

SHEEHAN, BARNETT, HAYS, DEAN & PENNINGTON, P.S.C.

ATTORNEYS AT LAW
114 SOUTH FOURTH STREET
P.O. BOX 1517
DANVILLE, KENTUCKY 40423-1517
TELEPHONE (859) 236-2641
FAX NUMBER (859) 236-1483

RECEIVED

MAR 21 2007

PUBLIC SERVICE
COMMISSION
COUNSEL

JAMES G. SHEEHAN, JR.
ELIZABETH G. NICKELS

JAMES WILLIAM BARNETT
EDWARD D. HAYS
JAMES HADDEN DEAN
HENRY VINCENT PENNINGTON, III

HAND DELIVERED

March 21, 2007

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

Re: PSC Case No. 2006-00481

Dear Ms. O'Donnell:

Please find enclosed for filing with the Public Service Commission in the above-referenced case an original and five (5) copies of the Responses of Inter-County Energy Cooperative Corporation to the Commission Staff's First Data Requests dated March 12, 2007.

Very truly yours,

SHEEHAN, BARNETT, HAYS,
DEAN & PENNINGTON, P.S.C.

BY: 

JAMES WILLIAM BARNETT

JWB/nd
Enclosures

cc: Mr. James L. Jacobus, President/CEO
Inter County Energy Cooperative Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF INTER-COUNTY ENERGY)	
COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2006-00481
TO KRS 278.455(2))	

**RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST
TO INTER-COUNTY ENERGY COOPERATIVE CORPORATION
DATED MARCH 12, 2007**

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2006-00481

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

Inter-County Energy Cooperative Corporation ("Inter-County") hereby submits responses to the Commission Staff's First Data Request dated March 12, 2007. Each response with its associated supportive reference materials is individually tabbed.

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2006-00481

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 1

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Inter-County Energy Cooperative Corporation

Request 1. Refer to the Application, Exhibits II and III.

Request 1a. Provide all workpapers, calculations, assumptions, and other documentation used to determine the proposed rates and the billing analysis.

Response 1a. Attached is information from EKPC's Exhibit I, Pages 3-5, which shows the present and proposed rates and revenues by wholesale customer class for service to Inter-County.

As indicated in Mr. Bosta's testimony, the demand charges for retail industrial rates mirror EKPC's proposed rates for Schedules B and C, as applicable.

The increase applicable to all other classes was based on taking the total increase to the member system, subtracting the retail industrial class increase and then dividing that amount by the kWh for all other classes. This resulted in a per unit (cents/kWh) energy cost increase that was applied to all other classes. The only exception is Electric Thermal Storage (ETS) Rate Schedule 1-A, Rate E18, which was designed based on a charge of 60 percent of the energy rate of the related rate class.

See the response to Request 1b for the calculations to determine the proposed rates.

Request 1b. Provide in electronic format the Excel spreadsheets used to determine the proposed rates and billing analysis, with all formulas intact.

Response 1b. Based on discussion with the Commission Staff on March 19, 2007, attached are two (2) copies of the requested information on CD-ROM.

Rate C

#	COOP	R_GROUP	BILL-KW	BILL-KWH	Demand	Energy	Total	Present	Revenue	Adjustment
21	C		31,800	20,667,840	231,822	573,493	805,315	744,895	60,420	
1	23	C	36,328	19,611,349	294,634	535,880	800,711	731,688	69,023	
3	3	C	85,224	42,595,501	621,283	1,163,643	1,784,926	1,823,001	161,928	
30	C		107,816	63,360,462	785,693	1,731,325	2,517,318	2,312,464	204,854	
37	C		6,000	2,669,215	43,740	73,463	117,223	105,823	11,400	
5	49	C	0	0	0	0	0	0	0	
6	51	C	321,396	181,235,637	2,342,977	4,852,261	7,295,238	6,684,565	610,652	
7	52	C	165,155	83,822,026	1,203,890	2,250,437	3,494,417	3,180,622	313,795	
8	54	C								
56										
57										
58										
59										
9	61	C	28,973	16,407,017	211,213	448,322	659,535	604,496	55,049	
64										
Total C			782,694	430,698,757	5,705,639	11,768,844	17,474,683	15,987,564	1,487,119	

Inland Container

#	COOP	NAME	R/C	R_GROUP	BILL-KW	BILL-KWH	Demand	Energy	Total	Present	Revenue	Adjustment
1	52	Inland Contn	CM	C	323,738	210,465,205	2,254,107	5,635,627	7,889,734	7,391,355	498,379	

AGC

#	COOP	NAME	R/C	R_GROUP	BILL-KW	BILL-KWH	Demand	Energy	Total	Present	Revenue	Adjustment
1	51	AGC Autom-BD		B	64,252	44,113,696	444,824	1,127,545	1,572,169	1,473,864	98,306	
2	51	AGC Autom-CM		C	161,750	102,273,245	1,119,310	2,614,104	3,733,414	3,495,927	237,487	
Total AGC					226,002	146,386,941	1,564,134	3,741,649	5,305,583	4,969,800	345,783	

Gallatin

#	COOP	R_GROUP	KWH-1	KWH-2	BILL-KW	BILL-KWH	Demand	Energy	Total	Present	Revenue	Adjustment
1	37	G	319,667,504	774,666,146	1,342,343	1,034,355,652	7,386,667	8,638,606	33,642,557	30,870,772	2,971,785	
			Firm		180,000							
			10 mth Intra		1,440,000							
			90 mth Intra		322,343							
					1,942,343							

TGP

#	COOP	R_GROUP	KWH-1	KWH-2	BILL-KW	BILL-KWH	Demand	Energy	Total	Present	Revenue	Adjustment
1	23	H	30733734	36421668	160875	67155402	281,531	3,779,594	4,061,065	4,061,065	0	
2	52	H	40831642	47739328	309000	88570870	525,000	5,077,582	5,602,582	5,602,582	0	
			71556216	84180996	469875	155726272	806,531	8,857,116	9,663,647	9,663,647	0	

Inland Steam

equiv	5.00073523
Demand	0.02450656
Energy	

Demand 0.557689
 Efficiency 0.557689
 Meter # 30114 \$ /Mibu
 Meter Rate 30114 \$ /Mibu
 Meter 30114 \$ /Mibu
 Meter 30114 \$ /Mibu

BILL-NOV 508,649
 BILL-APRIL 277,098,529
 converted
 Mibu-Demand 4394.11
 Mibu-Energy 2322681.7
 Dem. Rev. 2,543,580
 Energy Revenue 6,788,794
 Total Revenue 9,332,384
 8,554,161 778,224

Load Center - Normalized

Meter #	LC #	COOP	2373	2855	4805	Revenue	Total LC Revenue	Present Total Revenue	Revenue Adjustment
21	125	944	2373	2855	4805	886,682	886,682	886,682	0
23	12	12	144	144	24	439,596	439,596	439,596	0
27	12	12	108	108	24	447,336	447,336	447,336	0
3	12	12	36	36	48	991,668	991,668	991,668	0
30	12	12	96	96	24	413,078	413,078	413,078	0
34	12	12	120	120	24	426,336	426,336	426,336	0
37	12	12	180	180	96	955,980	955,980	955,980	0
49	12	12	144	144	12	613,860	613,860	613,860	0
51	12	12	144	144	48	889,112	889,112	889,112	0
52	12	12	108	108	36	474,120	474,120	474,120	0
54	12	12	312	312	48	1,197,228	1,197,228	1,197,228	0
55	12	12	36	36	84	325,248	325,248	325,248	0
57	12	12	36	36	12	517,548	517,548	517,548	0
58	12	12	84	84	84	268,296	268,296	268,296	0
59	12	12	72	72	84	410,676	410,676	410,676	0
61	12	12	48	48	84	1,162,952	1,162,952	1,162,952	0
64	12	12	48	48	84	1,162,952	1,162,952	1,162,952	0
36	540	2364	540	2364	468	10,218,764	10,218,764	10,218,764	0
						Metering 426,000	426,000	426,000	0
						Metering 5 Metering Point only 7,500	7,500	7,500	0
						140,481,651	186,858,874	216,881,567	554,033,251

Grand Total Revenue by Member System

COOP	E	B	C	Inland Centimeter	Inland Stream	Galathin	TGP	AGE	Load Center	Metering	Proposed Total	Present	Rate Adj
21	41,970,429	3,348,384	0	0	0	39,000	0	0	886,682	0	46,242,815	42,526,334	3,716,181
23	20,177,350	232,807	805,319	19,500	19,500	19,500	0	0	439,596	0	25,735,642	24,028,185	1,707,457
27	18,437,170	1,242,282	800,711	18,000	18,000	18,000	0	0	447,336	0	21,945,909	20,221,987	1,723,922
3	42,012,158	1,794,928	1,794,928	40,500	40,500	40,500	0	0	991,668	0	46,020,253	42,364,688	3,655,565
30	13,388,968	6,629,269	0	16,500	16,500	16,500	1500	0	413,078	0	20,459,244	18,871,430	1,587,814
34	20,735,790	0	2,517,318	18,000	18,000	18,000	0	0	426,336	0	23,697,444	21,777,590	1,919,854
37	44,354,285	6,953,856	0	34,500	34,500	34,500	0	0	955,980	0	86,141,187	78,652,694	7,188,493
49	20,561,234	117,223	0	27,000	27,000	27,000	0	0	613,860	0	21,325,317	19,645,505	1,679,812
51	26,628,149	1,961,568	0	18,000	18,000	18,000	0	0	889,112	0	34,611,402	31,956,590	2,654,812
52	20,429,813	7,295,238	7,889,734	18,000	18,000	18,000	1500	0	474,120	0	51,043,371	47,484,260	3,559,111
54	49,482,581	3,494,417	0	49,500	49,500	49,500	0	0	1,197,228	0	56,297,242	51,840,182	4,457,060
56	12,731,750	0	0	15,000	15,000	15,000	0	0	325,248	0	13,071,688	12,074,882	1,037,116
57	24,105,073	0	0	22,500	22,500	22,500	0	0	517,548	0	24,645,121	22,873,225	1,971,899
58	12,446,242	0	0	12,000	12,000	12,000	0	0	268,296	0	12,726,538	11,718,472	1,010,067
59	344,503	0	659,535	19,500	19,500	19,500	0	0	410,676	0	344,503	314,488	30,005
61	11,813,118	8,988,679	0	46,500	46,500	46,500	0	0	1,162,952	0	12,902,829	11,890,088	1,012,741
64	48,624,862	0	0	426,000	426,000	426,000	7,500	0	1,162,952	0	55,823,033	52,580,640	4,532,394
													43,364,220
													554,033,251
													554,033,251

Inter-County
Billing Analysis
for the 12 months ended September 30, 2006

	Total	Total	\$ Increase	% Increase
Farm and Home Service	29,122,772	30,514,041	1,391,269	4.78%
Farm and Home Marketing Rate (ETS)	36,721	38,490	1,769	4.82%
Small commercial & Small Power	702,482	730,015	27,533	3.92%
Large Power Rate	1,930,149	2,016,742	86,593	4.49%
All Electric Schools	229,648	243,132	13,485	5.87%
Large Industrial Rate B1 (500 kW to 4,999 kW)	1,811,590	1,919,415	107,825	5.95%
Large Industrial Rate C1 (500 kW to 4,999 kW)	1,129,626	1,195,507	65,881	5.83%
Street/Security Lighting Outdoor Lighting	647,125	676,312	29,187	4.51%
	<hr/> 35,610,113	<hr/> 37,333,655	<hr/> 1,723,542	<hr/> 4.84%

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Demand=
Load Cntr=

1
1

Schedule 1
Farm and Home Service
Rate Class A10-A19

	Existing			Proposed			\$ Increase	% Increase	Increase Demand	Increase Energy	Increase Cust
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues					
Customer Charge	283,418	\$5.55	\$1,572,970	283,418	\$5.55	\$1,572,970	-	0.00%			\$0
Energy charge per kWh											
First 500 kWh per Month	138,093,191	\$0.06900	9,528,430	138,093,191	\$0.07301	10,081,865	553,435	5.81%		553,435	
All Over 500 kWh per Month	209,056,703	\$0.06366	13,308,550	209,056,703	\$0.06767	14,146,384	837,835	6.30%		837,835	
Total from base rates			24,409,950			25,801,219	1,391,269	5.70%			
Fuel adjustment			2,934,000			2,934,000	-	0.00%			
Environmental surcharge			1,778,822			1,778,822	-	0.00%			
Total revenues			\$29,122,772			\$30,514,041	1,391,269	4.78%			
Average Bill			\$ 102.76			\$ 107.66	\$ 4.91	4.78%			

Schedule 1-A
Farm and Home Marketing Rate (ETS)
Rate E18

	Existing			Proposed			\$ Increase	% Increase	Increase Demand	Increase Energy	Increase Cust
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues					
Customer Charge	1,373	\$5.55	\$7,621	1,373	\$5.55	\$7,621	\$0	0.00%			\$0
y charge per kWh	736,818	\$0.03820	28,146	736,818	\$0.04060	29,915	\$1,769	6.28%		\$1,769	
Total from base rates			35,767			37,536	\$1,769	4.95%			
Fuel adjustment			6,490			6,490	\$0	0.00%			
Environmental surcharge			2,085			2,085	\$0	0.00%			
Total revenues			\$44,342			\$46,111	\$1,769	3.99%			
Average Bill			\$32.29			\$33.58	\$1.29	3.99%			

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule 2
Small commercial & Small Power
Rate B20; B25; B26; B28

	Existing			Proposed			\$ Increase	% Increase	
	Billing Determinants	Current	Annualized	Billing Determinants	Current	Annualized			
		Rate	Revenues		Rate	Revenues			
Customer Charge	2,594	\$5.55	\$ 14,397	2,594	\$5.55	\$ 14,397	\$0	0.00%	\$0
Demand Charge	16,623	\$4.02	66,824	16,623	\$4.02	66,824	\$0	0.00%	\$0
Energy charge per kWh							\$0	#DIV/0!	
First 1,000 kWh per Month	1,771,719	\$0.07825	138,637	1,771,719	\$0.08225	145,731	\$7,094	5.12%	\$7,094
All Over 1000 kWh per Month	5,104,131	\$0.06576	335,648	5,104,131	\$0.06976	356,086	\$20,438	6.09%	\$20,438
Total from base rates			<u>555,506</u>			<u>583,039</u>	\$27,533	4.96%	
Fuel adjustment			56,650			56,650	\$0	0.00%	
Environmental surcharge			<u>90,326</u>			<u>90,326</u>	\$0	0.00%	
Total revenues			<u>702,482</u>			<u>730,015</u>	\$27,533	3.92%	
Average Bill			\$ 270.81			\$ 281.42	\$ 10.61	3.92%	

Schedule 4
Large Power Rate
Rate C40; C45; C46

	Existing			Proposed			\$ Increase	% Increase	
	Billing Determinants	Current	Annualized	Billing Determinants	Current	Annualized			
		Rate	Revenues		Rate	Revenues			
Customer Charge	1,245	\$11.10	\$ 13,820	1,245	\$11.10	\$ 13,820	\$0	0.00%	\$0
Demand Charge	90,635	\$4.02	364,352	90,635	\$4.02	364,352	\$0	0.00%	\$0
Energy charge per kWh							\$0	#DIV/0!	
All kWh	21,625,142	\$0.05655	1,222,902	21,625,142	\$0.06055	1,309,495	\$86,593	7.08%	\$86,593
Total from base rates			<u>1,601,074</u>			<u>1,687,667</u>	\$86,593	5.41%	
Fuel adjustment			183,781			183,781	\$0	0.00%	
Environmental surcharge			<u>145,294</u>			<u>145,294</u>	\$0	0.00%	
Total revenues			<u>1,930,149</u>			<u>2,016,742</u>	\$86,593	4.49%	
Average Bill			\$ 1,550.32			\$ 1,619.87	\$ 69.55	4.49%	

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule AES
All Electric Schools
Rate D50

	Existing			Proposed			\$ Increase	% Increase	
	Billing Determinants	Current	Annualized	Billing Determinants	Rate	Annualized			
		Rate	Revenues		Rate	Revenues			
Customer Charge	60		\$0	60	\$0.00	\$0	\$0	#DIV/0!	\$0
Energy charge per kWh	3,367,553	\$0.05884	199,147	3,367,553	\$0.06284	211,631	\$13,485	6.81%	\$13,485
Total from base rates			198,147			211,631	\$13,485	6.81%	
Fuel adjustment			28,304			28,304	\$0	#DIV/0!	
Environmental surcharge			3,197			3,197	\$0	0.00%	
Total revenues			\$229,648			\$243,132	\$13,485	5.87%	
Average Bill			\$3,827.46			\$4,052.21	\$224.74	5.87%	

Schedule B1
Large Industrial Rate (500 kW to 4,999 kW)
Rate B10

	Existing			Proposed			\$ Increase	% Increase	
	Billing Determinants	Current	Annualized	Billing Determinants	Rate	Annualized			
		Rate	Revenues		Rate	Revenues			
Customer Charge	84	\$535.00	\$44,940	84	\$535	\$44,940	\$0	0.00%	\$0
Demand charge							\$0	#DIV/0!	
Contract	47,679	\$5.39	\$256,991	47,679	\$7.29	347,582	\$90,591	35.25%	\$90,591
Excess Demand	9,071	\$7.82	\$70,935	9,071	\$9.72	88,170	\$17,235	24.30%	\$17,235
Energy Charge	30,643,892	\$0.03532	1,082,342	30,643,892	\$0.03532	1,082,342	\$0	#DIV/0!	\$0
Baseload Charges			\$1,455,209			\$1,563,034	\$107,825	7.41%	
Fuel adjustment			247,831			247,831	\$0	0.00%	
Environmental surcharge			108,550			108,550	\$0	0.00%	
Total Revenues			\$1,811,590			\$1,919,415	\$107,825	5.95%	
Average Bill			\$ 21,566.54			\$ 22,850.18	1,283.64	5.95%	

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule C1
Large Industrial Rate (500 kW to 4,999 kW)
Rate C10

	Existing			Proposed			\$ Increase	% Increase	
	Billing Determinants	Current	Annualized	Billing Determinants	Rate	Annualized			
		Rate	Revenues		Rate	Revenues			
Customer Charge	12	\$535.00	\$6,420	12	\$535	\$6,420	\$0	0.00%	\$0
Demand Charge	34,674	\$5.39	\$186,893	34,674	\$7.29	252,773	\$65,881	35.25%	\$65,881
Energy Charge	19,611,349	\$0.03565	699,145	19,611,349	\$0.03565	699,145	\$0	0.00%	\$0
Total Baseload Charges			<u>\$892,457</u>			<u>\$958,338</u>	\$65,881	7.38%	
Fuel adjustment			159,554			159,554	\$0	0.00%	
Environmental surcharge			<u>77,615</u>			<u>77,615</u>	\$0	0.00%	
Total Revenues			<u>\$1,129,626</u>			<u>\$1,195,507</u>	\$65,881	5.83%	
Average Bill		\$	94,136		\$	99,626	5,490.05	5.83%	

173,706 1,520,649

\$35,617,734

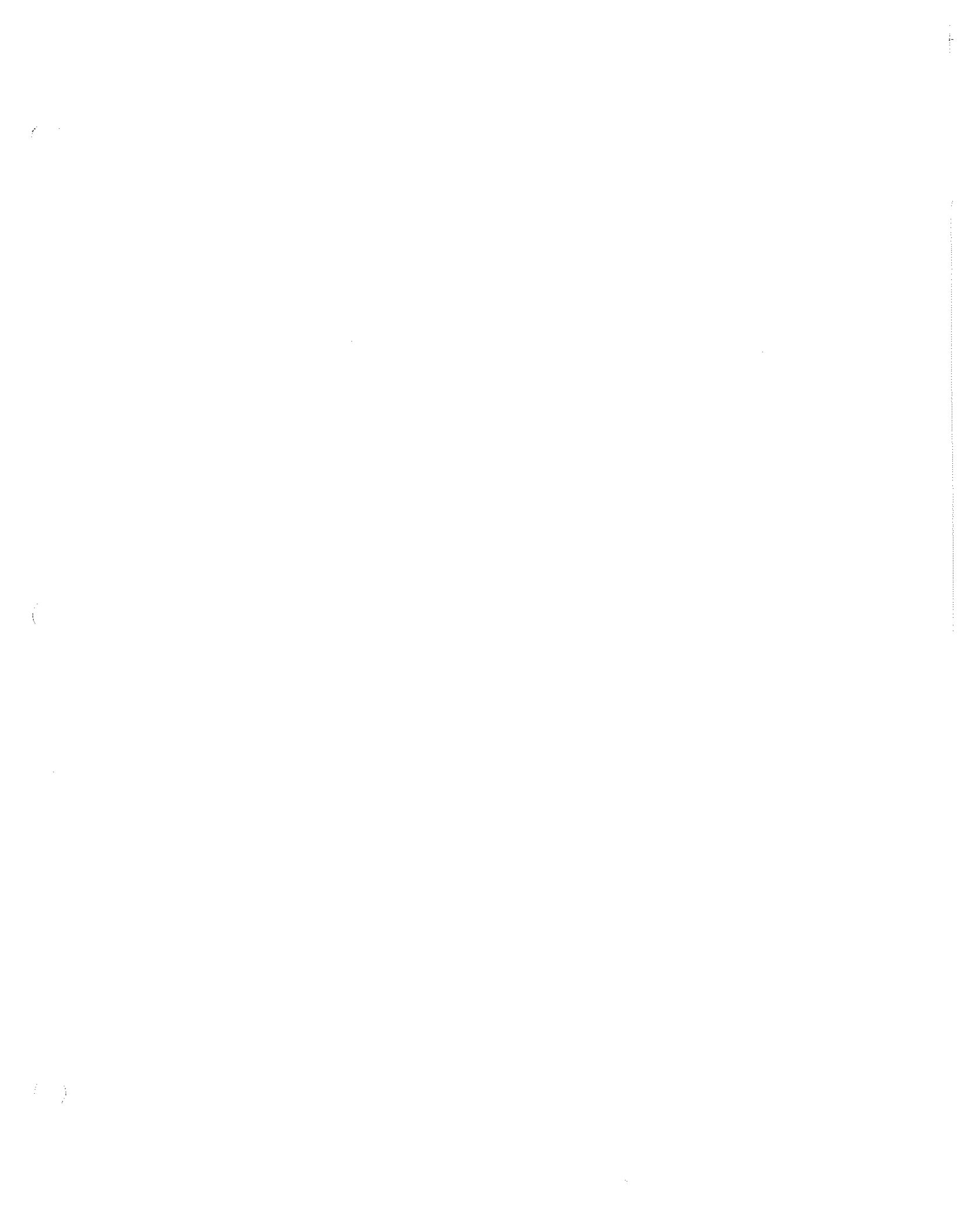
\$37,341,275
\$1,723,542

	KWh Non-Dem	Parts	Diff
	387,044,168		
Total Incr	1,723,542	1,723,542	(0.12)
Dem Incr	173,706		
Cust Incr			
Energy Inc	1,549,836		
Ener Rate	0.004004287		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Street Lighting and Security Lights
Outdoor Lighting

	Existing				Proposed				\$ Increase	% Increase	
	kWh	Billing Determinants	Total kWh	Current	Annualized Revenues	Billing Determinants	Total kWh	Annualized			
				Rate				Rate			Revenues
107,800 Lumen Directional Floodlight	360	381	137,160	\$22.95	\$8,743.95	381	137,160	\$24.39	9,293	549	6.28%
50,000 Lumen Directional Floodlight	159	1,640	260,760	\$12.48	\$20,467.20	1,640	260,760	\$13.12	21,511	1,044	5.10%
27,500 Lumen Directional Floodlight	87	2,268	197,316	\$8.92	\$20,230.56	2,268	197,316	\$9.27	21,021	790	3.91%
27,500 Lumen Cobra Head	87	1,338	116,406	\$8.31	\$11,118.78	1,338	116,406	\$8.66	11,585	466	4.19%
9,500 Lumen Security Light	39.3	0	0	\$6.68	\$0.00	0	0	\$6.84	0	-	
7,000 Lumen Security Light	77	84,737	6,524,749	\$6.66	\$664,348.42	84,737	6,524,749	\$6.97	590,475	26,127	4.63%
4,000 Lumen Decorative Colonial Post	20	2,626	52,520	\$8.46	\$22,215.96	2,626	52,520	\$8.54	22,426	210	0.95%
9,550 Lumen Decorative Colonial Post	38.3	0	0	\$10.89	\$0.00	0	0	\$11.04	0	-	
		92,990	7,288,911		\$647,124.87	92,990	7,288,911		676,312	29,166.89	4.51%



INTER-COUNTY ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2006-00481

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 2

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Inter-County Energy Cooperative Corporation

Request 2. KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that will result in no change in the rate design currently in effect. 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not change the rate design currently in effect and the revenue change has been allocated to each class and within each tariff on a proportional basis. In the cover letter to its Application, Inter-County states:

In each instance, the retail rates for a particular class have been developed in a manner that is consistent with the method proposed by EKPC. The proposed rate design structure at retail does not change the rate design currently in effect and is consistent with the rate design methodology used at wholesale.

Request 2a. For each retail Rate Schedule listed in Exhibit II of the Application, identify the corresponding wholesale Rate Schedule of East Kentucky Power Cooperative, Inc.

Response 2a. Please see the attached information.

Request 2b. Would Inter-County agree that KRS 278.455(2) and 807 KAR 5:007, Section 2(2), require that increases or decreases in rates from the wholesale supplier must be allocated to each retail class and within each retail tariff on a proportional basis? Explain the response.

Response 2b. Yes. EKPC and each Member System understands these requirements and have developed proposed rates that meet the intent of KRS 278.455(2) and 807 KAR5:007. As explained in Mr. Bosta's testimony, EKPC began the rate design process at wholesale by allocating the proposed rate increase to each rate class on a proportional basis. The proportional increase to each rate class was then applied to the most appropriate rate mechanism for each rate class.

The proposed increase at retail is strictly a pass-through of EKPC's increased wholesale costs and each Member System must recover the dollar increase from new wholesale rates. As a result, EKPC and each Member System recognized that it was important to implement retail rates that mirror the change at wholesale, while meeting the proportionality and rate design requirements.

EKPC and its Member Systems understand that a "pure" proportional increase at retail, as discussed in Item 3 herein, would result in increases at retail to customer, demand and energy charges. However, EKPC and its Member Systems came to the conclusion that, for example, an increase in the customer charge at retail made no sense because the wholesale increase had no relationship to customer cost. EKPC has not proposed an increase in its substation charges or metering point charges in this proceeding. Consequently, EKPC and its Member Systems could not justify increasing the retail customer charge when the wholesale increase has no relationship to that cost.

Therefore, EKPC believes that its proposed wholesale increase using a proportional basis, coupled with the use of the wholesale rate design methodology at retail, is a reasonable approach to meeting the intent of the requirements.

Request 2c. Would Inter-County agree that KRS 278.455(2) and 807 KAR 5:007, Section 2(2), require that the retail rate change does not change the retail rate design currently in effect? Explain the response.

Response 2c. Yes. EKPC and its Member Systems understand the requirements set forth in KRS 278.455(2) and 807 KAR 5:007 and believe that the proposed rates do not alter the existing rate design structure at retail.

As indicated in the response to Item 2b, the rate design used for the pass-through increase at retail was intended to meet these requirements, while also maintaining the existing wholesale/retail rate design relationship and recognizing cost causation principles.

Industrial customers at retail, for example, will pay the same demand charge as the Member System pays to EKPC. This maintains the rate design relationship from wholesale to retail that has existed for a number of years. Likewise, the proposed increase in the "E" wholesale rate, which is only applied to the energy charge, is being passed through only to the energy charge at retail. This process allows the rate design relationship from wholesale to retail to remain in place.

Fundamentally, for every retail rate class, there has been no change in the rate design structure. The demand, energy, and customer components for industrial rates remains intact and the residential and commercial rate design structure remains as is through a continuation of the customer and energy charge structure. This adherence to the rate

design structure, coupled with a retention of the wholesale to retail rate design relationship, is a reasonable approach and meets the legal requirements.

**Request 2a
Attachment
Page 1 of 2**

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

<u>Schedule</u>	<u>Rate Class</u>	<u>EKPC Rate Schedule</u>	<u>Present</u>	<u>Proposed</u>
1	Farm and Home Service	E-2		
	Customer Charge per month		\$5.55	\$5.55
	First 500 kWh/Mo per kWh		\$0.06900	\$0.07301
	Over 500 kWh/Mo per kWh		\$0.06366	\$0.06767
1-A	Firm and Home Marketing Rate (ETS)	E-2		
	Energy Charge per kWh		\$0.03820	\$0.04060
2	Small Commercial and Small Power	E-2		
	Customer Charge per month		\$5.55	\$5.55
	Demand Charge (over 10 kW/Mo) per KW		\$4.02	\$4.02
	Energy Charge per kWh for First 1,000 kWh/Mo		\$0.07825	\$0.08225
	Energy Charge per kWh for All Over 1,000 kWh/Mo		\$0.06576	\$0.06976
4	Large Power Rate	E-2		
	Customer Charge per month		\$11.10	\$11.10
	Demand Charge per KW		\$4.02	\$4.02
	Energy Charge per kWh		\$0.05655	\$0.06055
5	All Electric Schools	E-2		
	Energy Charge per kWh		\$0.05884	\$0.06284
6	Outdoor Lighting Service – Security Lights	E-2		
	107,800 Lumen Directional Floodlight per month		\$22.95	\$24.39
	50,000 Lumen Directional Floodlight per month		\$12.48	\$13.12
	27,500 Lumen Directional Floodlight per month		\$8.92	\$9.27
	27,500 Lumen Cobra Head per month		\$8.31	\$8.66
	9,500 Lumen Security Light per month		\$6.68	6.84
	7,000 Lumen Security Light per month		\$6.66	\$6.97
	4,000 Lumen Decorative Colonial Post per month		\$8.46	\$8.54
	9,550 Lumen Decorative Colonial Post per month		\$10.89	11.04
B1	Large Industrial Rate	B		
	Customer Charge per month		\$535.00	\$535.00
	Contract Demand Charge		\$5.39	\$7.29
	Demand Charge Excess of Contract		\$7.82	\$9.72
	Energy Charge per month		\$0.03532	\$0.03532
B2	Large Industrial Rate	B		
	Customer Charge per month		\$1,069.00	\$1,069.00
	Contract Demand Charge per KW		\$5.39	\$7.29
	Demand Charge Excess of Contract per KW		\$7.82	\$9.72
	Energy Charge per kWh		\$0.03032	\$0.03032
B3	Large Industrial Rate	B		
	Customer Charge per month		\$1,069.00	\$1,069.00
	Contract Demand Charge per KW		\$5.39	\$7.29

**Request 2a
Attachment
Page 2 of 2**

	Demand Charge Excess of Contract per KW		\$7.82	\$9.72
	Energy Charge per kWh		\$0.02932	\$0.02932
C1	Large Industrial Rate	C		
	Customer Charge per month		\$535.00	\$535.00
	Demand Rate per KW		\$5.39	\$7.29
	Energy Rate per kWh		\$0.03565	\$0.03565
C2	Large Industrial Rate	C		
	Customer Charge per month		\$1,069.00	\$1,069.00
	Demand Rate per KW		\$5.39	\$7.29
	Energy Rate per kWh		\$0.03065	\$0.03065
C3	Large Industrial Rate	C		
	Customer Charge per month		\$1,069.00	\$1,069.00
	Demand Rate per KW		\$5.39	\$7.29
	Energy Rate per kWh		\$0.02965	\$0.02965
	Interruptible Service Rider			

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2006-00481

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 3

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Inter-County Energy Cooperative Corporation

Request 3. Refer to Exhibit III of the Application.

Request 3a. Prepare the following comparative analyses of Inter-County's present and proposed revenues:

(1) Calculate the percentage that each rate schedule or class represents of the total revenues for both the present revenues and proposed revenues. Percentages should be expressed to 2 decimal places.

(2) Calculate the percentage that each component of the base rates within each rate schedule or class represents of the total base rate revenues for both the present revenues and proposed revenues. Do not include fuel adjustment revenues, environmental surcharge revenues, or green power revenues. Percentages should be expressed to 2 decimal places.

Response 3a. (1) Please see the attached information.

(2) Please see the attached information.

Request 3b. Based upon the results of the analyses prepared in part (a) above, explain in detail how Inter-County's proposed pass-through rates are in compliance with the retail rate requirements of KRS 278.455(2) and 807 KAR 5:007, Section 2(2).

Response 3b. Maintaining the existing revenue proportion as shown in part (a) above assumes that the proportionality requirement would follow strict adherence to the existing proportion of revenues at retail, by rate mechanism component (i.e. customer, energy and demand). EKPC and the Member Systems believe that the proportionality requirement is not so narrow and that the pass-through at retail has followed the proposed wholesale rate design process in a proportional manner. At retail, for example, there is no increase in the customer charge because EKPC did not increase the metering point charge or substation charge at wholesale. Moreover, the "B" and "C" type retail industrial classes will have the same demand rate as the proposed demand rate for industrial customers at wholesale. It follows the matching concept upon which these rates were originally created.

See also the response to Item 2(b) and 2(c) herein. KRS 278.455(2) explicitly recognizes "proportional" allocation without recognizing a specific method, whether KWh, revenue, or other means of proportionality. EKPC has chosen the proportional method of applying wholesale to retail, with the intended matching concept of costs vs. revenue. The retail rates reflect this top-down approach to proportionality. Please see the attached analysis which illustrates this approach.

Inter-County
Billing Analysis
for the 12 months ended September 30, 2006

	Existing <u>Total</u>	Proposed <u>Total</u>	<u>\$ Increase</u>	<u>% Increase</u>	<u>Present Revenue % Total</u>	<u>Proposed Revenue Percent</u>
Farm and Home Service	29,122,772	30,514,041	1,391,269	4.78%	81.78%	81.73%
Farm and Home Marketing Rate (ETS)	36,721	38,490	1,769	4.82%	0.10%	0.10%
Small commercial & Small Power	702,482	730,015	27,533	3.92%	1.97%	1.96%
Large Power Rate	1,930,149	2,016,742	86,593	4.49%	5.42%	5.40%
All Electric Schools	229,648	243,132	13,485	5.87%	0.64%	0.65%
Large Industrial Rate B1 (500 kW to 4,999 kW)	1,811,590	1,919,415	107,825	5.95%	5.09%	5.14%
Large Industrial Rate C1 (500 kW to 4,999 kW)	1,129,626	1,195,507	65,881	5.83%	3.17%	3.20%
Street/Security Lighting Outdoor Lighting	647,125	676,312	29,187	4.51%	1.82%	1.81%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	35,610,113	37,333,655	1,723,542	4.84%	100.00%	100.00%

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule 1
Farm and Home Service
Rate Class A10-A19

	Existing			Proposed			\$ Increase	% Increase	Present Percent Revenue	Proposed Percent Revenue
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
	Customer Charge	283,418	\$5.55	\$1,572,970	283,418	\$5.55				
Energy charge per kWh							\$0	#DIV/0!		
First 500 kWh per Month	138,093,191	\$0.06900	9,528,430	138,093,191	\$0.07301	10,081,865	\$553,435	5.81%	39.04%	39.08%
All Over 500 kWh per Month	209,056,703	\$0.06366	13,308,550	209,056,703	\$0.06767	14,146,384	\$837,835	6.30%	54.52%	54.83%
Total from base rates			24,409,950			25,801,219	\$1,391,269	5.70%	100.00%	100.00%
Fuel adjustment			2,934,000			2,934,000	\$0	0.00%		
Environmental surcharge			1,778,822			1,778,822	\$0	0.00%		
Total revenues			\$29,122,772			\$30,514,041	\$1,391,269	4.78%		
Average Bill			\$ 102.76			\$ 107.66	\$ 4.91	4.78%		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule 1-A
Farm and Home Marketing Rate (ETS)
Rate E18

	Existing			Proposed			\$ Increase	% Increase	Present Percent Revenue	Proposed Percent Revenue
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
	Customer Charge	0	\$5.55	\$0	0	\$5.55				
Energy charge per kWh	736,818	\$0.03820	28,146	736,818	\$0.04060	29,915	\$1,769	6.28%	100.00%	100.00%
Total from base rates			28,146			29,915	\$1,769	6.28%	100.00%	100.00%
Fuel adjustment			6,490			6,490	\$0	0.00%		
Environmental surcharge			2,085			2,085	\$0	0.00%		
Total revenues			\$36,721			\$38,490	\$1,769	4.82%		
Average Bill			#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule 2
Small commercial & Small Power
Rate B20; B25; B26; B28

	Existing			Proposed			\$ Increase	% Increase		
	Billing	Current	Annualized	Billing	Rate	Annualized				
	Determinants	Rate	Revenues	Determinants	Rate	Revenues				
Customer Charge	2,594	\$5.55	\$ 14,397	2,594	\$5.55	\$ 14,397	\$0	0.00%	2.59%	2.47%
Demand Charge	16,623	\$4.02	66,824	16,623	\$4.02	66,824	\$0	0.00%	12.03%	11.46%
Energy charge per kWh							\$0	#DIV/0!		
First 1,000 kWh per Month	1,771,719	\$0.07825	138,637	1,771,719	\$0.08225	145,731	\$7,094	5.12%	24.96%	25.00%
All Over 1000 kWh per Month	5,104,131	\$0.06576	335,648	5,104,131	\$0.06976	356,086	\$20,438	6.09%	60.42%	61.07%
Total from base rates			555,506			583,039	\$27,533	4.96%	100.00%	100.00%
Fuel adjustment			56,650			56,650	\$0	0.00%		
Environmental surcharge			90,326			90,326	\$0	0.00%		
Total revenues			702,482			730,015	\$27,533	3.92%		
Average Bill			\$ 270.81			\$ 281.42	\$ 10.61	3.92%		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule 4
Large Power Rate
Rate C40; C45; C46

	Existing			Proposed			\$ Increase	% Increase		
	Billing	Current	Annualized	Billing	Rate	Annualized				
	Determinants	Rate	Revenues	Determinants	Rate	Revenues				
Customer Charge	1,245	\$11.10	\$ 13,820	1,245	\$11.10	\$ 13,820	\$0	0.00%	0.86%	0.82%
Demand Charge	90,635	\$4.02	364,352	90,635	\$4.02	364,352	\$0	0.00%	22.76%	21.59%
Energy charge per kWh							\$0	#DIV/0!		
All kWh	21,625,142	\$0.05655	1,222,902	21,625,142	\$0.06055	1,309,495	\$86,593	7.08%	76.38%	77.59%
Total from base rates			1,601,074			1,687,667	\$86,593	5.41%	100.00%	100.00%
Fuel adjustment			183,781			183,781	\$0	0.00%		
Environmental surcharge			145,294			145,294	\$0	0.00%		
Total revenues			1,930,149			2,016,742	\$86,593	4.49%		
Average Bill			\$ 1,550.32			\$ 1,619.87	\$ 69.55	4.49%		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule AES
All Electric Schools
Rate D50

	Existing			Proposed			\$ Increase	% Increase		
	Billing	Current	Annualized	Billing	Rate	Annualized				
	Determinants	Rate	Revenues	Determinants	Rate	Revenues				
Customer Charge	60		\$0	60	\$0.00	\$0	\$0	#DIV/0!	0.00%	0.00%
Energy charge per kWh	3,367,553	\$0.05884	198,147	3,367,553	\$0.06284	211,631	\$13,485	6.81%	100.00%	100.00%
Total from base rates			198,147			211,631	\$13,485	6.81%	100.00%	100.00%
Fuel adjustment			28,304			28,304	\$0	0.00%		
Environmental surcharge			3,197			3,197	\$0	0.00%		
Total revenues			\$229,648			\$243,132	\$13,485	5.87%		
Average Bill			\$3,827.46			\$4,052.21	\$224.74	5.87%		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule B1
Large Industrial Rate (500 kW to 4,999 kW)
Rate B10

	Existing			Proposed			\$ Increase	% Increase		
	Billing	Current	Annualized	Billing	Rate	Annualized				
	Determinants	Rate	Revenues	Determinants	Rate	Revenues				
Customer Charge	84	\$535.00	\$44,940	84	\$535	\$44,940	\$0	0.00%	3.09%	2.88%
Demand charge							\$0	#DIV/0!		
Contract	47,679	\$5.39	\$256,991	47,679	\$7.29	347,582	\$90,591	35.25%	17.66%	22.24%
Excess Demand	9,071	\$7.82	\$70,935	9,071	\$9.72	88,170	\$17,235	24.30%	4.87%	5.64%
Energy Charge	30,643,892	\$0.03532	1,082,342	30,643,892	\$0.03532	1,082,342	\$0	0.00%	74.38%	69.25%
Total Baseload Charges			\$1,455,209			\$1,563,034	\$107,825	7.41%	100.00%	100.00%
Fuel adjustment			247,831			247,831	\$0	0.00%		
Environmental surcharge			108,550			108,550	\$0	0.00%		
Total Revenues			\$1,811,590			\$1,919,415	\$107,825	5.95%		
Average Bill			\$ 21,566.54			\$ 22,850.18	1,283.64	5.95%		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Schedule C1
Large Industrial Rate (500 kW to 4,999 kW)
Rate C10

	Existing			Proposed			\$ Increase	% Increase		
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
Customer Charge	12	\$535.00	\$6,420	12	\$535	\$6,420	\$0	0.00%	0.72%	0.67%
							\$0	#DIV/0!		
Demand Charge	34,674	\$5.39	\$186,893	34,674	\$7.29	252,773	\$65,881	35.25%	20.94%	26.38%
							\$0	#DIV/0!		
Energy Charge	19,611,349	\$0.03565	699,145	19,611,349	\$0.03565	699,145	\$0	0.00%	78.34%	72.95%
Total Baseload Charges			\$892,457			\$958,338	\$65,881	7.38%	100.00%	100.00%
Fuel adjustment			159,554			159,554	\$0	0.00%		
Environmental surcharge			77,615			77,615	\$0	0.00%		
Total Revenues			\$1,129,626			\$1,195,507	\$65,881	5.83%		
Average Bill			\$ 94,136			\$ 99,626	5,490.05	5.83%		

Inter-County Energy Cooperative
Billing Analysis
for the 12 months ended September 30, 2006

Street Lighting and Security Lights
Outdoor Lighting

kWh	Existing				Proposed				% of Total	% of Total	\$ Increase	% Increase
	Billing Determinants	Total kWh	Current Rate	Annualized Revenues	Billing Determinants	Total kWh	Rate	Annualized Revenues				
107,800 Lumen Directional Floodlight	360	137,160	\$22.95	\$8,743.95	381	137,160	\$24.39	9,293	1.37%	549	6.28%	
50,000 Lumen Directional Floodlight	159	260,760	\$12.48	\$20,467.20	1,640	260,760	\$13.12	21,511	3.16%	1,044	5.10%	
27,500 Lumen Directional Floodlight	87	197,316	\$8.92	\$20,230.56	2,268	197,316	\$9.27	21,021	3.13%	790	3.91%	
27,500 Lumen Cobra Head	87	116,406	\$8.31	\$11,118.78	1,338	116,406	\$8.66	11,585	1.72%	466	4.19%	
9,500 Lumen Security Light	39.3	0	\$6.68	\$0.00	0	0	\$6.84	0	0.00%	0	#DIV/0!	
7,000 Lumen Security Light	77	6,524,749	\$6.66	\$564,348.42	84,737	6,524,749	\$6.97	590,475	87.21%	26,127	4.63%	
4,000 Lumen Decorative Colonial Post	20	52,520	\$8.46	\$22,215.96	2,626	52,520	\$8.54	22,426	3.43%	210	0.95%	
9,550 Lumen Decorative Colonial Post	38.3	0	\$10.89	\$0.00	0	0	\$11.04	0	0.00%	0	#DIV/0!	
		92,990	7,288,911	\$647,124.87	92,990	7,288,911		676,312	100.00%	29,187	4.51%	

Analysis of Wholesale to Retail Proportionality

	Retail
Wholesale	

	Existing	Proposed	Change		Existing	Proposed	Change
I Customer Charge							
Metering Point Charge	\$125/Mo.	\$125/Mo.	\$ -	Customer Charge 1 Residential	\$5.55/Mo	\$5.55/Mo	\$ -
Substation at less than 3 MVA	\$944/Mo.	\$944/Mo.	\$ -	Customer Charge 1 Residential	\$5.55/Mo	\$5.55/Mo	\$ -
II Demand Charge							
B&C Demand Charge (\$/kW)	\$5.39	\$7.29	\$1.90	Industrial Rate (\$/kW)	\$5.39	\$7.29	\$1.90

III Energy Charge
 The non-industrial wholesale increase was based on the dollar amount remaining to be recovered at wholesale, divided by kWh.

The non-industrial retail increase was based on the dollar amount remaining to be recovered at retail, divided by kWh.