	5,642.80	-	66,826.78
Dollars	\$ 29,291,598.06	\$4,266,250.00	\$2,612,961.52	\$0	\$ 30,944,886.54
\$/Allowance	\$450.85	\$568.83	\$463.06	\$0	\$463.06

NOx Allowances

For the Expense Month Ending June 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity	2,944.10	200.0	1,000.4	\$0	2,143.70
Dollars	\$1,168,061.54	\$421,500.00	\$505,771.69	\$0	\$1,083,789.86
\$/Allowance	\$396.75	\$2,107.50	\$505.57	\$0	\$505.57

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending June 30, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$90,948	\$292,466	\$383,414
10th previous month	\$140,877	\$277,102	\$417,979
9th previous month	\$93,694	\$361,223	\$454,917
8th previous month	\$31,128	\$98,109	\$129,237
7th previous month	\$4,513	\$327,933	\$332,446
6th previous month	\$819,053	\$431,266	\$1,250,319
5th previous month	-\$328	\$186,435	\$186,108
4rd previous month	\$52,362	\$341,025	\$393,386
3nd previous month	\$58,250	\$452,220	\$510,470
2nd previous month	\$29,043	\$161,938	\$190,980
Previous month	\$136,102	\$136,837	\$272,939
Current Month	\$145,131	\$472,979	\$618,110
Total 12 Month O&M	\$1,600,773	\$3,539,532	\$5,140,305
Average Monthly O&M	\$133,398	\$294,961	\$428,359

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,600,773	\$3,539,532	\$5,140,305
One-Eighth (1/8) of 12 Month O&M Expenses	\$200,097	\$442,442	\$642,538

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge
 Operating and Maintenance Expenses
 For the Expense Month Ending June 30, 2006

Expense Type	Account Description	Amount
I	Maintenance	
50144	Fuel Coal Gilbert	\$1,941
51241	Maintenance of Boiler Plant Spurlock 1	\$8,745
51242	Maintenance of Boiler Plant Spurlock 2	\$9,610
51244	Maintenance of Boiler Plant Gilbert	\$248,460
		<u>\$268,756</u>
II	Air Permit Fees	
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
50641	Misc Steam Power Expense - Spurlock 1	\$126,776
50642	Misc Steam Power Expense - Spurlock 2	\$0
50644	Misc Steam Power Expense - Gilbert	\$222,578
		<u>\$349,354</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
50144	Fuel Coal Gilbert	\$1,941
51244	Maintenance of Boiler Plant Gilbert	\$248,460
50644	Misc Steam Power Expense - Gilbert	\$222,578
	Total - Gilbert	<u>\$472,979</u>
	<u>Non-Gilbert</u>	
51241	Maintenance of Boiler Plant Spurlock 1	\$8,745
51242	Maintenance of Boiler Plant Spurlock 2	\$9,610
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
50641	Misc Steam Power Expense - Spurlock 1	\$126,776
50642	Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$145,131</u>
	Total Monthly Total	<u>\$618,110</u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)**

For the Expense Month Ending June 30, 2006

Revenues from Member Systems							Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Jul-05	\$45,424,183	\$5,260,449	\$2,937,048	\$53,621,680	\$50,684,632	\$621,919	\$54,243,599	\$51,306,551
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354
Totals	\$508,542,691	\$94,348,919	\$51,429,342	\$654,320,952	\$602,891,610	\$6,174,273	\$660,495,225	\$609,065,883
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$50,240,968			
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								98.99%

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending July 31, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 13.47%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 12.96%

Effective Date for Billing: Bills issued beginning September 1, 2006 covering service rendered beginning August 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: August 18, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending July 31, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$241,461,395
3 Rate Base / 12		\$20,121,783
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,138,893
6 Operating Expenses (OE)	+	\$5,370,867
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$6,509,759
9 Member System Allocation Ratio for the Month (Form 3.0)		99.02%
10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$6,778,764 *
11 Adjustment for (Over)/Under Recovery, as applicable		\$0
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$6,778,764
13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$50,339,256
14 CESF: E(m) / R(m); as a % of Revenue		13.47%

*Please see calculation on Form 1.1 - Supplement

Adjustment for Return on Rate Base of Future Vintage
Years SO2 and NOx Allowances Held in Inventory

(1)	SO2 (2)	NOx (3)	Total (4)	Cumulative Dollar Amount Purchased (5)	Rate of Return (6)	Amount (7)=(5)x(6)	Allocation Percentage (8)	Net Annual Return (9)=(7)x(8)	Net Monthly Return (10)=(9)/12
Feb-06	\$12,257,000	\$0	\$12,257,000	\$12,257,000	5.66%	\$693,746	98.74%	\$685,005	\$57,084
Mar-06	\$0	\$0	\$0	\$12,257,000	5.66%	\$693,746	98.77%	\$685,213	\$57,101
Apr-06	\$0	\$0	\$0	\$12,257,000	5.66%	\$693,746	98.85%	\$685,768	\$57,147
May-06	\$3,040,000	\$0	\$3,040,000	\$15,297,000	5.66%	\$865,810	98.93%	\$856,546	\$71,379
Jun-06	\$2,590,000	\$1,408,000	\$3,998,000	\$19,295,000	5.66%	\$1,092,097	98.99%	\$1,081,067	\$90,089
									<u>\$332,800</u>
									<u>\$6,445,964</u>

Revenue Requirement
(Row 8, Form 1.1 x Row 9, Form 1.1)

Total, Row 10, Form 1.1

\$6,778,764

Note: 8,500 future SO2 allowances purchased in February 2006.
5,000 future SO2 allowances purchased in May 2006.
5,000 future SO2 allowances purchased in June 2006.
730 future NOx allowances purchased in June 2006.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending July 31, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	<u>\$0</u>
Subtotal	\$221,507,350
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$213,028
Inventory - Emission Allowances	\$49,478,749
Cash Working Capital Allowance	<u>\$728,463</u>
Subtotal	\$50,420,240
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$30,466,195</u>
Subtotal	\$30,466,195
Environmental Compliance Rate Base	<u>\$241,461,395</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$485,642
Monthly Depreciation and Amortization Expense	\$806,616
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$4,018,177
Monthly Surcharge Consultant Fee	<u>\$0</u>
Total Pollution Control Operating Expense	\$5,370,867

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending July 31, 2006

Project No.	(1) Description	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service <small>(2)-(3)-(4)=(5)</small>	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	Gilbert	\$69,612,000	\$3,081,781		\$66,530,219	\$181,281	\$8,475	\$12,338
2	Spurlock 1 Precipitator	\$24,291,751	\$3,129,107		\$21,162,644	\$82,345	\$2,717	\$3,961
3	Spurlock 1 SCR	\$82,442,907	\$12,461,559		\$69,981,348	\$327,936	\$9,035	\$13,178
4	Spurlock 2 SCR	\$45,160,692	\$11,793,748		\$33,366,944	\$215,054	\$4,359	\$6,368
	Total	\$221,507,350	\$30,466,195	\$0	\$191,041,155	\$806,616	\$24,586	\$35,845

**East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report**

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending July 31, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$214,877	\$274,016		\$275,866	\$213,028	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending July 31, 2006

SO2 Allowances

For the Expense Month Ending July 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	66,826.78	-	6,374.90	-	60,451.88
Dollars	\$ 30,944,886.54	\$0.00	\$2,951,968.60	\$0	\$ 27,992,917.94
\$/Allowance	\$463.06		\$463.06	\$0	\$463.06

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	18,500	0	0	0	\$ 18,500.00
Dollars	\$17,887,000.00	\$0.00	\$0.00	\$0	\$17,887,000.00

Total SO2 Emission Allowances in Inventory

Quantity	\$ 85,326.78	0	6,375	0	78,951.88
Dollars	\$48,831,886.54	\$0.00	\$2,951,968.60	\$0.00	\$ 45,879,917.94

NOx Allowances

For the Expense Month Ending July 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
Quantity	2,143.70	900.0	1,112.6	\$0	1,931.10
Dollars	\$1,083,789.86	\$1,833,000.00	\$1,066,208.60	\$0	\$1,850,581.26
\$/Allowance	\$505.57	\$2,036.67	\$958.30	\$0	\$958.30

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	730	200	0	0	\$ 930.00
Dollars	\$1,408,000.00	\$340,250.00	\$0.00	\$0	\$1,748,250.00

Total NOx Emission Allowances in Inventory

Quantity	\$ 2,873.70	1,100	1,113	0	2,861.10
Dollars	\$2,491,789.86	\$2,173,250.00	\$1,066,208.60	\$0.00	\$ 3,598,831.26

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

For the Expense Month Ending July 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	88,200	1,100	7,488	0	81,812.98
Dollars	\$51,323,676	\$2,173,250	\$4,018,177	\$0	\$49,478,749

*Includes coal-fired allowances only.

Reflects purchases of 2007-2009 allowances which occurred in February, May, and June of 2006.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending July 31, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$140,877	\$277,102	\$417,979
10th previous month	\$93,694	\$361,223	\$454,917
9th previous month	\$31,128	\$98,109	\$129,237
8th previous month	\$4,513	\$327,933	\$332,446
7th previous month	\$819,053	\$431,266	\$1,250,319
6th previous month	-\$328	\$186,435	\$186,108
5th previous month	\$52,362	\$341,025	\$393,386
4rd previous month	\$58,250	\$452,220	\$510,470
3nd previous month	\$29,043	\$161,938	\$190,980
2nd previous month	\$136,102	\$136,837	\$272,939
Previous month	\$145,131	\$472,979	\$618,110
Current Month	\$217,701	\$853,116	\$1,070,816
Total 12 Month O&M	\$1,727,526	\$4,100,182	\$5,827,708
Average Monthly O&M	\$143,960	\$341,682	\$485,642

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,727,526	\$4,100,182	\$5,827,708
One-Eighth (1/8) of 12 Month O&M Expenses	\$215,941	\$512,523	\$728,463

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending July 31, 2006**

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$77,484
	51241 Maintenance of Boiler Plant Spurlock 1	\$68,621
	51242 Maintenance of Boiler Plant Spurlock 2	\$72
	51244 Maintenance of Boiler Plant Gilbert	\$499,766
		<u>\$645,943</u>
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$149,007
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$275,866
		<u>\$424,873</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$77,484
	51244 Maintenance of Boiler Plant Gilbert	\$499,766
	50644 Misc Steam Power Expense - Gilbert	\$275,866
	Total - Gilbert	<u>\$853,116</u>
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$68,621
	51242 Maintenance of Boiler Plant Spurlock 2	\$72
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$149,007
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$217,701</u>
	Total Monthly Total	<u><u>\$1,070,816</u></u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)**

For the Expense Month Ending July 31, 2006

Revenues from Member Systems					Total Company Revenues			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Aug-05	\$46,136,509	\$6,029,236	\$3,013,534	\$55,179,279	\$52,165,745	\$580,075	\$55,759,354	\$52,745,820
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374
Totals	\$509,774,706	\$94,296,363	\$53,819,173	\$657,890,242	\$604,071,069	\$5,986,636	\$663,876,878	\$610,057,705
Average Monthly Member System Revenues, Excluding Environmental Surcharge for 12 Months Ending Current Expense Month.					\$50,339,256			
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								99.02%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending August 31, 2006

MESF = CESF - BESF

Where:

CESF = Current Period Environmental Surcharge Factor
BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	13.00%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>12.49%</u>

Effective Date for Billing: Bills issued beginning October 1, 2006 covering service rendered beginning September 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: September 20, 2006

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending August 31, 2006

1 E(m) = RORB + OE - BAS

2 Rate Base		\$237,248,984
3 Rate Base / 12		\$19,770,749
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,119,024
6 Operating Expenses (OE)	+	\$5,511,929
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$6,630,954
9 Member System Allocation Ratio for the Month (Form 3.0)		99.00%
10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$6,564,644
11 Adjustment for (Over)/Under Recovery, as applicable		\$0
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$6,564,644
13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$50,511,519
14 CESF: E(m) / R(m); as a % of Revenue		13.00%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending August 31, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$193,899
Inventory - Emission Allowances	\$46,033,839
Cash Working Capital Allowance	\$786,708
Subtotal	<u>\$47,014,446</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$31,272,812
Subtotal	<u>\$31,272,812</u>
Environmental Compliance Rate Base	<u>\$237,248,984</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$524,472
Monthly Depreciation and Amortization Expense	\$806,616
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$4,120,410
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$5,511,929</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending August 31, 2006

Project No.	(1) Description	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	Gilbert	\$69,612,000	\$3,263,063		\$66,348,937	\$181,281	\$8,475	\$12,338
2	Spurlock 1 Precipitator	\$24,291,751	\$3,211,452		\$21,080,299	\$82,345	\$2,717	\$3,961
3	Spurlock 1 SCR	\$82,442,907	\$12,789,495		\$69,653,412	\$327,936	\$9,035	\$13,178
4	Spurlock 2 SCR	\$45,160,692	\$12,008,802		\$33,151,890	\$215,054	\$4,359	\$6,368
	Total	\$221,507,350	\$31,272,812	\$0	\$190,234,538	\$806,616	\$24,586	\$35,845

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending August 31, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$213,028	\$260,269		\$279,398	\$193,899	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending August 31, 2006

SO2 Allowances

For the Expense Month Ending August 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	60,451.88	-	6,630.90	-	53,820.98
Dollars	\$ 27,992,917.94	\$0.00	\$3,070,512.25	\$0	\$ 24,922,405.69
\$/Allowance	\$463.06		\$463.06	\$0	\$463.06

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	18,500.00	1,000.00	0.00	0.00	19,500.00
Dollars	\$17,887,000.00	\$675,500.00	\$0.00	\$0	\$18,562,500.00

Total SO2 Emission Allowances in Inventory

Quantity	78,951.88	1,000.00	6,630.90	0.00	73,320.98
Dollars	\$45,879,917.94	\$675,500.00	\$3,070,512.25	\$0.00	\$ 43,484,905.69

NOx Allowances

For the Expense Month Ending August 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
Quantity	1,931.10	0.00	1,095.58	0.00	835.52
Dollars	\$1,850,581.26	\$0.00	\$1,049,898.22	\$0	\$800,683.04
\$/Allowance	\$958.30		\$958.30	\$0	\$958.31

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	930.00	0.00	0.00	0.00	930.00
Dollars	\$1,748,250.00	\$0.00	\$0.00	\$0	\$1,748,250.00

Total NOx Emission Allowances in Inventory

Quantity	2,861.10	0.00	1,095.58	0.00	1,765.52
Dollars	\$3,598,831.26	\$0.00	\$1,049,898.22	\$0.00	\$ 2,548,933.04

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

For the Expense Month Ending August 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	81,812.98	1,000.00	7,726.48	0.00	75,086.50
Dollars	\$49,478,749	\$675,500	\$4,120,410	\$0	\$46,033,839

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending August 31, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$93,694	\$361,223	\$454,917
10th previous month	\$31,128	\$98,109	\$129,237
9th previous month	\$4,513	\$327,933	\$332,446
8th previous month	\$819,053	\$431,266	\$1,250,319
7th previous month	-\$328	\$186,435	\$186,108
6th previous month	\$52,362	\$341,025	\$393,386
5th previous month	\$58,250	\$452,220	\$510,470
4rd previous month	\$29,043	\$161,938	\$190,980
3nd previous month	\$136,102	\$136,837	\$272,939
2nd previous month	\$145,131	\$472,979	\$618,110
Previous month	\$217,701	\$853,116	\$1,070,816
Current Month	\$326,583	\$557,352	\$883,935
Total 12 Month O&M	\$1,913,231	\$4,380,432	\$6,293,663
Average Monthly O&M	\$159,436	\$365,036	\$524,472

Determination of Working Capital Allowance			
12 Months O&M Expense	\$1,913,231	\$4,380,432	\$6,293,663
One-Eighth (1/8) of 12 Month O&M Expenses	\$239,154	\$547,554	\$786,708

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending August 31, 2006**

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$103,801
	51241 Maintenance of Boiler Plant Spurlock 1	\$40,087
	51242 Maintenance of Boiler Plant Spurlock 2	\$72,020
	51244 Maintenance of Boiler Plant Gilbert	\$174,154
		\$390,062
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		\$0
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$214,475
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$279,398
		\$493,873
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$103,801
	51244 Maintenance of Boiler Plant Gilbert	\$174,154
	50644 Misc Steam Power Expense - Gilbert	\$279,398
	Total - Gilbert	\$557,352
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$40,087
	51242 Maintenance of Boiler Plant Spurlock 2	\$72,020
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$214,475
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	\$326,583
	Total Monthly Total	\$883,935

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)**

For the Expense Month Ending August 31, 2006

		Revenues from Member Systems					Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Sep-05	\$39,228,974	\$10,294,994	\$5,489,140	\$55,013,108	\$49,523,968	\$898,593	\$55,911,701	\$50,422,561	
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118	
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854	
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636	
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239	
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154	
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092	
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784	
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719	
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354	
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374	
Aug-06	\$47,628,812	\$6,604,086	\$7,021,816	\$61,254,714	\$54,232,898	\$716,736	\$61,971,450	\$54,949,634	
Totals	\$511,267,009	\$94,871,213	\$57,827,455	\$663,965,677	\$606,138,222	\$6,123,297	\$670,088,974	\$612,261,519	
Average Monthly Member System Revenues, Excluding Environmental Surcharge for 12 Months Ending Current Expense Month.					\$50,511,519				
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								99.00%	

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending September 30, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 11.80%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 11.29%

Effective Date for Billing: Bills issued beginning November 1, 2006 covering service rendered beginning October 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: October 20, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending September 30, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$240,447,221
3 Rate Base / 12		\$20,037,268
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,134,109
6 Operating Expenses (OE)	+	\$4,796,929
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$5,931,038

9 Member System Allocation Ratio for the Month (Form 3.0)		99.13%
--	--	--------

10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$5,879,438
--	--	-------------

11 Adjustment for (Over)/Under Recovery, as applicable		\$0
---	--	-----

12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$5,879,438
--	--	-------------

13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$49,813,879
--	--	--------------

14 CESF: E(m) / R(m); as a % of Revenue		11.80%
--	--	--------

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending September 30, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$209,901
Inventory - Emission Allowances	\$49,929,383
Cash Working Capital Allowance	\$880,016
Subtotal	<u>\$51,019,299</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$32,079,428
Subtotal	<u>\$32,079,428</u>
Environmental Compliance Rate Base	<u>\$240,447,221</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$586,677
Monthly Depreciation and Amortization Expense	\$806,616
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$3,343,205
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$4,796,929</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending September 30, 2006

(1) Project No.	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	\$69,612,000	\$3,444,344		\$66,167,656	\$181,281	\$8,475	\$12,338
2	\$24,291,751	\$3,293,797		\$20,997,954	\$82,345	\$2,717	\$3,961
3	\$82,442,907	\$13,117,430		\$69,325,477	\$327,936	\$9,035	\$13,178
4	\$45,160,692	\$12,223,857		\$32,936,835	\$215,054	\$4,359	\$6,368
	\$221,507,350	\$32,079,428	\$0	\$189,427,922	\$806,616	\$24,586	\$35,845
Total							

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending September 30, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$193,899	\$166,833		\$150,831	\$209,901	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending September 30, 2006

SO2 Allowances

For the Expense Month Ending September 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	53,820.98	10,000.00	4,938.30	-	58,882.68
Dollars	\$ 24,922,405.69	\$6,457,250.00	\$2,428,075.41	\$0	\$ 28,951,580.28
\$/Allowance	\$463.06	\$645.73	\$491.6824	\$0	\$491.68

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	19,500.00	0.00	0.00	0.00	19,500.00
Dollars	\$18,562,500.00	\$0.00	\$0.00	\$0	\$18,562,500.00

Total SO2 Emission Allowances in Inventory

Quantity	73,320.98	10,000.00	4,938.30	0.00	78,382.68
Dollars	\$43,484,905.69	\$6,457,250.00	\$2,428,075.41	\$0.00	\$ 47,514,080.28

NOx Allowances

For the Expense Month Ending September 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
Quantity	835.52	526.00	787.50	0.00	574.02
Dollars	\$800,683.04	\$781,498.50	\$915,129.25	\$0	\$667,052.29
\$/Allowance	\$958.31	\$1,485.74	\$1,162.07	\$0	\$1,162.07

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	930.00	0.00	0.00	0.00	930.00
Dollars	\$1,748,250.00	\$0.00	\$0.00	\$0	\$1,748,250.00

Total NOx Emission Allowances in Inventory

Quantity	1,765.52	526.00	787.50	0.00	1,504.02
Dollars	\$2,548,933.04	\$781,498.50	\$915,129.25	\$0.00	\$ 2,415,302.29

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

For the Expense Month Ending September 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	75,086.50	10,526.00	5,725.80	0.00	79,886.70
Dollars	\$46,033,839	\$7,238,749	\$3,343,205	\$0	\$49,929,383

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending September 30, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$31,128	\$98,109	\$129,237
10th previous month	\$4,513	\$327,933	\$332,446
9th previous month	\$819,053	\$431,266	\$1,250,319
8th previous month	-\$328	\$186,435	\$186,108
7th previous month	\$52,362	\$341,025	\$393,386
6th previous month	\$58,250	\$452,220	\$510,470
5th previous month	\$29,043	\$161,938	\$190,980
4rd previous month	\$136,102	\$136,837	\$272,939
3nd previous month	\$145,131	\$472,979	\$618,110
2nd previous month	\$217,701	\$853,116	\$1,070,816
Previous month	\$326,583	\$557,352	\$883,935
Current Month	\$216,011	\$985,368	\$1,201,379
Total 12 Month O&M	\$2,035,548	\$5,004,577	\$7,040,125
Average Monthly O&M	\$169,629	\$417,048	\$586,677

Determination of Working Capital Allowance			
12 Months O&M Expense	\$2,035,548	\$5,004,577	\$7,040,125
One-Eighth (1/8) of 12 Month O&M Expenses	\$254,443	\$625,572	\$880,016

East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending September 30, 2006

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$132,498
	51241 Maintenance of Boiler Plant Spurlock 1	\$60,629
	51242 Maintenance of Boiler Plant Spurlock 2	\$5,306
	51244 Maintenance of Boiler Plant Gilbert	\$702,040
		<u>\$900,472</u>
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$150,076
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$150,831
		<u>\$300,907</u>
	Summary: Gilbert and Non-Gilbert Accounts	
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$132,498
	51244 Maintenance of Boiler Plant Gilbert	\$702,040
	50644 Misc Steam Power Expense - Gilbert	\$150,831
	Total - Gilbert	<u>\$985,368</u>
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$60,629
	51242 Maintenance of Boiler Plant Spurlock 2	\$5,306
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$150,076
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$216,011</u>
	Total Monthly Total	<u>\$1,201,379</u>

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)

For the Expense Month Ending September 30, 2006

		Revenues from Member Systems					Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Oct-05	\$35,988,393	\$7,839,503	\$4,457,295	\$48,285,191	\$43,827,896	\$233,222	\$48,518,413	\$44,061,118	
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854	
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636	
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239	
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154	
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092	
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784	
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719	
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354	
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374	
Aug-06	\$47,628,812	\$6,604,086	\$7,021,816	\$61,254,714	\$54,232,898	\$716,736	\$61,971,450	\$54,949,634	
Sep-06	\$34,739,062	\$6,413,228	\$5,133,457	\$46,285,747	\$41,152,290	\$50,632	\$46,336,379	\$41,202,922	
Totals	\$506,777,097	\$90,989,447	\$57,471,772	\$655,238,316	\$597,766,544	\$5,275,336	\$660,513,652	\$603,041,880	
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$49,813,879				
					Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =				
					99.13%				

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending October 31, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 10.44%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 9.93%

Effective Date for Billing: Bills issued beginning December 1, 2006 covering service rendered beginning November 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: November 20, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending October 31, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$245,713,435
3 Rate Base / 12		\$20,476,120
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,158,948
6 Operating Expenses (OE)	+	\$4,082,642
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$5,241,591

9 Member System Allocation Ratio for the Month (Form 3.0)		99.07%
--	--	--------

10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$5,192,844
--	--	-------------

11 Adjustment for (Over)/Under Recovery, as applicable		\$0
---	--	-----

12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$5,192,844
--	--	-------------

13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$49,751,990
--	--	--------------

14 CESF: E(m) / R(m); as a % of Revenue		10.44%
--	--	--------

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending October 31, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$216,767
Inventory - Emission Allowances	\$55,940,177
Cash Working Capital Allowance	\$935,186
Subtotal	<u>\$57,092,130</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$32,886,045
Subtotal	<u>\$32,886,045</u>
Environmental Compliance Rate Base	<u>\$245,713,435</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$623,457
Monthly Depreciation and Amortization Expense	\$806,616
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$2,592,138
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$4,082,642</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending October 31, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$209,901	\$227,782		\$220,916	\$216,767	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending October 31, 2006

SO2 Allowances

For the Expense Month Ending October 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	58,882.68	5,000.00	5,239.60	-	58,643.08
Dollars	\$ 28,951,580.28	\$2,652,500.00	\$2,592,138.00	\$0	\$ 29,011,942.28
\$/Allowance	\$491.68	\$530.50	\$494.72	\$0	\$494.72

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	19,500.00	7,000.00	0.00	0.00	26,500.00
Dollars	\$18,562,500.00	\$4,396,250.00	\$0.00	\$0	\$22,958,750.00

Total SO2 Emission Allowances in Inventory

Quantity	78,382.68	12,000.00	5,239.60	0.00	85,143.08
Dollars	\$47,514,080.28	\$7,048,750.00	\$2,592,138.00	\$0.00	\$ 51,970,692.28

NOx Allowances

For the Expense Month Ending October 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
Quantity	574.02	1,057.00	0.00	0.00	1,631.02
Dollars	\$667,052.29	\$1,423,622.50	\$0.00	\$0	\$2,090,674.79
\$/Allowance	\$1,162.07	\$1,346.85	\$0.00	\$0	\$1,281.82

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	930.00	109.00	0.00	0.00	1,039.00
Dollars	\$1,748,250.00	\$130,560.00	\$0.00	\$0	\$1,878,810.00

Total NOx Emission Allowances in Inventory

Quantity	1,504.02	1,166.00	0.00	0.00	2,670.02
Dollars	\$2,415,302.29	\$1,554,182.50	\$0.00	\$0.00	\$ 3,969,484.79

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

For the Expense Month Ending October 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	79,886.70	13,166.00	5,239.60	0.00	87,813.10
Dollars	\$49,929,383	\$8,602,933	\$2,592,138	\$0	\$55,940,177

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending October 31, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$4,513	\$327,933	\$332,446
10th previous month	\$819,053	\$431,266	\$1,250,319
9th previous month	-\$328	\$186,435	\$186,108
8th previous month	\$52,362	\$341,025	\$393,386
7th previous month	\$58,250	\$452,220	\$510,470
6th previous month	\$29,043	\$161,938	\$190,980
5th previous month	\$136,102	\$136,837	\$272,939
4rd previous month	\$145,131	\$472,979	\$618,110
3nd previous month	\$217,701	\$853,116	\$1,070,816
2nd previous month	\$326,583	\$557,352	\$883,935
Previous month	\$216,011	\$985,368	\$1,201,379
Current Month	\$83,829	\$486,769	\$570,598
Total 12 Month O&M	\$2,088,249	\$5,393,238	\$7,481,487
Average Monthly O&M	\$174,021	\$449,436	\$623,457

Determination of Working Capital Allowance			
12 Months O&M Expense	\$2,088,249	\$5,393,238	\$7,481,487
One-Eighth (1/8) of 12 Month O&M Expenses	\$261,031	\$674,155	\$935,186

East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
For the Expense Month Ending October 31, 2006

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$61,019
	51241 Maintenance of Boiler Plant Spurlock 1	\$20,070
	51242 Maintenance of Boiler Plant Spurlock 2	-\$368
	51244 Maintenance of Boiler Plant Gilbert	\$204,834
		<u>\$285,556</u>
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		<u>\$0</u>
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$64,127
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$220,916
		<u>\$285,042</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$61,019
	51244 Maintenance of Boiler Plant Gilbert	\$204,834
	50644 Misc Steam Power Expense - Gilbert	\$220,916
	Total - Gilbert	<u>\$486,769</u>
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$20,070
	51242 Maintenance of Boiler Plant Spurlock 2	-\$368
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$64,127
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$83,829</u>
	Total Monthly Total	<u>\$570,598</u>

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)**

For the Expense Month Ending October 31, 2006

		Revenues from Member Systems					Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Nov-05	\$41,133,021	\$7,818,712	\$4,674,894	\$53,626,627	\$48,951,733	\$693,121	\$54,319,748	\$49,644,854	
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636	
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239	
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154	
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092	
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784	
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719	
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354	
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374	
Aug-06	\$47,628,812	\$6,604,086	\$7,021,816	\$61,254,714	\$54,232,898	\$716,736	\$61,971,450	\$54,949,634	
Sep-06	\$34,739,062	\$6,413,228	\$5,133,457	\$46,285,747	\$41,152,290	\$50,632	\$46,336,379	\$41,202,922	
Oct-06	\$37,065,606	\$6,019,626	\$4,903,490	\$47,988,722	\$43,085,232	\$558,495	\$48,547,217	\$43,643,727	
Totals	\$507,854,310	\$89,169,570	\$57,917,967	\$654,941,847	\$597,023,880	\$5,600,609	\$660,542,456	\$602,624,489	
Average Monthly Member System Revenues, Excluding Environmental Surcharge for 12 Months Ending Current Expense Month.					\$49,751,990				
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								99.07%	

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending November 30, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 10.02%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 9.51%

Effective Date for Billing: Bills issued beginning January 1, 2007 covering service rendered beginning December 1, 2006.

Submitted by: _____

Title: Pricing Manager

Date Submitted: December 20, 2006

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending November 30, 2006

1 $E(m) = RORB + OE - BAS$

2 Rate Base		\$249,719,347
3 Rate Base / 12		\$20,809,946
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,177,843
6 Operating Expenses (OE)	+	\$3,810,016
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$4,987,859

9 Member System Allocation Ratio for the Month (Form 3.0)		99.06%
--	--	--------

10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$4,940,974
--	--	-------------

11 Adjustment for (Over)/Under Recovery, as applicable		\$0
---	--	-----

12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$4,940,974
--	--	-------------

13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$49,316,808
--	--	--------------

14 CESF: E(m) / R(m); as a % of Revenue		10.02%
--	--	--------

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending November 30, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$238,548
Inventory - Emission Allowances	\$60,430,475
Cash Working Capital Allowance	<u>\$1,018,609</u>
Subtotal	<u>\$61,687,632</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$33,475,635</u>
Subtotal	<u>\$33,475,635</u>
Environmental Compliance Rate Base	<u>\$249,719,347</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$679,072
Monthly Depreciation and Amortization Expense	\$589,408
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$2,481,105
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$3,810,016</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

Form 2.1

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
 For the Expense Month Ending November 30, 2006

Project No.	(1) Description	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	Gilbert	\$69,612,000	\$3,767,835		\$65,844,165	\$142,028	\$8,475	\$12,338
2	Spurlock 1 Precipitator	\$24,291,751	\$3,427,913		\$20,863,838	\$51,771	\$2,717	\$3,961
3	Spurlock 1 SCR	\$82,442,907	\$13,677,447		\$68,765,460	\$232,080	\$9,035	\$13,178
4	Spurlock 2 SCR	\$45,160,692	\$12,602,440		\$32,558,252	\$163,529	\$4,359	\$6,368
	Total	\$221,507,350	\$33,475,635	\$0	\$188,031,715	\$589,408	\$24,586	\$35,845

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending November 30, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$216,767	\$284,587		\$262,805	\$238,548	.
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending November 30, 2006

SO2 Allowances

For the Expense Month Ending November 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	58,643.08	2,500.00	5,010.70	-	56,132.38
Dollars	\$ 29,011,942.28	\$1,263,750.00	\$2,481,105.12	\$0	\$ 27,794,587.16
\$/Allowance	\$494.72	\$505.50	\$495.16	\$0	\$495.16

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	26,500.00	32,000.00	0.00	0.00	58,500.00
Dollars	\$22,958,750.00	\$5,000,000.00	\$0.00	\$0	\$27,958,750.00

Total SO2 Emission Allowances in Inventory

Quantity	85,143.08	34,500.00	5,010.70	0.00	114,632.38
Dollars	\$51,970,692.28	\$6,263,750.00	\$2,481,105.12	\$0.00	\$ 55,753,337.16

NOx Allowances

For the Expense Month Ending November 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
Quantity	1,631.02	858.00	0.00	0.00	2,489.02
Dollars	\$2,090,674.79	\$707,653.50	\$0.00	\$0	\$2,798,328.29
\$/Allowance	\$1,281.82	\$824.77	\$0.00	\$0	\$1,124.27

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	1,039.00	0.00	0.00	0.00	1,039.00
Dollars	\$1,878,810.00	\$0.00	\$0.00	\$0	\$1,878,810.00

Total NOx Emission Allowances in Inventory

Quantity	2,670.02	858.00	0.00	0.00	3,528.02
Dollars	\$3,969,484.79	\$707,653.50	\$0.00	\$0.00	\$ 4,677,138.29

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

For the Expense Month Ending November 30, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	87,813.10	35,358.00	5,010.70	0.00	118,160.40
Dollars	\$55,940,177	\$6,971,404	\$2,481,105	\$0	\$60,430,475

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending November 30, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$819,053	\$431,266	\$1,250,319
10th previous month	-\$328	\$186,435	\$186,108
9th previous month	\$52,362	\$341,025	\$393,386
8th previous month	\$58,250	\$452,220	\$510,470
7th previous month	\$29,043	\$161,938	\$190,980
6th previous month	\$136,102	\$136,837	\$272,939
5th previous month	\$145,131	\$472,979	\$618,110
4rd previous month	\$217,701	\$853,116	\$1,070,816
3nd previous month	\$326,583	\$557,352	\$883,935
2nd previous month	\$216,011	\$985,368	\$1,201,379
Previous month	\$83,829	\$486,769	\$570,598
Current Month	\$131,538	\$868,290	\$999,828
Total 12 Month O&M	\$2,215,274	\$5,933,594	\$8,148,868
Average Monthly O&M	\$184,606	\$494,466	\$679,072

Determination of Working Capital Allowance			
12 Months O&M Expense	\$2,215,274	\$5,933,594	\$8,148,868
One-Eighth (1/8) of 12 Month O&M Expenses	\$276,909	\$741,699	\$1,018,609

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge
 Operating and Maintenance Expenses
 For the Expense Month Ending November 30, 2006

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$112,267
	51241 Maintenance of Boiler Plant Spurlock 1	\$108,994
	51242 Maintenance of Boiler Plant Spurlock 2	\$1,254
	51244 Maintenance of Boiler Plant Gilbert	\$493,217
		\$715,732
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		\$0
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$21,291
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$262,805
		\$284,096
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$112,267
	51244 Maintenance of Boiler Plant Gilbert	\$493,217
	50644 Misc Steam Power Expense - Gilbert	\$262,805
	Total - Gilbert	\$868,290
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$108,994
	51242 Maintenance of Boiler Plant Spurlock 2	\$1,254
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$21,291
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	\$131,538
	Total Monthly Total	\$999,828

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)

For the Expense Month Ending November 30, 2006

Revenues from Member Systems						Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Dec-05	\$53,100,993	\$8,660,356	\$6,645,500	\$68,406,849	\$61,761,349	\$2,586,287	\$70,993,136	\$64,347,636
Jan-06	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374
Aug-06	\$47,628,812	\$6,604,086	\$7,021,816	\$61,254,714	\$54,232,898	\$716,736	\$61,971,450	\$54,949,634
Sep-06	\$34,739,062	\$6,413,228	\$5,133,457	\$46,285,747	\$41,152,290	\$50,632	\$46,336,379	\$41,202,922
Oct-06	\$37,065,606	\$6,019,626	\$4,903,490	\$47,988,722	\$43,085,232	\$558,495	\$48,547,217	\$43,643,727
Nov-06	\$41,231,455	\$2,498,092	\$4,340,414	\$48,069,961	\$43,729,547	\$712,806	\$48,782,767	\$44,442,353
Totals	\$507,952,744	\$83,848,950	\$57,583,487	\$649,385,181	\$591,801,694	\$5,620,294	\$655,005,475	\$597,421,988
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$49,316,808			
					Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) = 99.06%			

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending December 31, 2006

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 8.85%

BESF, from Case No. 2004-00321 = 0.51%

MESF = 8.34%

Effective Date for Billing: Bills issued beginning February 1, 2007 covering service rendered beginning January 1, 2007.

Submitted by: _____

Title: Pricing Manager

Date Submitted: January 19, 2007

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending December 31, 2006

1 **E(m) = RORB + OE - BAS**

2 Rate Base		\$247,427,188
3 Rate Base / 12		\$20,618,932
4 Rate of Return	=	5.66%
5 Return on Rate Base (RORB)	+	\$1,167,032
6 Operating Expenses (OE)	+	\$3,171,383
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$4,338,415

9 Member System Allocation Ratio for the Month (Form 3.0)		99.41%
--	--	--------

10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$4,312,818
--	--	-------------

11 Adjustment for (Over)/Under Recovery, as applicable	=	\$0
---	---	-----

12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$4,312,818
--	--	-------------

13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$48,747,953
--	--	--------------

14 CESF: E(m) / R(m); as a % of Revenue		8.85%
--	--	-------

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending December 31, 2006

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$248,142
Inventory - Emission Allowances	\$58,680,178
Cash Working Capital Allowance	<u>\$1,056,746</u>
Subtotal	<u>\$59,985,066</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$34,065,228</u>
Subtotal	<u>\$34,065,228</u>
Environmental Compliance Rate Base	<u>\$247,427,188</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$704,497
Monthly Depreciation and Amortization Expense	\$589,408
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$1,817,047
Monthly Surcharge Consultant Fee	<u>\$0</u>
Total Pollution Control Operating Expense	<u>\$3,171,383</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending _____	\$
2	Revenue Collected for Six-Month Period Ending _____	\$
3	Net (Over)/Under Recovery (Row 1 - Row 2)	\$
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	\$

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Plant, CWIP, Depreciation, & Taxes and Insurance Expenses
For the Expense Month Ending December 31, 2006

Form 2.1

(1) Project No.	(2) Eligible Gross Plant in Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount	(5) Eligible Net Plant in Service (2)-(3)-(4)=(5)	(6) Monthly Depreciation Expense	(7) Monthly Tax Expense	(8) Monthly Insurance Expense
1	\$69,612,000	\$3,910,047		\$65,701,953	\$142,028	\$8,475	\$12,338
2	\$24,291,751	\$3,479,684		\$20,812,067	\$51,771	\$2,717	\$3,961
3	\$82,442,907	\$13,909,527		\$68,533,380	\$232,080	\$9,035	\$13,178
4	\$45,160,692	\$12,765,970		\$32,394,722	\$163,529	\$4,359	\$6,368
	\$221,507,350	\$34,065,228	\$0	\$187,442,122	\$589,408	\$24,586	\$35,845
Total							

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending December 31, 2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$238,548	\$332,869		\$323,275	\$248,142	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending December 31, 2006

SO2 Allowances

For the Expense Month Ending December 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	56,132.38	-	4,263.10	-	51,869.28
(1) Dollars	\$27,794,587	\$250	\$2,110,941	\$0	\$25,683,896
\$/Allowance	\$495.16	\$0.00	\$495.17	\$0	\$495.17

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	58,500.00	0.00	0.00	0.00	58,500.00
Dollars	\$27,958,750	\$0	\$0	\$0	\$27,958,750

Total SO2 Emission Allowances in Inventory

Quantity	114,632.38	0.00	4,263.10	0.00	110,369.28
Dollars	\$55,753,337	\$250	\$2,110,941	\$0	\$53,642,646

NOx Allowances

For the Expense Month Ending December 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
(2) Quantity	2,489.02	100.00	(265.60)	0.00	2,854.62
Dollars	\$2,798,328	\$66,500	(\$293,894)	\$0	\$3,158,723
\$/Allowance	\$1,124.27	\$665.00	\$1,106.53	\$0	\$1,106.53

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	1,039.00	0.00	0.00	0.00	1,039.00
Dollars	\$1,878,810	\$0	\$0	\$0	\$1,878,810

Total NOx Emission Allowances in Inventory

Quantity	3,528.02	100.00	(265.60)	0.00	3,893.62
Dollars	\$4,677,138	\$66,500	(\$293,894)	\$0	\$5,037,533

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

For the Expense Month Ending December 31, 2006

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	118,160.40	100.00	3,997.50	0.00	114,262.90
Dollars	\$60,430,475	\$66,750	\$1,817,047	\$0	\$58,680,178

*Includes coal-fired allowances only.

(1) \$250 expense is for a prior month's adjustment.

(2) 265.60 NOx allowances were added back to inventory representing prior periods adjustments.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending December 31, 2006

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	-\$328	\$186,435	\$186,108
10th previous month	\$52,362	\$341,025	\$393,386
9th previous month	\$58,250	\$452,220	\$510,470
8th previous month	\$29,043	\$161,938	\$190,980
7th previous month	\$136,102	\$136,837	\$272,939
6th previous month	\$145,131	\$472,979	\$618,110
5th previous month	\$217,701	\$853,116	\$1,070,816
4rd previous month	\$326,583	\$557,352	\$883,935
3nd previous month	\$216,011	\$985,368	\$1,201,379
2nd previous month	\$83,829	\$486,769	\$570,598
Previous month	\$131,538	\$868,290	\$999,828
Current Month	\$947,801	\$607,617	\$1,555,418
Total 12 Month O&M	\$2,344,022	\$6,109,945	\$8,453,967
Average Monthly O&M	\$195,335	\$509,162	\$704,497

Determination of Working Capital Allowance			
12 Months O&M Expense	\$2,344,022	\$6,109,945	\$8,453,967
One-Eighth (1/8) of 12 Month O&M Expenses	\$293,003	\$763,743	\$1,056,746

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge
 Operating and Maintenance Expenses
 For the Expense Month Ending December 31, 2006

Expense Type	Account Description	Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$275,647
	51241 Maintenance of Boiler Plant Spurlock 1	\$5,320
	51242 Maintenance of Boiler Plant Spurlock 2	\$832
	51244 Maintenance of Boiler Plant Gilbert	\$8,694
		<u>\$290,493</u>
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$290,663
	50631 Misc Steam Power Environmental Cooper	\$306,010
	50645 Misc Steam Power Environmental Spurlock	\$303,406
		<u>\$900,079</u>
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$41,571
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$323,275
		<u>\$364,846</u>
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$275,647
	51244 Maintenance of Boiler Plant Gilbert	\$8,694
	50644 Misc Steam Power Expense - Gilbert	\$323,275
	Total - Gilbert	<u>\$607,617</u>
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$5,320
	51242 Maintenance of Boiler Plant Spurlock 2	\$832
	50621 Misc Steam Power Environmental Dale	\$290,663
	50631 Misc Steam Power Environmental Cooper	\$306,010
	50645 Misc Steam Power Environmental Spurlock	\$303,406
	50641 Misc Steam Power Expense - Spurlock 1	\$41,571
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	<u>\$947,801</u>
	Total Monthly Total	<u>\$1,555,418</u>

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Monthly Average Revenue Computation of R(m)

For the Expense Month Ending December 31, 2006

		Revenues from Member Systems					Total Company Revenues		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	
Jan-07	\$45,559,560	\$14,485,338	\$3,386,525	\$63,431,423	\$60,044,898	\$35,341	\$63,466,764	\$60,080,239	
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154	
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092	
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784	
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719	
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354	
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374	
Aug-06	\$47,628,812	\$6,604,086	\$7,021,816	\$61,254,714	\$54,232,898	\$716,736	\$61,971,450	\$54,949,634	
Sep-06	\$34,739,062	\$6,413,228	\$5,133,457	\$46,285,747	\$41,152,290	\$50,632	\$46,336,379	\$41,202,922	
Oct-06	\$37,065,606	\$6,019,626	\$4,903,490	\$47,988,722	\$43,085,232	\$558,495	\$48,547,217	\$43,643,727	
Nov-06	\$41,231,455	\$2,498,092	\$4,340,414	\$48,069,961	\$43,729,547	\$712,806	\$48,782,767	\$44,442,353	
Dec-06	\$49,067,047	\$5,868,041	\$5,222,473	\$60,157,561	\$54,935,088	\$424,289	\$60,581,850	\$55,359,377	
Totals	\$503,918,798	\$81,056,635	\$56,160,460	\$641,135,893	\$584,975,433	\$3,458,296	\$644,594,189	\$588,433,729	
Average Monthly Member System Revenues, Excluding Environmental Surcharge for 12 Months Ending Current Expense Month.					\$48,747,953				
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								99.41%	

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending January 31, 2007

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	9.88%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>9.37%</u>

Effective Date for Billing: Bills issued beginning March 1, 2007 covering service rendered beginning February 1, 2007.

Submitted by: _____

Title: Pricing Manager

Date Submitted: February 20, 2007

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending January 31, 2007

1 E(m) = RORB + OE - BAS

2 Rate Base		\$245,917,021
3 Rate Base / 12		\$20,493,085
4 Rate of Return	=	5.59%
5 Return on Rate Base (RORB)	+	\$1,145,563
6 Operating Expenses (OE)	+	\$4,149,128
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$5,294,691

9 Member System Allocation Ratio for the Month (Form 3.0)		99.37%
--	--	--------

10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$5,261,335
--	--	-------------

11 Adjustment for (Over)/Under Recovery as applicable		(\$438,215)
--	--	-------------

12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$4,823,120
--	--	-------------

13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$48,821,756
--	--	--------------

14 CESF: E(m) / R(m); as a % of Revenue		9.88%
--	--	-------

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
For the Expense Month Ending January 31, 2007

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$255,078
Inventory - Emission Allowances	\$57,731,949
Cash Working Capital Allowance	<u>\$1,077,465</u>
Subtotal	<u>\$59,064,492</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	<u>\$34,654,821</u>
Subtotal	<u>\$34,654,821</u>
Environmental Compliance Rate Base	<u>\$245,917,021</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$718,310
Monthly Depreciation and Amortization Expense	\$589,408
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$2,780,979
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$4,149,128</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
--	------------

**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending November 2005	\$24,588,123
2	Revenue Collected for Six-Month Period Ending December 2005	\$27,217,411
3	Net (Over)/Under Recovery (Row 1 - Row 2)	(\$2,629,288)
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	(\$438,215)

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Expense Month Ending January 31, 2007

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$248,142	\$308,238		\$301,302	\$255,078	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Expense Month Ending January 31, 2007

SO2 Allowances

For the Expense Month Ending January 31, 2007

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	51,869.28	39,564.00	6,212.20	-	85,221.08
Dollars	\$25,683,895	\$15,247,500	\$2,780,979	\$0	\$38,150,417
\$/Allowance	\$495.17	\$385.39	\$447.66	\$0	\$447.66

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	58,500.00	(33,600.00)	0.00	0.00	24,900.00
Dollars	\$27,958,750	(\$13,414,750)	\$0	\$0	\$14,544,000

Total SO2 Emission Allowances in Inventory

Quantity	110,369.28	5,964.00	6,212.20	0.00	110,121.08
Dollars	\$53,642,645	\$1,832,750	\$2,780,979	\$0	\$52,694,417

NOx Allowances

For the Expense Month Ending January 31, 2007

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
Quantity	2,854.62	4,076.00	0.00	0.00	6,930.62
Dollars	\$3,158,723	\$1,586,500	\$0	\$0	\$4,745,223
\$/Allowance	\$1,106.53	\$389.23	\$0.00	\$0	\$684.67

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	1,039.00	(830.00)	0.00	0.00	209.00
Dollars	\$1,878,810	(\$1,586,500)	\$0	\$0	\$292,310

Total NOx Emission Allowances in Inventory

Quantity	3,893.62	3,246.00	0.00	0.00	7,139.62
Dollars	\$5,037,533	\$0	\$0	\$0	\$5,037,533

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

For the Expense Month Ending January 31, 2007

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	114,262.90	9,210.00	6,212.20	0.00	117,260.70
Dollars	\$58,680,178	\$1,832,750	\$2,780,979	\$0	\$57,731,949

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

For the Expense Month Ending January 31, 2007

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$52,362	\$341,025	\$393,386
10th previous month	\$58,250	\$452,220	\$510,470
9th previous month	\$29,043	\$161,938	\$190,980
8th previous month	\$136,102	\$136,837	\$272,939
7th previous month	\$145,131	\$472,979	\$618,110
6th previous month	\$217,701	\$853,116	\$1,070,816
5th previous month	\$326,583	\$557,352	\$883,935
4rd previous month	\$216,011	\$985,368	\$1,201,379
3nd previous month	\$83,829	\$486,769	\$570,598
2nd previous month	\$131,538	\$868,290	\$999,828
Previous month	\$947,801	\$607,617	\$1,555,418
Current Month	(\$3,873)	\$355,734	\$351,861
Total 12 Month O&M	\$2,340,476	\$6,279,244	\$8,619,721
Average Monthly O&M	\$195,040	\$523,270	\$718,310

Determination of Working Capital Allowance			
12 Months O&M Expense	\$2,340,476	\$6,279,244	\$8,619,721
One-Eighth (1/8) of 12 Month O&M Expenses	\$292,560	\$784,906	\$1,077,465

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge
 Operating and Maintenance Expenses
 For the Expense Month Ending January 31, 2007

Expense Type	Account Description	Amount
I	Maintenance	
50144	Fuel Coal Gilbert	\$9,266
51241	Maintenance of Boiler Plant Spurlock 1	(\$35,143)
51242	Maintenance of Boiler Plant Spurlock 2	(\$2,899)
51244	Maintenance of Boiler Plant Gilbert	\$45,166
		\$16,390
II	Air Permit Fees	
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
		\$0
III	Operating Expense - Ammonia and Limestone	
50641	Misc Steam Power Expense - Spurlock 1	\$34,169
50642	Misc Steam Power Expense - Spurlock 2	\$0
50644	Misc Steam Power Expense - Gilbert	\$301,302
		\$335,471
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
50144	Fuel Coal Gilbert	\$9,266
51244	Maintenance of Boiler Plant Gilbert	\$45,166
50644	Misc Steam Power Expense - Gilbert	\$301,302
	Total - Gilbert	\$355,734
	<u>Non-Gilbert</u>	
51241	Maintenance of Boiler Plant Spurlock 1	(\$35,143)
51242	Maintenance of Boiler Plant Spurlock 2	(\$2,899)
50621	Misc Steam Power Environmental Dale	\$0
50631	Misc Steam Power Environmental Cooper	\$0
50645	Misc Steam Power Environmental Spurlock	\$0
50641	Misc Steam Power Expense - Spurlock 1	\$34,169
50642	Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	(\$3,873)
	Total Monthly Total	\$351,861

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
Monthly Average Revenue Computation of R(m)
For the Expense Month Ending January 31, 2007

Revenues from Member Systems									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)	Total Company Revenues
Feb-06	\$46,526,686	\$8,278,260	\$4,345,255	\$59,150,201	\$54,804,946	\$175,208	\$59,325,409	\$54,980,154	
Mar-06	\$43,093,908	\$7,137,164	\$4,393,841	\$54,624,913	\$50,231,072	\$124,020	\$54,748,933	\$50,355,092	
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784	
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719	
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354	
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374	
Aug-06	\$47,628,812	\$6,604,086	\$7,021,816	\$61,254,714	\$54,232,898	\$716,736	\$61,971,450	\$54,949,634	
Sep-06	\$34,739,062	\$6,413,228	\$5,133,457	\$46,285,747	\$41,152,290	\$50,632	\$46,336,379	\$41,202,922	
Oct-06	\$37,065,606	\$6,019,626	\$4,903,490	\$47,988,722	\$43,085,232	\$558,495	\$48,547,217	\$43,643,727	
Nov-06	\$41,231,455	\$2,498,092	\$4,340,414	\$48,069,961	\$43,729,547	\$712,806	\$48,782,767	\$44,442,353	
Dec-06	\$49,067,047	\$5,868,041	\$5,222,473	\$60,157,561	\$54,935,088	\$424,289	\$60,581,850	\$55,359,377	
Jan-07	\$52,394,146	\$8,536,387	\$5,083,197	\$66,013,730	\$60,930,533	\$271,253	\$66,284,983	\$61,201,786	
Totals	\$510,753,384	\$75,107,684	\$57,857,132	\$643,718,200	\$585,861,068	\$3,694,208	\$647,412,408	\$589,555,276	
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$48,821,756				
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =									99.37%

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 3

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 3. Please explain why the Company included all ECR revenue and expense (and TIER) amounts in its filing and did not proform these amounts out.

RESPONSE 3. The Company did not eliminate the effect of the ECR revenues or the ECR related expenses in the filing under the assumption that the ECR revenues cover the related ECR costs for the test year as well as on an on-going basis. The ECR currently includes a 1.15 TIER in the monthly calculation, and EKPC would not request an adjustment of that TIER in the surcharge mechanism until this rate proceeding is adjudicated and an application filed for approval under the ECR regulation. Such a change, if necessary, would require months to secure, and would become part of the ECR calculation at a later date. As a result, EKPC believes that there is no need for elimination as the ECR revenues cover the ECR related expenses. The Company did make an adjustment to recognize the one-month lag in ECR revenues compared to the ECR expense month, and that is included in Exhibit F, Schedule 1.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 4

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 4. Please provide and quantify each ECR amount that is included in the Company's filing with sufficient detail that would allow the proforma removal of these amounts from the filing for base ratemaking purposes. The ECR amounts in this request include the interest on ECR debt projected at March 31, 2007, AFUDC on approved ECR projects at March 31, 2007, depreciation on ECR investment using March 31, 2007 plant amounts, property tax expense based on ECR investment at September 30, 2006, and other test year ECR expense and test year end rate base amounts. Provide all assumptions, computations, and workpapers, including electronic spreadsheets with formulas intact, used to identify and quantify these amounts.

RESPONSE 4. Please see page 2.

1. ECR Projected Interest Expense - March 2007

	Loan Source	Gross Plant 31-Mar-07	Composite Interest Rate	Est. Interest Expense Mar-07
Compliance Project	(1)	(2)	(3)	(4)
Gilbert	Z-8	\$69,612,000	4.74%	\$274,967
Spurlock 1 - Precipitator	Y-8	\$24,291,751	4.96%	\$100,406
Spurlock 1 - SCR	Y-8	\$82,442,907	4.96%	\$340,764
Spurlock 2 - SCR	Y-8	\$45,160,692	4.96%	\$186,664
Total				<u>\$902,802</u>

Based on the Commission Order in Case No. 2000-00439, the Commission stated that "...it has long been recognized in the utility industry that capital expenditures are financed by numerous sources of capital, and that it is generally not possible to match capital expenditure with a specific source of capital." EKPC does not link each of the environmental assets of its Compliance Plan with a specific source of financing.

- 2. AFUDC - March 2007 **\$0**
- 3. Depreciation Expense - March 2007 **\$589,408**
- 4. Property Tax Expense - March 2007 **\$24,586**
- 5. Test Year: Emission O&M, and Insurance Expenses

	Emissions	O&M	Insurance
October-05	\$2,628,449	\$360,692	\$26,696
November-05	\$3,297,499	\$370,143	\$26,696
December-05	\$858,837	\$384,485	\$26,696
January-06	\$1,941,189	\$375,996	\$26,696
February-06	\$2,297,606	\$386,788	\$26,696
March-06	\$2,452,745	\$414,305	\$35,845
April-06	\$2,399,266	\$405,769	\$35,845
May-06	\$2,814,345	\$410,162	\$35,845
June-06	\$3,118,733	\$428,359	\$35,845
July-06	\$4,018,177	\$485,642	\$35,845
August-06	\$4,120,410	\$524,472	\$35,845
September-06	\$3,343,205	\$586,677	\$35,845

6. Test Year-End Base Rate Amounts (September 30, 2006)

Eligible Net Plant in Service	\$189,427,922
Inventory - Limestone	\$209,901
Inventory - Emission Allowances	\$49,929,383
Cash Working Capital Allowances	\$880,016

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 5

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 5. Please provide a computation of the projected ECR revenue requirement for the expense month of March 2007 based on the ECR amounts included by the Company in its filing and following the ECR filing format. The Company should utilize the approved ECR TIER of 1.15X for this purpose. It should be noted that this request is for the revenue requirement computed in accordance with the ECR format, not what the Company included in its rate increase filing. The most obvious difference in this request compared to the preceding question is in the computation of interest expense and TIER given that the ECR format follows a rate base methodology and the rate increase filing follows a return on capitalization methodology. Provide all assumptions, computations, and workpapers, including electronic spreadsheets with formulas intact, used for this purpose.

RESPONSE 5. Information is provided on pages 2 through 10.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report**

Form 1.0

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

PROJECTED for the Expense Month Ending March 31, 2007

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor
BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1	=	10.26%
BESF, from Case No. 2004-00321	=	<u>0.51%</u>
MESF	=	<u>9.75%</u>

Effective Date for Billing: Bills issued beginning May 1, 2007 covering service rendered beginning April 1, 2007.

Submitted by: _____

Title: Pricing Manager

Date Submitted: April 20, 2007

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 1.1

Calculation of Current Month Environmental Surcharge Factor (CESF)

PROJECTED for the Expense Month Ending March 31, 2007

1 $E(m) = RORB + OE - BAS$		
2 Rate Base		\$243,076,218
3 Rate Base / 12		\$20,256,351
4 Rate of Return	=	5.59%
5 Return on Rate Base (RORB)	+	\$1,132,330
6 Operating Expenses (OE)	+	\$4,440,698
7 By-Product and Emission Allowance Sales (BAS)	-	<u>\$0</u>
8 Sub-Total E(m)		\$5,573,028
9 Member System Allocation Ratio for the Month (Form 3.0)		98.19%
10 Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio		\$5,472,156
11 Adjustment for (Over)/Under Recovery as applicable		(\$438,215)
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery		\$5,033,941
13 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)		\$49,060,947
14 CESF: E(m) / R(m); as a % of Revenue		10.26%

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.0

Revenue Requirements of Environmental Compliance Costs
PROJECTED for the Expense Month Ending March 31, 2007

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	\$221,507,350
Eligible Pollution CWIP	\$0
Subtotal	<u>\$221,507,350</u>
<i>Additions:</i>	
Inventory - Spare Parts	\$0
Inventory - Limestone	\$200,000
Inventory - Emission Allowances	\$56,121,650
Cash Working Capital Allowance	\$1,080,855
Subtotal	<u>\$57,402,505</u>
<i>Deductions</i>	
Accumulated Depreciation on Eligible Pollution Control Plant	\$35,833,637
Subtotal	<u>\$35,833,637</u>
Environmental Compliance Rate Base	<u>\$243,076,218</u>

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	\$720,570
Monthly Depreciation and Amortization Expense	\$589,408
Monthly Taxes Other Than Income Taxes	\$24,586
Monthly Insurance Expense	\$35,845
Monthly Emission Allowance Expense	\$3,070,289
Monthly Surcharge Consultant Fee	\$0
Total Pollution Control Operating Expense	<u>\$4,440,698</u>

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	<u>\$0</u>
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**(Over)/Under Recovery of Monthly
Surcharge Due to Timing Differences**

1	E(m) Revenue Requirement for Six Month Period Ending November 2005	\$24,588,123
2	Revenue Collected for Six-Month Period Ending December 2005	\$27,217,411
3	Net (Over)/Under Recovery (Row 1 - Row 2)	(\$2,629,288)
4	Amortization of Net (Over)/Under Recovery Line (3) / 6	(\$438,215)

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

PROJECTED for the Expense Month Ending March 31, 2007

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustment
					(2)+(3)+(4)-(5)	
Spare Parts						
Limestone	\$200,000	\$200,000		\$200,000	\$200,000	
Total						

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

PROJECTED for the Expense Month Ending March 31, 2007

SO2 Allowances

PROJECTED for the Expense Month Ending March 31, 2007

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total 2006 SO2 Emission Allowances in Inventory*					
Quantity	83,274.00	-	6,581.00	-	76,693.00
Dollars	\$38,850,430	\$0	\$3,070,289	\$0	\$35,780,141
\$/Allowance	\$466.54		\$466.54	\$0	\$466.54

Total Future Vintage Years SO2 Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	24,900.00	0.00	0.00	0.00	24,900.00
Dollars	\$14,544,000	\$0	\$0	\$0	\$14,544,000

Total SO2 Emission Allowances in Inventory

Quantity	108,174.00	0.00	6,581.00	0.00	101,593.00
Dollars	\$53,394,430	\$0	\$3,070,289	\$0	\$50,324,141

NOx Allowances

PROJECTED for the Expense Month Ending March 31, 2007

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx 2006 Emission Allowances in Inventory*					
Quantity	7,559.00	0.00	0.00	0.00	7,559.00
Dollars	\$5,505,199	\$0	\$0	\$0	\$5,505,199
\$/Allowance	\$728.30		\$0.00	\$0	\$728.30

Total Future Vintage Years NOx Allowances in Inventory*

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	209.00	0.00	0.00	0.00	209.00
Dollars	\$292,310	\$0	\$0	\$0	\$292,310

Total NOx Emission Allowances in Inventory

Quantity	7,768.00	0.00	0.00	0.00	7,768.00
Dollars	\$5,797,509	\$0	\$0	\$0	\$5,797,509

Total SO2 & NOx Emission Allowances - Current and Future Vintage Years

PROJECTED for the Expense Month Ending March 31, 2007

	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Quantity	115,942.00	0.00	6,581.00	0.00	109,361.00
Dollars	\$59,191,939	\$0	\$3,070,289	\$0	\$56,121,650

*Includes coal-fired allowances only.

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance**

PROJECTED for the Expense Month Ending March 31, 2007

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month	\$29,043	\$161,938	\$190,980
10th previous month	\$136,102	\$136,837	\$272,939
9th previous month	\$145,131	\$472,979	\$618,110
8th previous month	\$217,701	\$853,116	\$1,070,816
7th previous month	\$326,583	\$557,352	\$883,935
6th previous month	\$216,011	\$985,368	\$1,201,379
5th previous month	\$83,829	\$486,769	\$570,598
4rd previous month	\$131,538	\$868,290	\$999,828
3nd previous month	\$947,801	\$607,617	\$1,555,418
2nd previous month	(\$3,873)	\$355,734	\$351,861
Previous month	\$202,594	\$202,594	\$405,188
Current Month	\$262,892	\$262,892	\$525,784
Total 12 Month O&M	\$2,695,351	\$5,951,485	\$8,646,836
Average Monthly O&M	\$224,613	\$495,957	\$720,570

Determination of Working Capital Allowance			
12 Months O&M Expense	\$2,695,351	\$5,951,485	\$8,646,836
One-Eighth (1/8) of 12 Month O&M Expenses	\$336,919	\$743,936	\$1,080,855

**East Kentucky Power Cooperative, Inc.
Environmental Surcharge
Operating and Maintenance Expenses
PROJECTED for the Expense Month Ending March 31, 2007**

Expense Type	Account Description	Estimated Amount
I	Maintenance	
	50144 Fuel Coal Gilbert	\$0
	51241 Maintenance of Boiler Plant Spurlock 1	\$0
	51242 Maintenance of Boiler Plant Spurlock 2	\$0
	51244 Maintenance of Boiler Plant Gilbert	\$0
		\$0
II	Air Permit Fees	
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
		\$0
III	Operating Expense - Ammonia and Limestone	
	50641 Misc Steam Power Expense - Spurlock 1	\$0
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	50644 Misc Steam Power Expense - Gilbert	\$0
		\$0
Summary: Gilbert and Non-Gilbert Accounts		
	<u>Gilbert</u>	
	50144 Fuel Coal Gilbert	\$0
	51244 Maintenance of Boiler Plant Gilbert	\$0
	50644 Misc Steam Power Expense - Gilbert	\$0
	Total - Gilbert	\$262,892
	<u>Non-Gilbert</u>	
	51241 Maintenance of Boiler Plant Spurlock 1	\$0
	51242 Maintenance of Boiler Plant Spurlock 2	\$0
	50621 Misc Steam Power Environmental Dale	\$0
	50631 Misc Steam Power Environmental Cooper	\$0
	50645 Misc Steam Power Environmental Spurlock	\$0
	50641 Misc Steam Power Expense - Spurlock 1	\$0
	50642 Misc Steam Power Expense - Spurlock 2	\$0
	Total - Non Gilbert	\$262,892
	Total Monthly Total	\$525,784

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Report
 Monthly Average Revenue Computation of R(m)

Form 3.0

PROJECTED for the Expense Month Ending March 31, 2007

Revenues from Member Systems					Total Company Revenues			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Apr-06	\$33,835,821	\$5,053,563	\$3,527,736	\$42,417,120	\$38,889,384	\$53,400	\$42,470,520	\$38,942,784
May-06	\$37,974,192	\$6,262,727	\$3,933,880	\$48,170,799	\$44,236,919	\$5,800	\$48,176,599	\$44,242,719
Jun-06	\$40,540,451	\$7,228,617	\$4,624,694	\$52,393,762	\$47,769,068	\$167,286	\$52,561,048	\$47,936,354
Jul-06	\$46,656,198	\$5,207,893	\$5,326,879	\$57,190,970	\$51,864,091	\$434,283	\$57,625,253	\$52,298,374
Aug-06	\$47,628,812	\$6,604,086	\$7,021,816	\$61,254,714	\$54,232,898	\$716,736	\$61,971,450	\$54,949,634
Sep-06	\$34,739,062	\$6,413,228	\$5,133,457	\$46,285,747	\$41,152,290	\$50,632	\$46,336,379	\$41,202,922
Oct-06	\$37,065,606	\$6,019,626	\$4,903,490	\$47,988,722	\$43,085,232	\$558,495	\$48,547,217	\$43,643,727
Nov-06	\$41,231,455	\$2,498,092	\$4,340,414	\$48,069,961	\$43,729,547	\$712,806	\$48,782,767	\$44,442,353
Dec-06	\$49,067,047	\$5,868,041	\$5,222,473	\$60,157,561	\$54,935,088	\$424,289	\$60,581,850	\$55,359,377
Jan-07	\$52,394,146	\$8,536,387	\$5,083,197	\$66,013,730	\$60,930,533	\$271,253	\$66,284,983	\$61,201,786
Feb-07	\$46,564,120	\$9,833,407	\$7,042,031	\$63,439,558	\$56,397,527	\$3,413,766	\$66,853,324	\$59,811,293
Mar-07	\$43,819,558	\$7,689,234	\$5,818,768	\$57,327,560	\$51,508,792	\$4,047,712	\$61,375,272	\$55,556,504
Totals	\$511,516,468	\$77,214,901	\$61,978,835	\$650,710,204	\$588,731,369	\$10,856,458	\$661,566,662	\$599,587,827
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$49,060,947			
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								98.19%

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 6

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 6. Please refer to Exhibit F, Schedule 4, related to the adjustment for wages and salaries. Provide the quantification of the total wages and salaries annualized as of September 30, 2006 before adjustments. In addition, provide the quantifications for the additional 3% general increase and the annualized salaries for the 30 additional positions separately that were added to the September 30, 2006 annualized base to compute the total wages and salaries annualized of \$49,527,524. Please provide these quantifications in electronic format with all formulas intact.

RESPONSE 6. Please see page 2.

KIUC Data Request 6

In reference to Exhibit F, Schedule 4, related to the adjustment for wages and salaries, below is the quantification of the total wages and salaries annualized as of September 30, 2006 before adjustments. Additionally, the quantifications for the 3% general increase and the annualized salaries for the 30 additional positions are reflected separately. These components total the annualized wages and salaries of \$49,527,524.

Wages and Salaries at 9/30/06 Before the 3% General Increase	\$ 46,146,955
Calculation of 3% General Increase	<u>1,384,409</u>
Wages and Salaries Adjusted for 3% General Increase	47,531,364
Annualized Salaries of the 30 Additional Positions	<u>1,996,160</u>
Annualized Wages and Salaries as Reflected in Exhibit F, Schedule 4	<u><u>\$ 49,527,524</u></u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 7

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 7. Please refer to Exhibit F, Schedule 4, page 2 of 2. Please provide all workpapers in electronic format with formulas intact relied upon to compute the expensed portion of wages and salaries of 87.56% during the test period.

RESPONSE 7. Information provided on pages 2 through 4.

KIUC Data Request 7

Referring to Exhibit F, Schedule 4, Page 2 of 2, below is the workpaper used to compute the expensed portion of wages and salaries of 87.56% during the test period.

Capitalized: Account	Payroll Test Period Amount	% of Total
10720	\$ 4,538,114	
10880	363,978	
14305	314,218	
15200	15,553	
16300	222,725	
18410	34,179	
22414	313,040	
Subtotal	\$ 5,801,807	12.44%

Expensed: Account	Test Period Amount
41710	\$ 21,232
41711	31,617
41712	13,048
42640	59,807
45100	(14,019)
50020	1,383,462
50030	1,352,791
50040	1,269,284
50041	126,636
50042	126,636
50044	241,501
50120	463,331
50130	504,575
50141	490,206
50142	957,948
50144	436,999
50220	981,722
50230	712,421
50240	414,969
50241	410,573
50242	410,392
50244	422,944
50520	638,420
50530	718,987
50540	30,128
50541	410,562

Capitalized: Account	Payroll Test Period Amount	% of Total
50542	410,756	
50544	422,747	
50620	66,941	
50621	67,795	
50630	471,592	
50631	99,575	
50640	317,685	
506444	79,927	
50645	50,307	
50646	64,598	
50647	168,266	
51020	27,602	
51030	194,734	
51040	939,140	
51120	90,954	
51130	90,263	
51140	417,803	
51220	751,825	
51230	1,150,299	
51240	2,052,245	
51241	516,674	
51242	396,457	
51243	666	
51244	885,136	
51320	216,088	
51330	262,012	
51340	116,735	
51341	31,249	
51342	82,459	
51344	152,468	
51420	169	
51430	41,964	
51440	3,881	
54651	138,188	
54661	80,321	
54851	526,720	
54861	169,239	
54951	7,237	
54961	204,464	
54962	9,072	
55151	106,511	
55300	7,437	
55351	14,752	
55361	52,010	
55600	1,472,864	
55700	419,786	
55701	190,057	
56000	463,464	
56100	1,228,549	
56200	1,067,422	

Capitalized: Account	Payroll Test Period Amount	% of Total
56300	571,891	
56600	3,492	
56800	1,338	
57000	481,224	
57100	528,318	
57300	566	
58100	33,505	
58200	315,318	
59200	303,753	
90800	732,182	
91000	75,386	
91300	80,446	
92000	7,449,413	
92500	1,000	
93010	61,132	
93022	382,501	
93025	213,184	
93026	10,166	
93500	166,733	
Subtotal	\$ 40,826,816	87.56%
Total	\$ 46,628,623	

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 8

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 8. Please refer to Exhibit F, Schedule 4, page 2 of 2. Please provide the amount of wages and salaries that were expensed and capitalized separately for each month during the test period.

RESPONSE 8. Please see page 2.

KIUC Data Request 8

Referring to Exhibit F, Schedule 4, Page 2 of 2, below are the amounts of wages and salaries that were expensed and capitalized separately during the test period.

Capitalized:

Account	Test Period Amount
Oct-05	\$ 326,970
Nov-05	340,273
Dec-05	1,421,869
Jan-06	267,654
Feb-06	317,066
Mar-06	314,004
Apr-06	605,027
May-06	528,435
Jun-06	613,892
Jul-06	340,493
Aug-06	362,253
Sep-06	<u>363,870</u>
Subtotal	\$ <u>5,801,807</u>

Expensed:

Account	Test Period Amount
Oct-05	\$ 3,133,608
Nov-05	3,157,964
Dec-05	4,178,218
Jan-06	3,342,391
Feb-06	3,233,097
Mar-06	3,285,260
Apr-06	3,043,002
May-06	3,170,602
Jun-06	4,754,384
Jul-06	3,178,398
Aug-06	3,120,884
Sep-06	<u>3,229,007</u>
Subtotal	\$ <u>40,826,816</u>

Total	\$ <u><u>46,628,623</u></u>
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EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 9

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 9. Please provide the amount of wages and salaries that were expensed and capitalized separately for each month available since the end of the test period.

RESPONSE 9. Please see page 2.

KIUC Data Request 9

The table below reflects the amount of wages and salaries that were expensed and capitalized separately for each month available since the end of the test period.

Capitalized:		
Oct-06	\$	395,999
Nov-06		560,260
Dec-06		615,280
Jan-07		<u>366,051</u>
Subtotal	\$	<u>1,937,591</u>
Expensed:		
Oct-06	\$	3,194,131
Nov-06		3,089,682
Dec-06		4,966,140
Jan-07		3,263,004
Subtotal	\$	<u>14,512,957</u>
Total	\$	<u><u>16,450,547</u></u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 10

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 10. Please refer to Exhibit F, Schedule 5, page 2 of 2. Please provide all workpapers in electronic format with formulas intact relied upon to compute the expensed portion of payroll taxes of 90.23% during the test period.

RESPONSE 10. Information provided on pages 2 through 4.

KIUC Data Request 10

Referring to Exhibit F, Schedule 5, Page 2 of 2, below is the workpaper used to compute the expensed portion of payroll taxes of 90.23% during the test period.

Capitalized: Account	Payroll Tax Test Period Amount	% of Total
10720	\$ 294,177	
10880	1,521	
14305	24,161	
22414	<u>23,590</u>	
Subtotal	<u>\$ 343,449</u>	9.77%
Expensed: Account	Payroll Tax Test Period Amount	
Various Clearing Accounts	\$ 220,310	
41710	209	
41711	2,357	
41712	987	
42640	4,510	
45100	(6)	
50020	100,603	
50030	94,311	
50040	71,258	
50041	9,523	
50042	9,523	
50044	9,526	
50120	7,368	
50130	20,309	
50141	15,774	
50142	35,152	
50144	19,120	
50220	73,911	
50230	53,546	
50240	31,308	
50241	30,918	
50242	30,904	
50244	31,850	
50520	48,078	
50530	54,072	
50540	2,271	
50541	30,917	

Expensed: Account	Payroll Tax Test Period Amount
50542	30,931
50544	31,835
50620	5,049
50621	2,363
50630	35,442
50631	1,671
50640	24,180
50645	3,829
50646	83
50647	34
51020	2,039
51030	14,581
51040	70,797
51120	6,827
51130	6,889
51140	31,399
51220	56,508
51230	86,073
51240	154,609
51241	38,842
51242	29,946
51243	55
51244	66,534
51320	16,344
51330	19,875
51340	8,832
51341	2,322
51342	6,264
51344	11,482
51420	11
51430	3,139
51440	301
54651	8,032
54661	5,094
54851	39,563
54861	12,827
54951	547
54961	14,080
55151	8,032
55300	568
55351	1,149
55361	4,028
55600	110,906
55700	31,469
55701	14,331
56000	109,461
56100	92,628
56200	80,479
56300	43,387
56600	263

Expensed: Account	Payroll Tax Test Period Amount	
56800	90	
57000	35,900	
57100	38,050	
57300	46	
58100	2,522	
58200	23,827	
59200	23,006	
90800	55,472	
91000	5,674	
91300	6,072	
92000	563,038	
92500	74	
93010	4,611	
93022	28,844	
93025	16,020	
93026	760	
93500	12,573	
	<hr/>	
Subtotal	\$ 3,171,118	90.23%
	<hr/>	
Total	\$ 3,514,567	
	<hr/> <hr/>	

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 11

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 11. Please refer to Exhibit F, Schedule 5, page 2 of 2. Please provide all workpapers in electronic format with formulas intact relied upon to compute each of the components of payroll tax in columns (1) through (4).

RESPONSE 11. Please see page 2.

KIUC 11

Referring to Exhibit F, Schedule 5, Page 2 of 2, below is the calculation of each component of payroll tax in columns (1) through (4).

Column 1--Social Security FICA Tax

Total FICA Wages	\$	47,755,025
Tax Rate of 6.2%	\$	<u>2,960,812</u>

Column 2--Medicare Tax

Total Medicare Wages	\$	49,527,524
Tax Rate of 1.45%	\$	<u>718,149</u>

Column 3--FUTA Tax

FUTA is Taxed on First \$7,000	\$	7,000
Times 680 employees		680
	\$	4,760,000
Tax Rate of .8%	\$	38,080
Difference	\$	<u>168</u>
Total	\$	<u>38,248</u>

Column 4--SUTA Tax

SUTA is Taxed on First \$8,000	\$	8,000
Times 680 employees		680
	\$	5,440,000
Tax Rate of .5%	\$	27,200
Difference	\$	<u>120</u>
Total	\$	<u>27,320</u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 12

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 12. Please refer to Exhibit F, Schedule 6. Please provide all workpapers in electronic format with formulas intact relied upon to compute the expensed portion of the various benefits expenses of 90.08% during the test period.

RESPONSE 12. Information provided on pages 2 through 4.

KIUC Data Request 12

Referring to Exhibit F, Schedule 6, below is the workpaper used to compute the expensed portion of various benefits expenses of 90.08% during the test period.

Capitalized: Account	Benefits Test Period Amount	% of Total
10720	\$ 1,619,814	
10880	10,783	
14305	111,572	
22414	<u>138,140</u>	
Subtotal	<u>\$ 1,880,308</u>	9.92%
Expensed: Account	Benefits Test Period Amount	
Various Clearing Accounts	\$ 1,180,338	
41710	735	
41711	11,865	
41712	5,079	
42640	22,230	
45100	(6)	
50020	530,437	
50030	472,378	
50040	389,467	
50041	43,548	
50042	43,548	
50044	43,560	
50120	46,490	
50130	120,178	
50141	83,396	
50142	185,820	
50144	101,147	
50220	392,866	
50230	293,932	
50240	193,440	
50241	168,011	
50242	167,896	
50244	173,077	
50520	254,287	
50530	291,888	
50540	19,409	
50541	168,008	

Capitalized: Account	Benefits Test Period Amount	% of Total
50542	168,032	
50544	172,858	
50620	34,331	
50621	12,324	
50630	205,472	
50631	8,438	
50640	125,426	
50645	17,923	
50646	288	
50647	145	
51020	12,290	
51030	69,295	
51040	318,040	
51120	39,292	
51130	45,949	
51140	143,549	
51220	288,604	
51230	451,977	
51240	815,739	
51241	227,128	
51242	162,897	
51243	32	
51244	347,545	
51320	61,356	
51330	103,306	
51340	55,611	
51341	10,442	
51342	32,143	
51344	53,214	
51420	(8)	
51430	18,465	
51440	2,246	
54651	40,798	
54661	26,550	
54851	201,172	
54861	67,890	
54951	2,833	
54961	81,896	
55151	40,798	
55300	3,941	
55351	6,235	
55361	16,019	
55600	587,915	
55700	171,097	
55701	77,751	
56000	565,515	
56100	491,994	
56200	446,347	
56300	239,763	
56600	1,748	

Capitalized: Account	Benefits Test Period Amount	% of Total
56800	(25)	
57000	176,774	
57100	231,222	
57300	260	
58100	13,103	
58200	138,514	
59200	131,444	
90800	305,051	
91000	28,119	
91300	33,192	
92000	3,188,789	
92500	674	
93010	26,015	
93022	160,791	
93025	83,781	
93026	3,688	
93500	79,546	
Subtotal	<u>\$ 17,078,573</u>	90.08%
Total	<u><u>\$ 18,958,881</u></u>	

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 13

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 13. Please refer to Exhibit F, Schedule 6. For each type of employee benefits listed on this schedule, please provide the amount of the benefits that were expensed and capitalized separately for each month during the test period.

RESPONSE 13. Please see page 2.

KIUC Data Request 13

Referring to Exhibit F, Schedule 6, below are the amounts of the benefits that were expensed and capitalized separately for each month during the test period.

Capitalized

Oct-05	\$113,139
Nov-05	121,954
Dec-05	(11,628)
Jan-06	116,279
Feb-06	146,095
Mar-06	132,135
Apr-06	259,306
May-06	218,705
Jun-06	207,001
Jul-06	193,218
Aug-06	184,678
Sep-06	<u>199,427</u>
Subtotal	<u>1,880,308</u>

Expensed

Oct-05	\$1,406,924
Nov-05	1,429,999
Dec-05	(166,048)
Jan-06	1,529,009
Feb-06	1,574,414
Mar-06	1,475,150
Apr-06	1,347,400
May-06	1,393,943
Jun-06	1,797,585
Jul-06	1,706,251
Aug-06	1,698,828
Sep-06	<u>1,885,118</u>
Subtotal	<u>17,078,573</u>
Total	<u><u>18,958,881</u></u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 14

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 14. Please refer to Exhibit F, Schedule 6. For each type of employee benefits listed on this schedule, please provide the amount of the benefits that were expensed and capitalized separately for each month available since the end of the test period.

RESPONSE 14. Please see page 2.

KIUC Data Request 14

Referring to Exhibit F, Schedule 6, below are the amounts of the benefits that were expensed and capitalized separately for each month available since the end of the test period.

Capitalized	
Oct-06	\$ 175,458
Nov-06	202,957
Dec-06	26,753
Jan-07	<u>170,420</u>
Subtotal	<u>575,588</u>
Expensed	
Oct-06	\$ 1,443,561
Nov-06	1,391,192
Dec-06	183,410
Jan-07	<u>1,503,733</u>
Subtotal	<u>4,521,895</u>
Total	<u><u>\$ 5,097,484</u></u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 15

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 15. Please explain why the expensed portion of the various benefits expenses of 90.08% during the test year does not agree with the expensed portion of wages and salaries of 87.56% in the Company's filing.

RESPONSE 15. The expensed portion of the various benefits expenses of 90.08% during the test year does not agree with the expensed portion of wages and salaries of 87.56% in EKPC's filing because they are accounted for differently. Wages and salaries are directly charged to the general ledger accounts. Benefits are not directly charged; rather, they are accumulated and allocated either based on labor hours or labor dollars.

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 16

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 16. Please refer to Exhibit F, Schedule 6, page 2 of 5. Please explain why the adjustment for retiree medical was computed based upon the addition of test year costs with the assumed 15% increase instead of just the 15% increase over test year results. If an error was made, please quantify the correct amount of the adjustment requested.

RESPONSE 16. The 15% increase was applied to test year results.

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 17

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 17. Please refer to Exhibit F, Schedule 6, page 3 of 5 (Defined Benefit Plan). Please explain why the expense factor of 90.08% was not applied to the annualized adjustment for retiree medical of \$7,746,049 before the comparison to actual test period benefits that were multiplied by the 90.08 expense factor. If an error was made, please quantify the correct amount of the adjustment.

RESPONSE 17. Please see page 2.

KIUC 17

Referring to Exhibit F, Schedule 6, page 3 of 5 (Defined Benefit Plan), the expense factor of 90.08% should have been applied to the projected contribution of \$7,746,049 before the comparison to actual test period benefits that were multiplied by the 90.08 expense factor. The tables below quantify the correct amount of the adjustment.

Defined Benefits Plan--As Originally Presented

September 2006 NRECA payment	\$	645,504
12 months		12
Annualized		7,746,049
Actual 10/1/05 through 9/30/06 times 90.08% test period benefits expensed		6,949,324
Adjustment	\$	<u>796,725</u>

Defined Benefits Plan--As Corrected

September 2006 NRECA payment	\$	645,504
12 months		12
Annualized		7,746,049
Annualized times 90.08% of test period benefits expensed		6,977,641
Actual 10/1/05 through 9/30/06 times 90.08% test period benefits expensed		6,949,324
Adjustment	\$	<u>28,317</u>
Difference	\$	768,408

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00472
FIRST DATA REQUEST RESPONSE**

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 18

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 18. Please refer to Exhibit F, Schedule 6, page 3 of 5 (Defined Contribution Plan - 401K). Please explain why the expense factor of 90.08% was not applied to the projected contribution of \$863,202 before the comparison to actual test period benefits that were multiplied by the 90.08 expense factor. If an error was made, please quantify the correct amount of the adjustment.

RESPONSE 18. Please see page 2.

KIUC 18

Referring to Exhibit F, Schedule 6, page 3 of 5 (Defined Contribution Plan--401k), the expense factor of 90.08% should have been applied to the projected contribution of \$863,202 before the comparison to actual test period benefits that were multiplied by the 90.08 expense factor. The tables below quantify the correct amount of the adjustment.

Defined Contribution Plan (401K)--As Originally Presented

Full time salaries (regular time) for 9/30/06 active employees	\$ 43,160,108
EKPC contribution	2%
Projected contribution	\$ 863,202
Actual for 10/1/05 to 9/30/06 times 90.08% test period benefits expensed	691,530
Adjustment	<u>\$ 171,672</u>

Defined Contribution Plan (401K)--As Corrected

Full time salaries (regular time) for 9/30/06 active employees	\$ 43,160,108
EKPC contribution	2%
Projected contribution	863,202
Projected contribution times 90.08% test period benefits expensed	\$ 777,573
Actual for 10/1/05 to 9/30/06 times 90.08% test period benefits expensed	691,530
Adjustment	<u>\$ 86,043</u>
Difference	<u>\$ 85,630</u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

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KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 19

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 19. Please refer to Exhibit F, Schedule 6, page 4 of 5 (Postretirement Benefits). Please explain why the expense factor of 90.08% was not applied to the 2007 expense projection of \$2,882,000 before the comparison to actual test period benefits that were multiplied by the 90.08 expense factor. If an error was made, please quantify the correct amount of the adjustment.

RESPONSE 19. Please see page 2.

KIUC 19

Referring to Exhibit F, Schedule 6, page 4 of 5 (Postretirement Benefits), the expense factor of 90.08% should have been applied to the 2007 expense projection of \$2,882,000 before the comparison to actual test period benefits that were multiplied by the 90.08 expense factor. The tables below quantify the correct amount of the adjustment.

FAS 106--Postretirement Benefits--As Originally Presented

2007 Expense Projection per Actuary (See Page 5)	\$	2,882,000
Actual Expense 10/1/05 to 9/30/06 times 90.08% test period benefits expensed	\$	2,082,802
Adjustment	<u>\$</u>	<u>799,198</u>

FAS 106--Postretirement Benefits--As Corrected

2007 Expense Projection per Actuary (See Page 5)	\$	2,882,000
2007 Expense Projection per Actuary times 90.08% test period benefits expensed	\$	2,596,106
Actual Expense 10/1/05 to 9/30/06 times 90.08% test period benefits expensed	\$	2,082,802
Adjustment	<u>\$</u>	<u>513,304</u>
Adjustment	<u>\$</u>	<u>285,894</u>

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

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REQUEST 20

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 20. Does the Company believe that the various expense percentages applied to wages and salaries, payroll taxes, and benefits will decrease below test year results based on its construction program. Explain why or why not.

RESPONSE 20. EKPC does not believe that the various expense percentages applied to wages and salaries, payroll taxes and benefits will decrease below test year results based on our construction program. EKPC primarily uses contract labor for our power plant construction projects.

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 21

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 21. Please refer to Exhibit F, Schedule 6, page 5 of 5. Please provide a copy of all workpapers and assumptions relied upon by the actuary to compute the amounts listed on this schedule in the same level of detail normally provided in an actuarial report.

RESPONSE 21. EKPC does not have copies of the workpapers used by the actuary to compute the amounts listed on this schedule. However, EKPC did confirm with the actuary that the same assumptions were relied upon in preparing the projection as those assumptions included in the detail normally provided in an actuarial report. The assumptions used by the actuary to prepare the 2006 FAS 106 actuarial valuation are included on pages 2 through 8.

TABLE 2

Summary of Actuarial Assumptions for Determination of Net Periodic Postretirement Benefit Cost

	Sample Values per 1,000 Lives			
	ATTAINED AGE			
	20	35	50	60
<u>Mortality Rates</u>				
1994 Group Annuity Reserve Table – Male	.51	.85	2.58	7.98
1994 Group Annuity Reserve Table – Female	.28	.48	1.43	4.44
<u>Withdrawal Rates</u>				
Experience Rates - Ultimate	90.00	37.00	16.00	0.00
<u>Rate of Disablement</u>				
None Assumed				
<u>Post-Disability Mortality Rates</u>				
None Assumed				
<u>Expected Long-Term Rate of Return on Plan Assets</u>				
Not Applicable				
<u>Actuarial Valuation Method</u>				
Unit credit - An equal amount of the expected postretirement benefit obligation is attributed to each year in the attribution period. The attribution period begins on the date of hire and ends on the full eligibility date.				
<u>Asset Valuation Method</u>				
Not Applicable				
<u>Discount Rate</u>				
6.0% per annum				
<u>Medicare Coverage Coordination</u>				
Medicare reduction on a full carve out basis for all participants is assumed at attained age 65. All participants are assumed to participate in and provide their own Medicare Part B coverage.				

TABLE 2

Plan Participants

All active, full-time employees listed on the census file were considered eligible for benefits under the medical and life insurance programs. Current retirees having elected coverage were considered eligible for benefits under the medical and life insurance programs. No deferred vested employees were considered eligible for benefits under the plans.

Per Capita Claims Cost

	<u>Pre-65</u>	<u>Post-65</u>
Employee	\$6,735	\$3,036
Spouse	\$9,309	\$3,036
Survivor	\$10,554	\$3,036

Claims Cost – Age Factor

Claims were adjusted upward 3% each year for aging for attained ages 66 to 75. Claims were adjusted downward 3% each year for aging for attained ages 55 to 64. Claims remain constant for ages 75 and older, and for ages 55 and under.

Health Care Cost Trend Rate

Initial Rate	10%
Ultimate Rate	5.0%
Grading Period	5 years

Retiree Cost Sharing Provisions – Life Insurance

\$1.72 per \$1,000 per month

Retiree Cost Sharing Provisions – Medical Plan

	<u>Pre-65</u>	<u>Post -65</u>
Employee	\$3,368	\$1,518
Spouse	\$4,655	\$1,518
Survivor	\$5,271	\$1,518

Provision for Expense

Administrative expenses for the medical program were included in the valuation as \$358 per year and assumed to increase 3% annually. For the life insurance program, administrative costs of \$675 per claim were included and assumed to increase at 3% annually.

Full Eligibility Date

For both the medical and life insurance programs, attained age 55 with ten years of service.

TABLE 2

Election of Future Postretirement Coverage

<u>Benefit Program</u>	<u>Employee Coverage</u>	<u>Dependent Coverage</u>
Medical	80%	80%
Life Insurance	80%	N/A

Plan Changes

For valuation purposes, no explicit changes, either benefit increases or decreases, of the postretirement medical plan have been assumed for the period subsequent to the valuation, except as may be implicitly constrained by the health care cost trend rate.

Date of Valuation

December 31, 2006

Adoption Date of SFAS 106

January 1, 1998

Recognition of Transition Obligation

Immediate Recognition

Retirement Rates

<u>Age</u>	<u>Rate</u>
55	2.75%
56	2.75
57	2.75
58	2.75
59	2.75
60	5
61	15
62	70
63	25
64	40
65	80
66	35
67	100%

TABLE 3

Summary of Actuarial Assumptions for Determination of End of Year Postretirement Benefit Obligation

	Sample Values per 1,000 Lives			
	ATTAINED AGE			
	20	35	50	60
<u>Mortality Rates</u>				
1994 Group Annuity Reserve Table – Male	.51	.85	2.58	7.98
1994 Group Annuity Reserve Table – Female	.28	.48	1.43	4.44
<u>Withdrawal Rates</u>				
Experience Rates - Ultimate	90.00	37.00	16.00	0.00
<u>Rate of Disablement</u>				
None Assumed				
<u>Post-Disability Mortality Rates</u>				
None Assumed				
<u>Expected Long-Term Rate of Return on Plan Assets</u>				
Not Applicable				
<u>Actuarial Valuation Method</u>				
Unit credit - An equal amount of the expected postretirement benefit obligation is attributed to each year in the attribution period. The attribution period begins on the date of hire and ends on the full eligibility date.				
<u>Medicare Prescription Drug Act</u>				
This valuation assumes the Plan is actuarially equivalent under the Medicare Prescription Drug Act which goes into effect January 1, 2006, which provides a 28% subsidy for post-65 prescription drug benefits. This valuation estimates a decrease in the Accumulated Postretirement Benefit Obligation of \$1,900,000 and a decrease in the Aggregated Service and Interest Cost of \$180,000 at the adoption date of December 31, 2004 due to the prescription drug subsidy.				
<u>Asset Valuation Method</u>				
Not Applicable				
<u>Discount Rate</u>				
6.0% per annum				

TABLE 3

Medicare Coverage Coordination

Medicare reduction on a full carve out basis for all participants is assumed at attained age 65. All participants are assumed to participate in and provide their own Medicare Part B coverage.

Plan Participants

All active, full-time employees listed on the pension tape were considered eligible for benefits under the medical and life insurance programs. Current retirees having elected coverage were considered eligible for benefits under the medical and life insurance programs. No deferred vested employees were considered eligible for benefits under the plans.

Per Capita Claims Cost

	<u>Pre-65</u>	<u>Post-65</u>
Employee	\$6,735	\$3,036
Spouse	\$9,309	\$3,036
Survivor	\$10,554	\$3,036

Claims Cost – Age Factor

Claims were adjusted upward 3% each year for aging for attained ages 66 to 75. Claims were adjusted downward 3% each year for aging for attained ages 55 to 64. Claims remain constant for ages 75 and older, and for ages 55 and under.

Health Care Cost Trend Rate

Initial Rate	10%
Ultimate Rate	5.0%
Grading Period	5 years

Retiree Cost Sharing Provisions – Life Insurance

\$ 1.72 per \$1,000 per month

Retiree Cost Sharing Provisions – Medical Plan

	<u>Pre-65</u>	<u>Post-65</u>
Employee	\$3,368	\$1,518
Spouse	\$4,655	\$1,518
Survivor	\$5,271	\$1,518

Provision for Expense

Administrative expenses for the medical program were included in the valuation as \$358 per year and assumed to increase 3% annually. For the life insurance program, administrative costs of \$675 per claim were included and assumed to increase at 3% annually.

Full Eligibility Date

For both the medical and life insurance programs, attained age 55 with ten years of service.

East Kentucky Power Cooperative

TABLE 3**Election of Future Postretirement Coverage**

<u>Benefit Program</u>	<u>Employee Coverage</u>	<u>Dependent Coverage</u>
Medical	80%	80%
Life Insurance	80%	N/A

Plan Changes

For valuation purposes, no explicit changes, either benefit increases or decreases, of the postretirement medical plan have been assumed for the period subsequent to the valuation, except as may be implicitly constrained by the health care cost trend rate.

Measurement Date

December 31, 2006

Adoption Date of SFAS 106

January 1, 1998

Recognition of Transition Obligation

Immediate Recognition

Retirement Rates

<u>Age</u>	<u>Rate</u>
55	2.75%
56	2.75
57	2.75
58	2.75
59	2.75
60	5
61	15
62	70
63	25
64	40
65	80
66	35
67	100%

East Kentucky Power Cooperative

TABLE 4**Demographic Assumptions and Data****Employee Data**

Employee data was furnished by EKPC as of January 1, 2007 and used as a basis for the study. Final employee counts are shown below.

<u>Number of Participants</u>	<u>January 1, 2007</u>
Actives	656
<u>Retirees/Dependent Spouses/Beneficiaries</u>	<u>215</u>
Total Number of Participants	871

Life Insurance Volume

For purposes of the valuation, future retirees were assumed to have a \$10,000 benefit.

Family Demographics

Actual family medical coverage was used for all retirees and for all active salaried employees. A three year setback in age was used for females when actual date of birth was unavailable. Since few, if any, children were determined to have coverage under the current retiree group, it was assumed that claims costs for children were included with the spouse.

Surviving Spouses

EKPC retains financial obligation under the postretirement medical program for surviving spouses of retirees. Surviving spouses are offered medical coverage continuation under the terms of the existing cost sharing requirements.

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 22

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 22. Please refer to Exhibit F, Schedule 2. Please reflect the annual interest income for the year 2006 in the same format as the years 2001-2005

RESPONSE 22. Information provided below.

INTEREST INCOME

<u>Year</u>	<u>\$</u>
2001	5,903,994
2002	4,033,983
2003	2,934,796
2004	2,510,109
2005	5,898,139
2006	8,432,882

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REQUEST 23

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 23. Please provide a description of the Company's source of interest income reflected in Exhibit F, Schedule 2.

RESPONSE 23. Information provided below.

<u>Description of Investment</u>	<u>Reason for Investment</u>
Long-Term Investments	Pledged for various insurance coverages, including Workers' Compensation and FAS 106
Short-Term Investments	Excess General Funds Investments
Cushion of Credit	Advance payment of RUS and/or FFB debt
Debt Service Reserve Funds	Required investments for Pollution Control Bond borrowings
CFC Capital Term Certificates	Required investment to be a member of NRUCFC
CFC Subordinate Term Certificates	Required for Solid Waste Disposal Revenue Bond borrowings
Cooperative Propane Buyout Program	Loans to 4 Member Systems to purchase propane business
Cooperative Industrial Development Loans	Loans to Member Systems to encourage Industrial Development

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 24

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 24. Please refer to Exhibit F, Schedule 10, page 5 of 6. Please define the debt issue described as "RUS- Cushion of Credit" in the amount of (\$76,547,748).

RESPONSE 24. The debt issue described as "RUS-Cushion of Credit" is defined by the Rural Utilities Service as:

An unscheduled payment on an RUS note made after October 1, 1987, credited to the Cushion of Credit account of the borrower.

The term "Cushion of Credit" can also be described as an unscheduled, advance payment on an RUS note, which accrues interest income at a rate of 5%.

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 25

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 25. Please refer to the previous question. Please explain why there is not an interest rate associated with this line item and a corresponding decrease in interest expense much like in the computations of the capital structure reflected on Exhibit G-4, page 20 of 20.

RESPONSE 25. The debt issue "RUS-Cushion of Credit" as defined by the Rural Utilities Service ("RUS") is: *An unscheduled payment on an RUS note made after October 1, 1987, credited to the Cushion of Credit account of the borrower.*

RUS requires borrowers to list this as a contra-debt account.

The income associated with the cushion of credit account is included in the interest income adjustment in the Application (Exhibit F, Schedule 2).

The interest rate earned is 5%.

EAST KENTUCKY POWER COOPERATIVE, INC.

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KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 26

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 26. Please explain why the Company did not annualize member revenues based on test year end normalized member usage levels.

RESPONSE 26. The Company bills its Members on the basis of the type of substation and the load associated therewith. Exhibit F, Schedule 17, annualized the metering point and substation revenue associated with the number of substations at the end of the test year. In addition, Exhibit F, Schedule 25, which recognizes four new substations in place by March 2007, included the associated annual metering point and substation revenue as a credit to the cost of the four new substations. The Company did not attempt to use any kind of adjustment to normalize member usage levels as this would not be known and measurable and has typically not been recognized by the Commission in rate proceedings.

EAST KENTUCKY POWER COOPERATIVE, INC.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 27

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 27. Please explain why the Company did not annualize member revenues based on projected March 31, 2007 normalized member usage levels.

RESPONSE 27. Please see the response to Item 26 herein.

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FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 28

RESPONSIBLE PERSON: William A. Bosta/Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 28. Please refer to Exhibit F, Schedule 18, page 2 of 2. Please list all forced outages by generating unit from 2001 through 2005 and for the test year ended September 30, 2006 by year. Please indicate in the response the dates of the outage, the duration of each outage, the mWh "lost" for each outage, and a brief description of the cause of each outage. In addition, please provide copies of any self assessments or outage reports describing the causes and remedy actions related to each outage.

RESPONSE 28. Please see the attachment.

COOPER STATION

	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage
2001	1	1/14/2001	7 Hours 27 Mins	727	Feed Water Heater Drain Blew
	1	8/17/01-8/19/01	44 Hrs 7 Mins	3667	Tube Leak
2002	2	5/29/01-5/30/01	7 Hrs 43 Mins	1204	Blown CT
	2	9/24/01-9/25/01	6 Hrs 32 Mins	1073	Transmission Fault Liberty Junction to Marion Co. Tripped Unit
	2	12/26/01-12/31/01	125 Hrs 45 Mins	23354	Tube Leak
	2	4/29/02-4/30/02	38 Hrs 33 Mins	6411	Tube Leak
2003	2	5/1/2002	15 Hrs 37 Mins	2597	Tube Leak
	2	9/29/2002	7 Hrs 15 Mins	32	Vacuum Leak
	2	12/31/2002	20 Hrs 44 Mins	4164	Tube Leak
	1	4/29/03-4/30/03	26 Hrs 47 Mins	2161	Tube Leak
	1	4/29/03-4/30/03	18 Hrs 13 Mins	1470	Tube Leak
	1	10/21/03-10/24/03	55 Hrs 50 Mins	4655	Tube Leak
2004	1	10/27/2003	10 Hrs 17 Mins	570	Hydrogen leak on the generator
	2	1/1/03-1/2/03	40 Hrs 59 Mins	8230	Tube Leak
	2	4/24/03-4/26/03	49 Hrs 21 Mins	9046	Tube Leak
	2	7/7/03-7/10/03	73 Hrs 19 Mins	13416	Tube Leak
	2	8/13/03-8/15/03	52 Hrs 53 Mins	8967	Tube Leak
	2	10/30/2003	6 Hrs 16 Mins	25	Intercept Valve Malfunction
	1	3/18/04-3/19/04	27 Hrs 26 Mins	154	Tube Leak
	1	5/19/2004	6 Hrs 33 Mins	592	Low Vacuum
	1	6/5/04-6/6/04	35 Hrs 21 Mins	2455	Tube Leak
	1	10/17/2004	6 Hrs 20 Mins	602	Transmission outage -KU Alcade
2004	2	5/3/2004-5/5/04	48 Hrs 33 Mins	9373	Tube Leak
	2	6/10/04-6/13/04	73 Hrs 43 Mins	12535	Tube Leak

COOPER STATION

	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage
2005	1	1/17/05-1/21/05	87 Hrs 45 Mins	7819	Tube Leak
	1	3/6/05-3/8/05	33 Hrs 16 Mins	3154	Tube Leak
	1	4/10/05-4/15/05	105 Hrs 31 Mins	6109	Tube Leak
	1	4/16/05-4/19/05	54 Hrs 41 Mins	1448	Tube Leak
	1	4/20/05-4/23/05	73 Hrs 9 Mins	2378	Tube Leak
	1	9/4/05-9/6/05	55 Hrs 3 Mins	4474	Tube Leak
	1	10/12/05-10/14/05	48 Hrs 34 Mins	3572	Tube Leak
	1	11/20/05-11/24/05	86 Hrs 8 Mins	7515	Tube Leak
	1	12/5/2005	16 Hrs 14 Mins	1505	ID Fan Grounded
	1	12/5/05-12/7/05	28 Hrs 46 Mins	2667	ID Fan Grounded
	2	3/21/2005	6 Hrs 34 Mins	1093	Tube Leak
	2	5/24/05-5/27/05	73 Hrs 27 Mins	11416	Tube Leak
	2	7/21/2005	7 Hrs 8 Mins	1182	Repair drag chain on bottom ash
	2	10/24/05-10/26/05	35 Hrs 55 Mins	5106	Tube Leak
Test Year	1	10/12/05-10/14/05	48 Hrs 34 Mins	3572	Tube Leak
	1	11/20/05-11/24/05	86 Hrs 8 Mins	7515	Tube Leak
	1	12/5/2005	16 Hrs 14 Mins	1505	ID Fan Grounded
	1	12/5/05-12/7/05	28 Hrs 46 Mins	2667	ID Fan Grounded
	2	10/24/05-10/26/05	35 Hrs 55 Mins	5106	Tube Leak
	2	6/24/06-6/26/06	39 Hrs 20 Mins	6352	Tube Leak
	1	6/11/06-6/15/06	77 Hrs 43 Mins	6223	Tube Leak
	2	9/19/06-9/21/06	42 Hrs 24 Mins	6401	Tube Leak

DALE STATION

	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage
2001	1	2/14/2001-2/17/01	61 Hrs 33 Mins	1195	Tube Leak
	1	3/27/01-3/28/01	37 Hrs 43 Mins	771	Tube Leak
	1	4/8/01-4/10/01	36 Hrs 23 Mins	779	Tube Leak
	1	10/29/01-10/31/01	65 Hrs 56 Mins	1319	Tube Leak
	1	11/16/01-11/18/01	60 Hrs 17 Mins	1306	Tube Leak
	1	12/2/01-12/4/01	51 Hrs 18 Mins	930	Tube Leak
	1	12/10/01-12/12/01	36 Hrs 6 Mins	544	Tube Leak
	2	2/17/01-2/19/01	59 Hrs 57 Mins	1148	Tube Leak
	2	6/25/01-6/27/01	48 Hrs 13 Mins	703	Tube Leak
	2	9/18/01-9/19/01	31 Hrs 19 Mins	453	Tube Leak
2002	3	2/17/01-2/19/01	38 Hrs 18 Mins	2380	Tube Leak
	3	4/19/01-4/20/01	20 Hrs 8 Mins	1328	Tube Leak
	3	4/27/01-4/29/01	54 Hrs 17 Mins	3330	Tube Leak
	4	6/13/01-6/14/01	12 Hrs 40 Mins	481	Hydrogen Leak
	1	1/19/02-1/21/02	42 Hrs 52 Mins	886	Tube Leak
	1	3/12/02-3/14/02	36 Hrs 27 Mins	741	Tube Leak
	1	5/23-02-5/24/02	47 Hrs 6 Mins	799	Tube Leak
	1	6/7/02-6/9/02	42 Hrs 35 Mins	677	Tube Leak
	1	12/4/02-12/05/02	21 Hrs 38 Mins	431	Tube Leak
	2	2/27/02-2/28/02	32 Hrs 53 Mins	606	Tube Leak
2	11/14/02-11/16/02	40 Hrs 13 Mins	799	Tube Leak	
2	11/21/02-11/23/02	35 Hrs 59 Mins	531	Tube Leak	
2	12/17/02-12/19/02	33 Hrs 46 Mins	698	Tube Leak	
3	2/24/02-2/27/02	53 Hrs 58 Mins	3496	Tube Leak	
4	6/30/02	13 Hrs 53 Mins	798	Tube Leak	
4	7/8/02-7/10/02	41 Hrs 20 Mins	1642	Tube Leak	
4	7/1/02-7/3/02	50 Hrs 56 Mins	2927	Tube Leak	

DALE STATION

	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage
2003	1	1/16/03-1/18/03	39 Hrs 27 Mins	816	Tube Leak
	1	8/1/03-8/2/03	7 Hrs 18 Mins	126	Control Malfunction
	1	11/14/2003	10 Hrs 44 Mins	207	Loss of Network Communications
	1	11/17/03-11/19/03	34 Hrs 8 Mins	587	Tube Leak
	2	2/11/03-2/13/03	42 Hrs	906	Tube Leak
	2	7/27/03-7/29/03	45 Hrs 5 Mins	723	Tube Leak
	2	8/1/03-8/2/03	12 Hrs 31 Mins	147	Control Malfunction
	2	9/13/03-9/16/03	54 Hrs 48 Mins	945	Tube Leak
	2	11/13/2003	6 Hrs 15 Mins	128	Loss of Network Communications
	2	11/14/2003	6 Hrs 51 Mins	134	Loss of Network Communications
	2	12/28/03-12/30/03	33 Hrs 12 Mins	664	Tube Leak
	3	8/1/03-8/2/03	9 Hrs 21 Mins	522	Control Malfunction
	3	10/23/03-10/25/03	36 Hrs 6 Mins	1634	Tube Leak
	3	10/25/03-10/29/03	73 Hrs 5 Mins	3582	Tube Leak
	3	10/31/2003	17 Hrs 1 Mins	297	Tube Leak
	3	11/1/03-11/2/03	33 Hrs 41 Mins	588	Tube Leak
3	11/7/03-11/9/03	42 Hrs 23 Mins	1651	Tube Leak	
3	11/11/03-11/14/03	71 Hrs 15 Mins	2999	Tube Leak	
2004	4	1/18/03-1/19/03	40 Hrs 56 Mins	2510	Tube Leak
	4	2/1/03-2/3/03	31 Hrs 21 Mins	2006	Tube Leak
	4	2/16/03-2/20/03	93 Hrs 7 Mins	5707	Circulating Water Inlet Screens Dirty
	4	11/13/03-11/14/03	36 Hrs 32 Mins	2066	Tube Leak
	1	2/8/04-2/10/04	40 Hrs 27 Mins	815	Tube Leak
	2	8/20/04-8/23/04	52 Hrs 57 Mins	777	Tube Leak
	2	10/6/2004	8 Hrs 22 Mins	137	DA heater drain leak
	3	2/29/2004	9 Hrs 49 Mins	599	Tube Leak
	3	3/1/04-3/3/04	49 Hrs 51 Mins	3041	Tube Leak
	3	5/29/04-5/31/04	48 Hrs 11 Mins	2917	Tube Leak
	3	7/7/04-7/10/04	58 Hrs 12 Mins	2902	Tube Leak
	3	10/17/04-10/19/04	39 Hrs 32 Mins	2250	Tube Leak
	3	10/28/04-10/29/04	25 Hrs 2 Mins	1387	Tube Leak
	4	10/7/04-10/14/04	170 Hrs 57 Mins	9884	Tube Leak

DALE STATION		Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage
2005	1	4/23/05-4/26/05	53 Hrs 17 Mins	904	Tube Leak	
	1	5/27/05-5/29/05	32 Hrs 59 Mins	591	Tube Leak	
	1	8/25/05-8/27/05	39 Hrs 33 Mins	786	Tube Leak	
	1	9/19/05-9/21/05	48 Hrs 45 Mins	568	Tube Leak	
	1	11/6/05-11/8/05	34 Hrs 13 Mins	605	Tube Leak	
	1	11/8/05-11/10/05	50 Hrs 42 Mins	676	Tube Leak	
	1	12/9/05-12/11/05	30 Hrs 1 Min	593	Tube Leak	
	2	2/13/05-2/15/05	38 Hrs 4 Mins	591	Tube Leak	
	2	7/15/05-7/17/05	49 Hrs 47 Mins	653	Tube Leak	
	3	6/27/05-6/30/05	64 Hrs 27 Mins	3962	Tube Leak	
	3	8/24/05-8/26/05	52 Hrs 5 Mins	3384	Tube Leak	
	4	1/12/05-1/14/05	50 Hrs 41 Mins	2970	Tube Leak	
	4	10/23/05-10/25/05	34 Hrs 58 Mins	1850	Tube Leak	
	Test Year	1	11/6/05-11/8/05	34 Hrs 13 Mins	605	Tube Leak
1		11/8/05-11/10/05	50 Hrs 42 Mins	676	Tube Leak	
1		12/9/05-12/11/05	30 Hrs 1 Min	593	Tube Leak	
4		10/23/05-10/25/05	34 Hrs 58 Mins	1850	Tube Leak	
1		1/8/06-1/10/06	33 Hrs 5 Mins	685	Tube Leak	
1		1/21/06-1/23/06	41 Hrs 22 Mins	806	Tube Leak	
2		2/18/06-2/19/06	21 Hrs 52 Mins	403	Air Heater	
4		2/10/06-2/11/06	30 Hrs 35 Mins	1715	Tube Leak	
1		3/20/06-3/22/06	52 Hrs 46 Mins	105	Tube Leak	
1		4/21/06-4/22/06	34 Hrs 39 Mins	594	Tube Leak	
3		4/3/2006	14 Hrs 12 Mins	870	Tube Leak	
1		6/6/06-6/7/06	30 Hrs 7 Mins	534	Mod Bus to Mark 5 Comm Trouble	
3		6/21/06-6/23/06	42 Hrs 35 Mins	2197	Tube Leak	
4		6/8/06-6/11/06	61 Hrs 27 Mins	526	FW Valve	
4	6/27/06-6/29/06	42 Hrs 10 Mins	2299	Tube Leak		
1	8/11/06-8/17/06	125 Hrs 9 Mins	2299	Tube Leak		

GILBERT

Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	
2005	3/15/2005	13 Hrs 58 Mins	3172	Boiler Tripped	
	3/21/05-3/22/05	9 Hrs 13 Mins	1611	Boiler Tripped	
	4/13/05-4/14/05	29 Hrs 46 Mins	6202	Repair Bag House	
	4/30/2005	8 Hrs 4 Mins	2075	Boiler Tripped	
	5/17/05-5/23/05	143 Hrs 17 Mins	33919	Repair Ash Cooler	
	5/1/2005	8 Hrs 59 Mins	2310	Boiler Tripped	
	5/24/05-5/25/05	14 Hrs 54 Mins	193	To prevent reheat tube leak	
	7/25/05-7/31/05	167 Hrs 6 Mins	39223	Tube Leak	
	8/10/05-8/11/05	33 Hrs 16 Mins	321	Steam leak in Economizer	
	8/1/05-8/8/05	173 Hrs 57 Mins	40831	Tube Leak	
	9/1/2005	10 Hrs 53 Mins	2421	Exciter Problems	
	11/21/05-11/22/05	21 Hrs 36 Mins	2867	Turbine Control Failure	
	12/3/05-12/4/05	20 Hrs 13 Mins	4940	Limestone Mill Malfunction	
	Test Year	11/21/05-11/22/05	21 Hrs 36 Mins	2867	Turbine Control Failure
		12/3/05-12/4/05	20 Hrs 13 Mins	4940	Limestone Mill Malfunction
1/1/06-1/9/06		181 Hrs 49 Mins	47936	Tube Leak	
1/16/06-1/18/06		64 Hrs 6 Mins	11549	Air Heater Seals	
1/18/06-1/20/06		37 Hrs 49 Mins	5624	Voltage Regulator	
2/28/2006		6 Hrs 57 Mins	1826	Loss of oil pump	
3/31/2006		15 Hrs 31 Mins	3824	Tube Leak	
4/1/06-4/6/06		131 Hrs	32281	Tube Leak	

J K SMITH

Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage
5	8/15/2003	9 Hrs 30 Mins	48	Starting Breaker Failure

SPURLOCK

	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage
2001	1	3/17/2001	6 Hrs 12 Mins	1767	Loss of 4160 Buss Tube Leak
	1	4/22/01-4/25/01	6 Hrs 12 Mins	317	
2002	2	8/6/01-8/8/01	37 Hrs 4 Mins	17311	Tube Leak
	2	12/19/2001	6 Hrs 16 Mins	2887	Working on Controls - Tripped
	2	12/20/2001	8 Hrs 3 Mins	3497	Controls - power supply burned
	2	12/25/2001	7 Hrs 6 Mins	2961	Turbine Control Malfunction
	2	12/25/01-12/26/01	14 Hrs 4 Mins	5865	Boiler feed booster pump suction leak
	2	2/12/02-2/13/02	7 Hrs 53 Mins	3966	Blown fuse in the SCR bypass damper
2003	2	9/9/02-9/11/02	64 Hrs 14 Mins	30439	Tube Leak
	1	4/28/2003	6 Hrs 37 Mins	73	Control - lost fire
	1	8/1/03-8/2/03	39 Hrs 29 Mins	11049	Ash pile-up in bottom of boiler
	1	8/25/2003	6 Hrs 58 Mins	1898	Boiler feed pump overspeed due to faulty controls
	1	9/15/03-9/16/03	16 Hrs 24 Mins	4541	Circulating water line damaged by contractor
	1	12/2/2003	8 Hrs 1 Min	2000	Loss of feed pumps
	2	3/4/03-3/17/03	316 Hrs 41 Mins	155486	D. A. Tank Repair
	2	3/17/03-3/18/03	6 Hrs 37 Mins	3300	Feed pump strainer - lack of feed water
	2	11/25/03-11/29/03	102 Hrs 37 Mins	20281	Tube Leak
	2	5/22/04-5/26/04	97 Hrs 18 Mins	25044	Tube Leak
2004	1	7/1/04-7/31/04	726 Hrs 18 Mins	195362	Control tripped due to low drum level
	1	8/1/04-8/31/04	744 Hrs	200123	Control tripped due to low drum level
	1	9/1/04-9/30/04	720 Hrs	193667	Control tripped due to low drum level
	1	10/1/04-10/27/04	626 Hrs 50 Mins	168394	Control tripped due to low drum level
	1	11/24/04-11/27/04	72 Hrs 26 Mins	20415	Tube Leak
	2	3/10/04-3/12/04	48 Hrs 39 Mins	11181	Turbine trip due to low vacuum
2005	2	11/1/04-11/16/04	112 Hrs 45 Mins	42357	Tube Leak
	2	3/6/05-3/7/05	12 Hrs 50 Mins	6035	Lightning Arrestor on T9
Test Year	2	2/24/06-2/25/06	16 Hrs 30Mins	7341	Buss Differential on T-9

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00472

FIRST DATA REQUEST RESPONSE

KIUC'S FIRST DATA REQUEST DATED 02/19/07

REQUEST 29

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

REQUEST 29. Please refer to Exhibit F, Schedule 20. The first paragraph in this schedule describes the effects of USEPA and KYEPA Notice of Violations (“NOV”) on Dale Units 1 and 2. The last sentence of that paragraph states “the impact of this has been eliminated.” Please indicate whether an adjustment was made in the filing to “eliminate” this impact. If there was no adjustment made, please describe why not. If an adjustment should have been made, please quantify the adjustment amount and provide all backup documentation required to compute the adjustment.

RESPONSE 29. The first paragraph of Exhibit F, Schedule 20, describes the effects of USEPA and KYEPA Notice of Violations (“NOV”) on Dale Units 1 and 2. The last sentence of that paragraph states “the impact of this has been eliminated.” An adjustment was made in the filing to eliminate this impact.