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PUBLIC SERVICE
COMMISSION

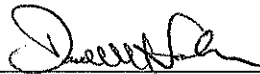
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION TO)
PASS-THROUGH AN INCREASE OF ITS) CASE NO. 2006-00488
WHOLESALE POWER SUPPLIER PURSUANT TO)
KRS 278.455(2))

RESPONSE TO FIRST DATA REQUEST

Comes South Kentucky Rural Electric Cooperative Corporation and attaches hereto an original and five (5) copies of its responses to the Commission Staff's First Data Request dated March 12, 2007.



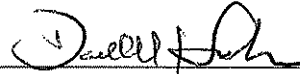
DARRELL L. SAUNDERS, P.S.C.
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700 MASTER STREET
P.O. BOX 1324
CORBIN, KENTUCKY 40702
TELEPHONE: (606) 523-1370
FAX NUMBER: (606) 523-1372

ATTORNEY FOR SOUTH KENTUCKY RURAL
ELECTRIC COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing was this 21st day of March, 2007 deposited in the regular United States mail, all postage prepaid and addressed for delivery to Ms. Anita Mitchell, Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, KY 40602-0615.

Original to: Ms. Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, KY 40602-0615.



ATTORNEY FOR SOUTH KENTUCKY RURAL
ELECTRIC COOPERATIVE CORPORATION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2006-00488
TO KRS 278.455(2))	

RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST TO
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
DATED MARCH 12, 2007

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00488

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

South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") 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.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00488

FIRST DATA REQUEST RESPONSE

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

REQUEST 1

RESPONSIBLE PERSON: William A. Bosta

COMPANY: South Kentucky Rural Electric 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 South Kentucky.

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 exceptions are Electric Thermal Storage (ETS) Rate Schedule A/Rate 6 and Rate Schedule B/Rate 7, which were 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.

Demand 0.857689
 Efficiency 0.857689
 Heat Rate 3615.9
 Mbu Demand 3615.9
 Mbu Energy 3615.9
 Mbu Demand 4394.11
 Mbu Energy 2392681.7
 BILL-KWH 271,090,329
 BILL-KW 508,649
 Mbu-Demand 4394.11
 Mbu-Energy 2392681.7
 commented
 305
 2403
 36074 \$/Mbu
 45994 \$/Mbu

Load Center - Normalized

Meter #	LC #	2373	2655	4605	Revenue	Present Total Revenue	Revenue Adjustment
21	944	2373	2655	4605	886,662	886,662	0
23	12	48	228	24	439,596	439,596	0
27	12	144	108	24	447,336	447,336	0
31	36	240	36	48	991,668	991,668	0
34	12	96	24	24	413,076	413,076	0
37	12	120	36	12	426,336	426,336	0
49	12	180	60	60	955,980	955,980	0
51	12	172	12	12	613,860	613,860	0
52	24	144	48	48	689,112	689,112	0
54	36	108	36	36	474,120	474,120	0
56	36	312	48	48	1,197,228	1,197,228	0
57	84	84	12	12	325,248	325,248	0
58	132	132	84	84	517,548	517,548	0
59	12	84	84	84	268,296	268,296	0
61	72	84	84	84	410,676	410,676	0
64	48	228	84	84	1,162,952	1,162,952	0
36	540	2364	468	468	10,219,764	10,219,764	0
					426,000	426,000	0
					7,500	7,500	0
					510,669,030	510,669,030	43,364,220

Metering 5
 Metering Point only 5
 140,461,551 - 168,636,874 - 216,081,557
 554,033,251
 554,033,251

Grand Total Revenue by Member System

COOP	E	B	Σ	Inland Containment	Inland Stream	Gallatin	ISP	AGC	Load Center	Metering Only	Metering	Present	Proposed Total	Rate Adj	
21	41,970,429	3,348,394	0	0	0	0	0	0	886,662	38,000	38,000	43,596,334	46,202,515	3,716,181	
23	20,177,350	232,807	805,315	0	0	0	0	0	439,596	19,500	19,500	24,028,185	25,735,642	1,707,457	
27	19,437,170	1,242,292	800,711	0	0	0	4,061,065	0	447,336	18,000	18,000	20,224,967	20,224,967	1,723,622	
31	42,012,158	1,191,002	1,784,828	0	0	0	0	0	991,668	49,500	49,500	43,364,698	46,020,253	3,655,555	
34	13,398,969	8,629,259	0	0	0	0	0	0	413,076	19,500	19,500	15,871,430	20,459,244	4,587,814	
37	20,735,790	0	2,517,316	0	0	0	0	0	426,336	19,000	19,000	21,777,690	23,697,444	1,919,754	
49	20,561,234	0	117,223	0	0	33,842,557	0	0	955,980	34,500	34,500	78,932,694	86,141,167	7,188,493	
51	26,628,149	1,961,559	0	0	0	0	0	0	613,860	30,000	30,000	19,646,505	21,323,317	1,679,812	
52	20,429,813	0	7,295,239	0	0	0	5,305,593	0	689,112	27,000	27,000	34,611,402	34,611,402	2,675,012	
54	49,462,581	2,072,016	3,494,417	7,869,734	9,332,384	0	5,602,862	0	474,120	18,000	18,000	51,043,371	47,484,269	3,559,111	
56	12,731,759	0	0	0	0	0	0	0	1,197,228	49,500	49,500	56,237,242	51,840,182	4,457,060	
57	24,105,073	0	0	0	0	0	0	0	325,248	15,000	15,000	13,071,898	12,034,682	1,037,216	
58	12,446,242	0	0	0	0	0	0	0	517,548	22,500	22,500	24,645,121	22,673,225	1,971,896	
59	34,405,336	0	0	0	0	0	0	0	268,296	12,000	12,000	12,726,538	11,776,472	1,010,067	
61	11,813,118	0	659,536	0	0	0	0	0	410,676	19,500	19,500	344,503	344,503	30,005	
64	46,524,562	8,988,673	0	0	0	0	0	0	1,162,952	46,500	46,500	12,902,629	59,623,033	1,012,741	
													554,033,251	554,033,251	43,364,220

427,253,498
 32,617,502
 17,474,665
 17,474,665
 7,869,734
 9,332,384
 33,842,557
 8,663,647
 5,305,593
 10,219,764
 426,000
 7,500

South Kentucky RECC
Billing Analysis
for the 12 months ended September 30, 2006

	Total	Total	\$ Increase	% Increase
#REF!	62,332,726	65,221,771	2,889,045	4.63%
#REF!	568,476	595,182	26,706	4.70%
#REF!	6,146,496	6,391,199	244,703	3.98%
#REF!	1,211	1,263	51	4.23%
#REF!	10,774,238	11,344,566	570,329	5.29%
#REF!	2,381,887	2,505,662	123,775	5.20%
#REF!	2,592,616	2,767,876	175,260	6.76%
#REF!	3,041,632	3,279,612	237,980	7.82%
#REF!	45,464	46,535	1,071	2.36%
#REF!	1,571,840	1,637,512	65,673	4.18%
#REF!	774,667	818,243	43,576	5.63%
#REF!	67,906	70,746	2,841	4.18%
#REF!	26,771	27,437	666	2.49%
#REF!	2,514,635	2,590,021	75,386	3.00%
	92,840,564	97,297,625	# 4,457,061	4.80%

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2008

Schedule A
Residential, Farm and Non-Farm Service
Rate 1; 3; 18

	Existing			Proposed			\$ Increase	% Increase	Dmd \$	Energy \$
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
Customer Charge	675,814	\$8.00	\$5,406,512	675,814	\$8.00	\$5,406,512	-	-		
Energy charge per kWh	726,842,280	726,842,280	\$0.06445	46,844,985	726,842,280	\$0.06842	49,734,030	2,889,045	6.17%	2,889,045
Total from base rates			52,251,497			55,140,542	2,889,045	5.53%		
Fuel adjustment			6,063,317			6,063,317	-	0.00%		
Environmental surcharge			4,017,912			4,017,912	-	0.00%		
Total revenues			\$62,332,726			\$65,221,771	\$ 2,889,045	4.63%		
Average Bill			\$92.23			\$96.51	\$4.27	4.63%		

Schedule A
Residential, Farm and Non-Farm Service (ETS)
Rate 6

	Existing			Proposed			\$ Increase	% Increase	Dmd \$	Energy \$
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
Customer Charge	20,868	\$8.00	\$0	20,868	\$8.00	\$0	-	#DIV/0!		
Energy charge per ETS kWh	11,198,063	11,198,063	\$0.03867	433,029	11,198,063	\$0.04105	459,735	26,705.97	6.17%	26,706
Fuel adjustment			101,097			101,097	-	0.00%		
Environmental surcharge			34,350			34,350	-	0.00%		
Total revenues			\$568,476			\$595,182	26,706	4.70%		
Average Bill			\$ 27.24			28.52127975	1.28	4.70%		

Note - these are the same customers on Schedule A

Schedule B
Small Commercial Rate
Rate 2

	Existing			Proposed			\$ Increase	% Increase	Dmd \$	Energy \$
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
Customer Charge	44,557	\$15.00	\$668,355	44,557	\$15.00	\$668,355	-	-		
Energy charge per kWh	61,563,781	61,563,781	\$0.07474	4,601,277	61,563,781	\$0.07871	4,845,980	244,703		244,703
Total from base rates			5,269,632			5,514,335	244,703			
Fuel adjustment			504,412			504,412	-	-		
Environmental surcharge			372,452			372,452	-	-		
Total revenues			\$6,146,496			\$6,391,199	244,703	3.98%		
Average Bill			\$ 137.95			\$ 143.44	\$ 5.49	3.98%		

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2006

Schedule B ETS
Small Commercial Rate
Rate 7

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Customer Charge	36	\$15.00	\$0	36	\$15.00	\$0	\$0	#DIV/0!
Energy charge per ETS kWh	21,440	21,440	\$0.04484	21,440	\$0.04723	1,013	\$51	5.33%
Total from base rates			961			1,013	\$51	5.33%
Fuel adjustment			183			183	\$0	0.00%
Environmental surcharge			67			67	\$0	0.00%
Total revenues			\$ 1,211			\$ 1,263	\$ 51.22	4.23%
Average Bill			\$ 33.65			\$ 35.07	\$ 1.42	4.23%

Schedule LP - Excess of 50 kVA
Large Power Rate
Rate 4; 16

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Customer Charge	2,844	\$30.00	\$85,320	2,844	\$30.00	\$85,320	\$0	0.00%
Demand Charge	461,335	\$6.00	\$2,768,010	461,335	\$6.00	\$2,768,010	\$0	0.00%
Energy charge per kWh	144,302,253	144,302,253	\$0.04156	144,302,253	\$0.04551	6,567,530	\$570,329	9.51%
Total from base rates			8,850,532			9,420,860	\$570,329	0
Fuel adjustment			1,190,726			1,190,726	-	0.00%
Environmental surcharge			732,980			732,980	-	0.00%
Total revenues			\$10,774,238			\$11,344,566	\$570,329	5.29%
Average Bill			\$ 3,768			\$ 3,989	200.54	5.29%

Schedule LP-1
Large Power Rate (500 KW to 4,999 KW)
Rate 9

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Metering Charge	24	\$125.00	\$3,000	24	\$125.00	\$3,000	-	0.00%
Substation Charge	12	\$944.00	11,328	12	\$944.00	11,328	-	0.00%
Substation Charge	12	\$2,373.00	28,476	12	\$2,373.00	28,476	-	0.00%
Demand Charge	65,145	\$5.39	351,129	65,145	\$7.29	474,904	123,775	35.25%
Energy charge per kWh	40,207,165	\$0.03713	1,492,892	40,207,165	\$0.03713	1,492,892	-	0.00%
Total from base rates			1,866,825			2,010,600	123,775	6.56%
Fuel adjustment			329,448			329,448	-	0.00%
Environmental surcharge			165,814			165,814	-	0.00%
Total revenues			\$2,361,887			\$2,505,662	123,775	5.20%
Average Bill			\$ 99,245			\$ 104,403	5,157.27	5.20%

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2006

Schedule LP-2
Large Power Rate (5,000 KW to 9,999 KW)
Rate 10

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Metering Charge	14	\$125.00	\$1,750	14	\$125.00	\$1,750	-	0.00%
Substation Charge	9	\$2,373.00	21,357	9	\$2,373.00	21,357	-	0.00%
Substation Charge	5	\$2,855.00	14,275	5	\$2,855.00	14,275	-	0.00%
Demand Charge	92,242	\$5.39	497,184	92,242	\$7.29	672,444	175,260	35.25%
First 400 kwh per KW (to 5,000 kwh): Energy charge per kWh	24,000,000	\$0.03713	891,120	24,000,000	\$0.03713	891,120	-	0.00%
All remaining kwh: Energy charge per kWh	20,034,777	\$0.03112	623,482	20,034,777	\$0.03112	623,482	-	0.00%
Total kwh	44,034,777			44,034,777				
Total from base rates			2,049,168			2,224,428	175,260	8.55%
Fuel adjustment			360,725			360,725	-	0.00%
Environmental surcharge			182,723			182,723	-	0.00%
Total revenues			\$2,592,616			\$2,767,876	175,260	6.76%
Average Bill			\$ 165,187			\$ 197,705	12,518.55	6.76%

Schedule LP-3
Large Power Rate (500 KW to 2,999 KW)
Rate 12; 15

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Metering Charge	56	\$125.00	\$7,000	56	\$125.00	\$7,000	-	0.00%
Substation Charge	23	\$315.00	7,245	23	\$315.00	7,245	-	0.00%
Substation Charge	34	\$944.00	32,096	34	\$944.00	32,096	-	0.00%
Demand Charge:								
Contract demand	90,074	\$5.39	485,497	90,074	\$7.29	656,837	171,140	35.25%
Excess demand	35,179	\$7.82	275,068	35,179	\$9.72	341,938	66,840	24.30%
Energy charge per kWh+A265	48,075,843	\$0.03451	1,659,097	48,075,843	\$0.03451	1,659,097	-	0.00%
Total from base rates			2,466,033			2,704,013	237,980	9.65%
Fuel adjustment			388,405			388,405	-	0.00%
Environmental surcharge			187,194			187,194	-	0.00%
Total revenues			\$3,041,632			\$3,279,612	\$237,980	7.82%
Average Bill			\$ 54,315			\$ 58,564	4,249.63	7.82%

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2006

Special Contract
Casey Stone Company
Rate 11

	Existing			Proposed			\$ Increase	% Increase		
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
Consumer Charge	7	\$11.20	78	7	\$11.20	\$78	-	0.00%		
Monthly minimum bill	5	\$600.00	\$3,000	5	\$600.00	\$3,000	-	0.00%		
Demand Charge	2,236	\$11.49	\$25,695	2,236	\$11.49	\$25,695	-	0.00%		
First 3,500 kwh per month	35,700	35,700	\$0.04503	1,608	35,700	\$0.04896	1,749	141	8.78%	141
Next 6,500 kwh per month	32,200	32,200	\$0.04397	1,416	32,200	\$0.04792	1,543	127	8.99%	127
Next 140,000 kwh per month	203,100	203,100	\$0.04289	8,711	203,100	\$0.04684	9,514	803	9.22%	803
Next 150,000 kwh per month	0	0	\$0.04236	0	0	\$0.04631	0	-	-	
Over 300,000 kwh per month	0	0	\$0.04182	0	0	\$0.04577	0	-	-	
Over 300,000 kwh per month										
Total kwh	271,000			271,000						
Total from base rates			40,508			41,579	1,071	2.64%		
Fuel adjustment			2,267			2,267	-	0.00%		
Environmental surcharge			2,689			2,689	-	0.00%		
Total revenues			\$45,464			\$46,535	\$1,071	2.36%		
Average Bill			\$ 6,495			\$ 6,648	153.01	2.36%		

Schedule OPS
Optional Power Service
Rate 5

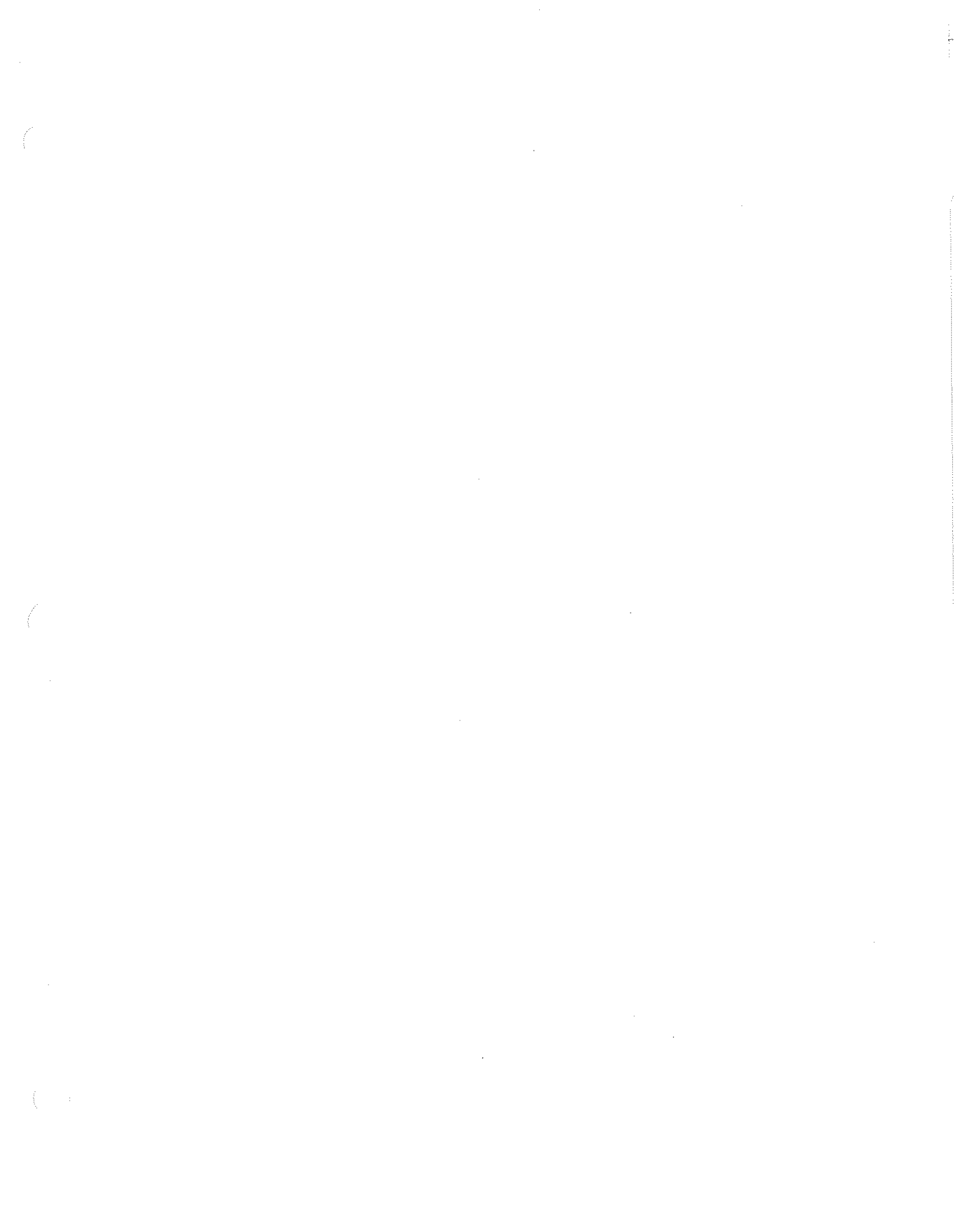
	Existing			Proposed			\$ Increase	% Increase		
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
Customer Charge	1,872	\$30.00	\$56,160	1,872	\$30.00	\$56,160	\$0	0.00%		
Energy charge per kWh	16,616,206	16,616,206	\$0.07680	1,276,125	16,616,206	\$0.08075	1,341,797	\$65,673	5.15%	65,673
Total from base rates			1,397,285			1,397,957	\$65,673	4.93%		
adjustment			136,669			136,669	\$0	0.00%		
onmental surcharge			102,886			102,886	\$0	0.00%		
Total revenues			\$1,571,840			\$1,637,512	\$65,673	4.18%		
Average Bill			\$ 840			\$ 875	\$35.08	4.18%		

Schedule AES
All Electric Schools
Rate 17

	Existing			Proposed			\$ Increase	% Increase		
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues				
Customer Charge	129	\$69.38	\$8,950	129	\$69.38	\$8,950	-	0.00		
Energy charge per kWh	11,025,480	11,025,480	\$0.05646	622,499	11,025,480	\$0.06041	668,075	43,576	0.07	43,576
Total from base rates			631,449			675,025	43,576	0.07		
Fuel adjustment			90,516			90,516	-	0.00		
Environmental surcharge			52,702			52,702	-	0.00		
Total revenues			\$774,667			\$818,243	43,576	0.06		
Average Bill			\$ 6,005			\$ 6,343	337.80	5.63%		

South Kentucky Lighting Rates Analysis

	Billing				Test Yr Revenue	Per kWh	Proposed Rate / kWh	Proposed Rate/ Mo	Proposed Revenue							
	Total kWh	Units for Test Year	kWh Lamp	Existing Rate/ Mo						Rate / kWh	Rate/ Mo	Revenue				
Mercury Vapor - 7000 - 10000 Lumens	257,520	3,480	74	6.30	21,924.00		0.09811	6.57	22,963.60							
Sodium - 7000 - 10000 Lumens	230,454	3,658	63	6.30	23,045.40		0.09811	6.57	24,033.06	487,974.00	44,969.40	0.09	0.10	46,898.03	6.57	
Mercury Vapor - 15,000 - 28,000 Lumens	93,636	578	162	9.95	5,751.10	0.08142	0.07622	10.49	6,963.22							
Sodium - 15,000 - 28,000 Lumens	139,330	1,114	135	9.95	11,084.30	0.07955	0.07622	10.49	11,685.86	232,966.00	16,835.40	0.07	0.08	17,756.16	10.49	
	<u>720,940</u>	<u>8,830</u>			<u>61,804.80</u>				<u>64,645.74</u>							
FAC					6,008.24				6,008.24							
ES					92.52				92.52							
Total STL					<u>67,905.56</u>				<u>70,746.50</u>	2,840.94				0.04		
Per Customer					7.69				8.01	0.32				0.04		
DSTL																
Cobra Head Light Existing Pole																
7000 - 10000 Lumens 39 kWh - Unmetered	-		39	9.92	-	0.25436	0.25831	10.07	-							
7000 - 10000 Lumens 39 kWh - Metered	-		39	8.45	-	-	-	8.45	-							
15000 - 28000 Lumens 100 kWh - Unmetered	54,000	540	100	12.87	6,949.80	0.12870	0.13265	13.27	7,163.23							
15000 - 28000 Lumens 100 kWh - Metered	-		100	9.11	-	-	-	9.11	-							
Cobra Head Light Installed on 30' Aluminum Pole & Arm																
7000 - 10000 Lumens 39 kWh - Unmetered	-		39	16.12	-	0.41333	0.41729	16.27	-							
7000 - 10000 Lumens 39 kWh - Metered	-		39	14.64	-	-	-	14.64	-							
15000 - 28000 Lumens 100 kWh - Unmetered	49,500	495	100	18.40	9,108.00	0.18400	0.18795	18.80	9,303.64							
15000 - 28000 Lumens 100 kWh - Metered	-		100	14.64	-	-	-	14.64	-							
Lexington Light Installed on 16' Aluminum Pole																
Sodium 7000 - 10000 Lumens 39 kWh - Unmetered	-		39	10.53	-	0.27000	0.27395	10.68	-							
Sodium 7000 - 10000 Lumens 39 kWh - Metered	-		39	9.05	-	-	-	9.05	-							
Acorn Light Installed on 16' Fluted Pole																
Sodium 7000 - 10000 Lumens 39 kWh - Unmetered	1,872	48	39	21.78	1,045.44	0.55846	0.56241	21.93	1,052.84							
Sodium 7000 - 10000 Lumens 39 kWh - Metered	-		39	20.31	-	-	-	20.31	-							
Metal Halide Lamp																
100 Watt Metal Halide - Acorn @ 44 kWh Mo. - Unmetered	13,992	318	44	8.75	2,782.50	0.19886	0.20282	8.92	2,837.80							
100 Watt Metal Halide - Acorn @ 44 kWh Mo. - Metered	-		44	7.01	-	-	-	7.01	-							
100 Watt Metal Halide - Lexington @ 44 kWh Mo. - Unmetered	5,808	132	44	6.85	904.20	0.15568	0.15963	7.02	927.16							
100 Watt Metal Halide - Lexington @ 44 kWh Mo. - Metered	-		44	5.12	-	-	-	5.12	-							
400 Watt Metal Halide Galleria @ 167 kWh Mo - Unmetered	24,048	144	167	17.61	2,535.84	0.10545	0.10940	18.27	2,630.89							
400 Watt Metal Halide Galleria @ 167 kWh Mo - Metered	-		167	11.03	-	-	-	11.03	-							
1000 Watt Metal Halide Galleria @ 395 kWh Mo - Unmetered	14,220	36	395	28.49	1,025.84	0.07213	0.07608	30.05	1,081.84							
1000 Watt Metal Halide Galleria @ 395 kWh Mo - Metered	-		395	12.89	-	-	-	12.89	-							
250 Watt Cobra Head w/ 30' Aluminum Pole - Unmetered	5,088	48	106	20.35	976.80	0.19198	0.19593	20.77	996.91							
400 Watt Cobra Head Mercury Vapor With 8' Arm - Unmetered	-		162	14.56	-	0.08988	0.09383	15.20	-							
400 Watt Cobra Head Mercury Vapor With 8' Arm - Metered	-		162	7.99	-	-	-	7.99	-							
400 Watt Cobra Head Mercury Vapor With 12' Arm - Unmetered	-		162	17.30	-	0.10679	0.11074	17.84	-							
400 Watt Cobra Head Mercury Vapor With 12' Arm - Metered	-		162	10.73	-	-	-	10.73	-							
400 Watt Cobra Head Mercury Vapor With 18' Arm - Unmetered	-		162	18.15	-	0.11204	0.11599	18.79	-							
400 Watt Cobra Head Mercury Vapor With 18' Arm - Metered	-		162	11.57	-	-	-	11.57	-							
400 Watt Cobra Head Mercury Vapor With 18' Arm - Metered	-		162	23.56	-	-	-	23.56	-							
Total STL	<u>168,528</u>	<u>1,761</u>			<u>25,328.22</u>				<u>25,994.30</u>	666.08						
FAC					1,404.50				1,404.50							
ES					37.91				37.91							
Total DSTL					<u>26,770.63</u>				<u>27,436.71</u>	666.08				0.02		
					15.20				15.56	0.38				0.02		
OL																
Mercury Vapor - 7000 - 10000 Lumens - Unmetered	14,938,659	205,209	74	8.29	1,701,928.71		0.12790	8.55	1,755,306.45	17,294,358.00	2,143,611.62	0.12	0.13	2,211,964.48	8.55	
Sodium - 7000 - 10000 Lumens - Unmetered	2,355,699	53,279	45	8.29	441,682.91	0.12395	0.12790	8.55	455,535.45							
Mercury Vapor - 7000 - 10000 Lumens - Metered	-		74	6.48	-	-	-	6.48	-							
Sodium - 7000 - 10000 Lumens - Metered	-		45	6.48	-	-	-	6.48	-	119.00	12.96	0.11	0.11	13.43	6.72	
Directional Flood - 250 Watt Sodium - Unmetered	1,230,403	11,681	106	13.15	153,605.15	0.12484	0.12879	13.85	159,470.50							
Directional Flood - 250 Watt Sodium - Metered	-		106	8.23	-	-	-	8.23	-							
Directional Flood - 250 Watt Metal Halide - Unmetered	69,536	696	106	14.34	9,407.04	0.13528	0.13924	14.76	9,681.87							
Directional Flood - 250 Watt Metal Halide - Metered	-		106	9.17	-	-	-	9.17	-							
Directional Flood - 400 Watt Metal Halide - Unmetered	223,112	1,336	167	17.54	23,433.44	0.10503	0.10898	18.20	24,315.25							
Directional Flood - 400 Watt Metal Halide - Metered	-		167	9.17	-	-	-	9.17	-							
Directional Flood - 1000 Watt Metal Halide - Unmetered	286,770	726	395	30.09	21,845.34	0.07618	0.08013	31.65	22,978.75							
Directional Flood - 1000 Watt Metal Halide - Metered	-		395	10.23	-	-	-	10.23	-							
Total OL	<u>19,104,179</u>	<u>272,977</u>			<u>2,351,902.59</u>				<u>2,427,288.27</u>	75,385.68						
FAC					159,212.27				159,212.27							
ES					3,520.57				3,520.57							
					<u>2,514,635.43</u>				<u>2,590,021.10</u>	75,385.68				0.03		
					9.21				9.49	0.28				0.03		
Total Lighting	19,993,647	283,566			2,439,035.61				2,517,928.30	76,051.75						
Total FAC					166,625.00				166,625.00							
Total ES					3,651.00				3,651.00							
Total \$					<u>2,609,311.61</u>				<u>2,688,204.30</u>							
					9.20				9.48	0.28				0.03		



SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00488

FIRST DATA REQUEST RESPONSE

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

REQUEST 2

RESPONSIBLE PERSON: William A. Bosta

COMPANY: South Kentucky Rural Electric 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, South Kentucky 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 South Kentucky 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 South Kentucky 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.

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

	<u>Rate Class</u>	<u>EKPC</u> <u>Sch</u>	<u>Present</u>	<u>Proposed</u>
A	Residential, Farm & Non-Farm Service	E2		
	Customer Charge / Mo		\$8.00	\$8.00
	Energy Charge / kWh		\$0.06445	\$0.06842
A	Residential, Farm & Non-Farm Service ETS Mkt Rate	E2		
	ETS Usage		\$0.03867	\$0.04105
B	Small Commercial Rate	E2		
	Customer Charge / Mo		\$15.00	\$15.00
	Energy Charge / kWh		\$0.07474	\$0.07871
B	Small Commercial Rate – ETS Marketing Rate	E2		
	ETS Usage / kWh		\$0.04484	\$0.04723
LP	Large Power Rate	E2		
	Customer Charge / Mo		\$30.00	\$30.00
	Demand Charge / kW		\$6.00	\$6.00
	Energy Charge / kWh		\$0.04156	\$0.04551
LP-1	Large Power Rate – 500 - 4999 kW	C		
	Metering Charge		\$125.00	\$125.00
	Substation Charge Based on Contract kW			
	a. 500-999 kW		\$315.00	\$315.00
	b. 1,000 – 2,999		\$944.00	\$944.00
	c. 3,000 – 7,499		\$2,373.00	\$2,373.00
	Demand Charge / kW		\$5.39	\$7.29
	Energy Charge / kWh		\$0.03713	\$0.03713
LP-2	Large Power Rate – 5000 - 9999 kW	C		
	Metering Charge		\$125.00	\$125.00
	Substation Charge Based on Contract kW			
	a. 3,000 – 7,499		\$2,373.00	\$2,373.00
	b. 7,500 – 14,799		\$2,855.00	\$2,855.00
	Demand Charge		\$5.39	\$7.29
	Energy Charge – First 400 kWh		\$0.03713	\$0.03713
	Energy Charge – For Remaining kWh		\$0.03112	\$0.03112
LP-3	Large Power Rate – 500 – 2999 kW	B		
	Metering Charge		\$125.00	\$125.00
	Substation Charge Based on Contract kW			
	a. 500 – 999 kW		\$315.00	\$315.00
	b. 1,000 – 2,999 kW		\$944.00	\$944.00
	Contract Demand		\$5.39	\$7.29
	Excess Demand Over Contract		\$7.82	\$9.72
	Energy Charge / kWh		\$0.03451	\$0.03451
SP	Special Contract – Casey Stone Company	E2		
	Customer Charge / Mo.		\$11.20	\$11.20
	Demand Charge / kW		\$11.49	\$11.49
	Energy Charge First 3,500 kWh		\$0.04503	\$0.04898
	Energy Charge Next 6,500 kWh		\$0.04397	\$0.04792
	Energy Charge Next 140,000 kWh		\$0.04289	\$0.04684
	Energy Charge Next 150,000 kWh		\$0.04236	\$0.04631
	Energy Charge Next 300,000 kWh		\$0.04182	\$0.04577

OPS	Optional Power Service (50 – 300 KVA)	E2		
	Customer Charge / Mo		\$30.00	\$30.00
	Energy Charge / kWh		\$0.07680	\$0.08075
AES	All Electric School	E2		
	Customer Charge / Mo		\$69.38	\$69.38
	Energy Charge / kWh		\$0.05646	\$0.06041
STL	Street Lighting Service	E2		
	Mercury Vapor or Sodium 7,000 – 10,000 Lumens		\$6.30	\$6.57
	Mercury Vapor or Sodium 15,000 – 28,000 Lumens		\$9.95	\$10.49
DSTL	Decorative Street Lighting	E2		
	Cobra Head Light Installed on Existing Pole			
	7,000 – 10,000 Lumens @39 kWh Mo - Unmetered		\$9.92	\$10.07
	7,000 – 10,000 Lumens @39 kWh Mo - Metered		\$8.45	\$8.45
	15,000 – 28,000 Lumens @ 100 kWh Mo – Unmetered		\$12.87	\$13.27
	15,000 – 28,000 Lumens @ 100 kWh Mo – Metered		\$9.11	\$9.11
	Cobra Head Light Installed on 30' Aluminum Pole & Arm			
	7,000 – 10,000 Lumens @39 kWh Mo - Unmetered		\$16.12	\$16.27
	7,000 – 10,000 Lumens @39 kWh Mo - Metered		\$14.64	\$14.64
	15,000 – 28,000 Lumens @ 100 kWh Mo – Unmetered		\$18.40	\$18.80
	15,000 – 28,000 Lumens @ 100 kWh Mo – Metered		\$14.64	\$14.64
	Lexington Light Installed on 16' Aluminum Pole			
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Unmetered		\$10.53	\$10.68
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Metered		\$9.05	\$9.05
	Acorn Light Installed on 16' Fixed Pole			
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Unmetered		\$21.78	\$21.93
	Sodium 7,000 – 10,000 Lumens @ 39 kWh Mo – Metered		\$20.31	\$20.31
	Metal Halide Lamp			
	100 Watt Metal Halide – Acorn @ 44 kWh Mo – Unmetered		\$8.75	\$8.92
	100 Watt Metal Halide – Acorn @ 44 kWh Mo – Metered		\$7.01	\$7.01
	100 Watt Metal Halide – Lexington @ 44 kWh Mo – Unmetered		\$6.85	\$7.02
	100 Watt Metal Halide – Lexington @ 44 kWh Mo – Metered		\$5.12	\$5.12
	400 Watt Metal Halide – Galleria @ 167 kWh Mo - Unmetered		\$17.61	\$18.27
	400 Watt Metal Halide – Galleria @ 167 kWh Mo - Metered		\$11.03	\$11.03
	1000 Watt Metal Halide – Galleria @ 395 kWh Mo – Unmetered		\$28.49	\$30.05
	1000 Watt Metal Halide – Galleria @ 395 kWh Mo - Metered		\$12.89	\$12.89
	250 Watt Cobra Head w/ 30' Aluminum Pole - Unmetered		\$20.35	\$20.77
	400 Wall Cobra Head Mercury Vapor With:			
	8' Arm - Unmetered		\$14.56	\$15.20
	8' Arm – Metered		\$7.99	\$7.99
	12' Arm - Unmetered		\$17.30	\$17.94
	12' Arm - Metered		\$10.73	\$10.73
	16' Arm - Unmetered		\$18.15	\$18.79
	16' Arm - Metered		\$11.57	\$11.57
	30' Pole		\$23.56	\$23.56

OL	Outdoor Lighting Service	E2		
	Mercury Vapor or Sodium – 7,000-10,000 Lumens - Unmetered		\$8.29	\$8.55
	Mercury Vapor or Sodium – 7,000-10,000 Lumens - Metered		\$6.48	\$6.48
	Directional Flood Light, With Bracket			
	250 Watt Sodium @ 106 kWh - Unmetered		\$13.15	\$13.65
	250 Watt Sodium @ 106 kWh – Metered		\$8.23	\$8.23
	250 Watt Metal Halide @ 106 kWh - Unmetered		\$14.34	\$14.76
	250 Watt Metal Halide @ 106 kWh – Metered		\$9.17	\$9.17
	400 Watt Metal Halide @ 167 kWh – Unmetered		\$17.54	\$18.20
	400 Watt Metal Halide @ 167 kWh – Metered		\$9.17	\$9.17
	1000 Watt Metal Halide @ 395 kWh – Unmetered		\$30.09	\$31.65
	1000 Watt Metal Halide @ 395 kWh – Metered		\$10.23	\$10.23
TVB	Unmetered Commercial Service (Cable TV Amplifiers)	E2		
	Cable TV Amplifiers – 75 kWh		\$7.62	\$7.92

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2006-00488
FIRST DATA REQUEST RESPONSE

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

RESPONSIBLE PERSON: William A. Bosta
COMPANY: South Kentucky Rural Electric Cooperative
Corporation

Request 3. Refer to Exhibit III of the Application.

Request 3a. Prepare the following comparative analyses of South Kentucky'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 South Kentucky'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.

South Kentucky RECC
Billing Analysis
for the 12 months ended September 30, 2006

	Total	% of Total	Total	% of Total	\$ Increase	% Increase
Residential, Farm and Non-Farm Service	62,332,726	67.14%	65,221,771	67.03%	2,889,045	4.63%
Residential, Farm and Non-Farm Service (ETS)	568,476	0.61%	595,182	0.61%	26,706	4.70%
Small Commercial Rate Sch B	6,146,496	6.62%	6,391,199	6.57%	244,703	3.98%
Small Commercial Rate Sch B ETS	1,211	0.00%	1,263	0.00%	51	4.23%
Large Power Rate Sch LP	10,774,238	11.61%	11,344,566	11.66%	570,329	5.29%
Large Power Rate Sch LP 1	2,381,887	2.57%	2,505,662	2.58%	123,775	5.20%
Large Power Rate Sch LP 2	2,592,616	2.79%	2,767,876	2.84%	175,260	6.76%
Large Power Rate Sch LP 3	3,041,632	3.28%	3,279,612	3.37%	237,980	7.82%
Special Contract - Casey Stone Co	45,464	0.05%	46,535	0.05%	1,071	2.36%
Optional Power Service Sch OPS	1,571,840	1.69%	1,637,512	1.68%	65,673	4.18%
All Elec Schools Sch AES	774,667	0.83%	818,243	0.84%	43,576	5.63%
STL - Street Lighting	67,906	0.07%	70,746	0.07%	2,841	4.18%
DSTL - Decorative Street Lighting	26,771	0.03%	27,437	0.03%	666	2.49%
OL - Outdoor Lighting	2,514,635	2.71%	2,590,021	2.66%	75,386	3.00%
	92,840,564	100.00%	97,297,625	100.00%	# 4,457,061	4.80%

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2006

Schedule A
Residential, Farm and Non-Farm Service
Rate 1; 3; 18

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	675,814	\$8.00	\$5,406,512	10.35%	675,814	\$8.00	\$5,406,512	9.80%	-	-
Energy charge per kWh	726,842,280	\$0.06445	46,844,985	89.65%	726,842,280	\$0.06842	49,734,030	90.20%	2,889,045	6.17%
Total from base rates			52,251,497	100.00%			55,140,542	100.00%	2,889,045	5.53%
Fuel adjustment			6,063,317				6,063,317		-	0.00%
Environmental surcharge			4,017,912				4,017,912		-	0.00%
Total revenues			\$62,332,726				\$65,221,771		\$ 2,889,045	4.63%
Average Bill			\$92.23				\$96.51		\$4.27	4.63%

Schedule A
Residential, Farm and Non-Farm Service (ETS)
Rate 6

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	20,868	\$8.00	\$0	0.00%	20,868	\$8.00	\$0	0.00%	-	#DIV/0!
Energy charge per ETS kWh	11,198,063	\$0.03867	433,029	76.17%	11,198,063	\$0.04105	459,735	77.24%	26,705.97	6.17%
Fuel adjustment			101,097	17.78%			101,097	16.99%	-	0.00%
Environmental surcharge			34,350	6.04%			34,350	5.77%	-	0.00%
Total revenues			\$568,476	100.00%			\$595,182	100.00%	26,706	4.70%
Average Bill			\$ 27.24				28.52127975		1.28	4.70%

Note - these are the same customers on Schedule A

Schedule B
Small Commercial Rate
Rate 2

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	44,557	\$15.00	\$668,355	12.68%	44,557	\$15.00	\$668,355	12.12%	-	-
Energy charge per kWh	61,563,781	\$0.07474	4,601,277	87.32%	61,563,781	\$0.07871	4,845,980	87.88%	244,703	
Total from base rates			5,269,632	100.00%			5,514,335	100.00%	244,703	
Fuel adjustment			504,412				504,412		-	-
Environmental surcharge			372,452				372,452		-	-
Total revenues			\$6,146,496				\$6,391,199		244,703	3.98%
Average Bill			\$ 137.95				\$ 143.44		\$ 5.49	3.98%

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2006

Schedule B ETS
Small Commercial Rate
Rate 7

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	36	\$15.00	\$0	0.00%	36	\$15.00	\$0	0.00%	\$0	#DIV/0!
Energy charge per ETS kWh	21,440	\$0.04484	961	100.00%	21,440	\$0.04723	1,013	100.00%	\$51	5.33%
Total from base rates			<u>961</u>	100.00%			<u>1,013</u>	100.00%	<u>\$51</u>	<u>5.33%</u>
Fuel adjustment			183				183		\$0	0.00%
Environmental surcharge			67				67		\$0	0.00%
Total revenues			<u>\$ 1,211</u>				<u>\$ 1,263</u>		\$ 51.22	4.23%
Average Bill			\$ 33.65				\$ 35.07		\$ 1.42	4.23%

Schedule LP - Excess of 50 kVA
Large Power Rate
Rate 4; 16

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	2,844	\$30.00	\$85,320	0.96%	2,844	\$30.00	\$85,320	0.91%	\$0	0.00%
Demand Charge	461,335	\$6.00	\$2,768,010	31.28%	461,335	\$6.00	\$2,768,010	29.38%	\$0	0.00%
Energy charge per kWh	144,302,253	\$0.04156	5,997,202	67.76%	144,302,253	\$0.04551	6,567,530	69.71%	\$570,329	9.51%
Total from base rates			<u>8,850,532</u>	100.00%			<u>9,420,860</u>	100.00%	<u>570,329</u>	<u>0</u>
Fuel adjustment			1,190,726				1,190,726		-	0.00%
Environmental surcharge			732,980				732,980		-	0.00%
Total revenues			<u>\$10,774,238</u>				<u>\$11,344,566</u>		<u>\$570,329</u>	<u>5.29%</u>
Average Bill			\$ 3,788				\$ 3,989		200.54	5.29%

Schedule LP-1
Large Power Rate (500 KW to 4,999 KW)
Rate 9

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Metering Charge	24	\$125.00	\$3,000	0.16%	24	\$125.00	\$3,000	0.15%	-	0.00%
Substation Charge	12	\$944.00	11,328	0.60%	12	\$944.00	11,328	0.66%	-	0.00%
Substation Charge	12	\$2,373.00	28,476	1.61%	12	\$2,373.00	28,476	1.42%	-	0.00%
Demand Charge	65,145	\$5.39	351,129	18.61%	65,145	\$7.29	474,904	23.62%	123,775	35.25%
Energy charge per kWh	40,207,165	\$0.03713	1,492,892	79.12%	40,207,165	\$0.03713	1,492,892	74.25%	-	0.00%
Total from base rates			<u>1,886,826</u>	100.00%			<u>2,010,600</u>	100.00%	<u>123,775</u>	<u>6.66%</u>
Fuel adjustment			329,448				329,448		-	0.00%
Environmental surcharge			165,614				165,614		-	0.00%
Total revenues			<u>\$2,381,887</u>				<u>\$2,505,662</u>		<u>123,775</u>	<u>5.20%</u>
Average Bill			\$ 99.245				\$ 104,403		5,157.27	5.20%

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2006

Schedule LP-2
Large Power Rate (5,000 KW to 9,999 KW)
Rate 10

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Metering Charge	14	\$125.00	\$1,750	0.09%	14	\$125.00	\$1,750	0.08%	-	0.00%
Substation Charge	9	\$2,373.00	21,357	1.04%	9	\$2,373.00	21,357	0.96%	-	0.00%
Substation Charge	5	\$2,855.00	14,275	0.70%	5	\$2,855.00	14,275	0.64%	-	0.00%
Demand Charge	92,242	\$5.39	497,184	24.26%	92,242	\$7.29	672,444	30.23%	175,260	35.25%
First 400 kwh per KW (to 5,000 kwh): Energy charge per kWh	24,000,000	\$0.03713	891,120	43.49%	24,000,000	\$0.03713	891,120	40.06%	-	0.00%
All remaining kwh: Energy charge per kWh	20,034,777	\$0.03112	623,482	30.43%	20,034,777	\$0.03112	623,482	28.03%	-	0.00%
Total kwh	44,034,777				44,034,777					
Total from base rates			2,049,168	100.00%			2,224,428	100.00%	175,260	8.55%
Fuel adjustment			360,725				360,725		-	0.00%
Environmental surcharge			182,723				182,723		-	0.00%
Total revenues			\$2,592,616				\$2,767,876		175,260	6.76%
Average Bill			\$ 185,187				\$ 197,705		12,518.55	6.76%

Schedule LP-3
Large Power Rate (500 KW to 2,999 KW)
Rate 12; 15

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Metering Charge	56	\$125.00	\$7,000	0.28%	56	\$125.00	\$7,000	0.26%	-	0.00%
Substation Charge	23	\$315.00	7,245	0.29%	23	\$315.00	7,245	0.27%	-	0.00%
Substation Charge	34	\$944.00	32,096	1.30%	34	\$944.00	32,096	1.19%	-	0.00%
Demand Charge:										
Contract demand	90,074	\$5.39	485,497	19.69%	90,074	\$7.29	656,637	24.28%	171,140	35.25%
Excess demand	35,179	\$7.82	275,098	11.16%	35,179	\$9.72	341,938	12.65%	66,840	24.30%
Energy charge per kWh+A265	48,075,843	\$0.03451	1,659,097	67.28%	48,075,843	\$0.03451	1,659,097	61.36%	-	0.00%
Total from base rates			2,466,033	100.00%			2,704,013	100.00%	237,980	9.65%
Fuel adjustment			388,405				388,405		-	0.00%
Environmental surcharge			187,194				187,194		-	0.00%
Total revenues			\$3,041,632				\$3,279,612		\$237,980	7.82%
Average Bill			\$ 54,315				\$ 58,564		4,249.63	7.82%

South Kentucky Rural Electric
Billing Analysis
for the 12 months ended September 30, 2006

Special Contract
Casey Stone Company
Rate 11

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Consumer Charge	7	\$11.20	78	0.19%	7	\$11.20	\$78	0.19%	-	0.00%
Monthly minimum bill	5	\$600.00	\$3,000	7.41%	5	\$600.00	\$3,000	7.22%	-	0.00%
Demand Charge	2,236	\$11.49	\$25,695	63.43%	2,236	\$11.49	\$25,695	61.80%	-	0.00%
First 3,500 kwh per month	35,700	\$0.04503	1,608	3.97%	35,700	\$0.04898	1,749	4.21%	141	8.78%
Next 6,500 kwh per month	32,200	\$0.04397	1,416	3.50%	32,200	\$0.04792	1,543	3.71%	127	8.99%
Next 140,000 kwh per month	203,100	\$0.04289	8,711	21.50%	203,100	\$0.04684	9,514	22.88%	803	9.22%
Next 150,000 kwh per month	0	\$0.04236	0	0.00%	0	\$0.04631	0	0.00%	-	-
Over 300,000 kwh per month	0	\$0.04182	0	0.00%	0	\$0.04577	0	0.00%	-	-
Total kwh	271,000				271,000					
Total from base rates			<u>40,508</u>	100.00%			<u>41,579</u>	100.00%	<u>1,071</u>	<u>2.64%</u>
Fuel adjustment			2,267				2,267		-	0.00%
Environmental surcharge			2,689				2,689		-	0.00%
Total revenues			<u>\$45,464</u>				<u>\$46,535</u>		<u>\$1,071</u>	<u>2.36%</u>
Average Bill			\$ 6,495				\$ 6,648		153.01	2.36%

Schedule OPS
Optional Power Service
Rate 5

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	1,872	\$30.00	\$56,160	4.22%	1,872	\$30.00	\$56,160	4.02%	\$0	0.00%
Energy charge per kWh	16,616,206	\$0.07680	1,276,125	95.78%	16,616,206	\$0.08075	1,341,797	95.98%	\$65,673	5.15%
Total from base rates			<u>1,332,285</u>	100.00%			<u>1,397,957</u>	100.00%	<u>\$65,673</u>	<u>4.93%</u>
Fuel adjustment			136,669				136,669		\$0	0.00%
Environmental surcharge			102,886				102,886		\$0	0.00%
Total revenues			<u>\$1,571,840</u>				<u>\$1,637,512</u>		<u>\$65,673</u>	<u>4.18%</u>
Average Bill			\$ 840				\$ 875		\$35.08	4.18%

Schedule AES
All Electric Schools
Rate 17

	Existing				Proposed				\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate	Annualized Revenues	% of Total		
Customer Charge	129	\$69.38	\$8,950	1.42%	129	\$69.38	\$8,950	1.33%	-	0.00
Energy charge per kWh	11,025,480	\$0.05646	622,499	98.58%	11,025,480	\$0.06041	666,075	98.67%	43,576	0.07
Total from base rates			<u>631,449</u>	100.00%			<u>676,025</u>	100.00%	<u>43,576</u>	<u>0.07</u>
Fuel adjustment			90,516				90,516		-	0.00
Environmental surcharge			52,702				52,702		-	0.00
Total revenues			<u>\$774,667</u>				<u>\$818,243</u>		<u>43,576</u>	<u>0.06</u>
Average Bill			\$ 6,005				\$ 6,343		337.80	5.63%

South Kentucky Lighting Rates Analysis

	Billing		Existing	Test Yr	% of Total	Proposed	Proposed	% of Total
	Units for	kWh						
	Test Year	Lamp						
STL								
Mercury Vapor - 7000 - 10000 Lumens	3,480	74	6.30	21,924.00	35.47%	6.57	22,863.60	35.37%
Sodium - 7000 - 10000 Lumens	3,658	63	6.30	23,045.40	37.29%	6.57	24,033.06	37.18%
Mercury Vapor - 15,000 - 28,000 Lumens	578	162	9.95	5,751.10	9.31%	10.49	6,063.22	9.38%
Sodium - 15,000 - 28,000 Lumens	1,114	135	9.95	11,084.30	17.93%	10.49	11,685.86	18.08%
	8,830			61,804.80	100.00%		64,645.74	100.00%
FAC				6,008.24			6,008.24	
ES				92.52			92.52	
Total STL				67,905.56			70,746.50	
Per Customer				7.69			8.01	
DSTL								
Cobra Head Light Existing Pole								
7000 - 10000 Lumens 39 kWh - Unmetered		39	9.92	-		10.07		
7000 - 10000 Lumens 39 kWh - Metered		39	8.45	-		8.45		
15000 - 28000 Lumens 100 kWh - Unmetered	540	100	12.87	6,949.80	27.44%	13.27	7,163.23	27.56%
15000 - 28000 Lumens 100 kWh - Metered		100	9.11	-		9.11		
Cobra Head Light Installed on 30' Aluminum Pole & Arm								
7000 - 10000 Lumens 39 kWh - Unmetered		39	16.12	-		16.27		
7000 - 10000 Lumens 39 kWh - Metered		39	14.64	-		14.64		
15000 - 28000 Lumens 100 kWh - Unmetered	495	100	18.40	9,108.00	35.96%	18.80	9,303.64	35.79%
15000 - 28000 Lumens 100 kWh - Metered		100	14.64	-		14.64		
Lexington Light Installed on 16' Aluminum Pole								
Sodium 7000 - 10000 Lumens 39 kWh - Unmetered		39	10.53	-		10.68		
Sodium 7000 - 10000 Lumens 39 kWh - Metered		39	9.05	-		9.05		
Acorn Light Installed on 16' Fluted Pole								
Sodium 7000 - 10000 Lumens 39 kWh - Unmetered	48	39	21.78	1,045.44	4.13%	21.93	1,052.84	4.05%
Sodium 7000 - 10000 Lumens 39 kWh - Metered		39	20.31	-		20.31		
Metal Halide Lamp								
100 Watt Metal Halide - Acorn @ 44 kWh Mo. - Unmetered	318	44	8.75	2,782.50	10.99%	8.92	2,837.80	10.92%
100 Watt Metal Halide - Acorn @ 44 kWh Mo. - Metered		44	7.01	-		7.01		
100 Watt Metal Halide - Lexington @ 44 kWh Mo. - Unmetered	132	44	6.85	904.20	3.57%	7.02	927.16	3.57%
100 Watt Metal Halide - Lexington @ 44 kWh Mo. - Metered		44	5.12	-		5.12		
400 Watt Metal Halide Galleria @ 167 kWh Mo - Unmetered	144	167	17.61	2,535.84	10.01%	18.27	2,630.89	10.12%
400 Watt Metal Halide Galleria @ 167 kWh Mo - Metered		167	11.03	-		11.03		
1000 Watt Metal Halide Galleria @ 395 kWh Mo - Unmetered	36	395	28.49	1,025.64	4.05%	30.05	1,081.84	4.16%
1000 Watt Metal Halide Galleria @ 395 kWh Mo - Metered		395	12.89	-		12.89		
250 Watt Cobra Head w/ 30' Aluminum Pole - Unmetered	48	106	20.35	976.80	3.86%	20.77	996.91	3.84%
400 Watt Cobra Head Mercury Vapor With 8' Arm - Unmetered		162	14.56	-		15.20		
400 Watt Cobra Head Mercury Vapor With 8' Arm - Metered		162	7.99	-		7.99		
400 Watt Cobra Head Mercury Vapor With 12' Arm - Unmetered		162	17.30	-		17.94		
400 Watt Cobra Head Mercury Vapor With 12' Arm - Metered		162	10.73	-		10.73		
400 Watt Cobra Head Mercury Vapor With 16' Arm - Unmetered		162	18.15	-		18.79		
400 Watt Cobra Head Mercury Vapor With 16' Arm - Metered		162	11.57	-		11.57		
30' Al Pole		162	23.56	-		23.56		
Total DSTL	1,761			25,328.22	100.00%		25,994.30	100.00%
FAC				1,404.50			1,404.50	
ES				37.91			37.91	
Total DSTL				26,770.63			27,436.71	
				15.20			15.58	
OL								
Mercury Vapor - 7000 - 10000 Lumens - Unmetered	205,299	74	8.29	1,701,928.71	72.36%	8.55	1,755,306.45	72.32%
Sodium - 7000 - 10000 Lumens - Unmetered	53,279	45	8.29	441,682.91	18.78%	8.55	455,535.45	18.77%
Mercury Vapor - 7000 - 10000 Lumens - Metered		74	6.48	-		6.48		
Sodium - 7000 - 10000 Lumens - Metered		45	6.48	-		6.48		
Directional Flood - 250 Watt Sodium - Unmetered	11,681	106	13.15	153,605.15	6.53%	13.65	159,470.50	6.57%
Directional Flood - 250 Watt Sodium - Metered		106	8.23	-		8.23		
Directional Flood - 250 Watt Metal Halide - Unmetered	656	106	14.34	9,407.04	0.40%	14.76	9,681.87	0.40%
Directional Flood - 250 Watt Metal Halide - Metered		106	9.17	-		9.17		
Directional Flood - 400 Watt Metal Halide - Unmetered	1,336	167	17.54	23,433.44	1.00%	18.20	24,315.25	1.00%
Directional Flood - 400 Watt Metal Halide - Metered		167	9.17	-		9.17		
Directional Flood - 1000 Watt Metal Halide - Unmetered	726	395	30.09	21,845.34	0.93%	31.65	22,978.75	0.95%
Directional Flood - 1000 Watt Metal Halide - Metered		395	10.23	-		10.23		
Total OL	272,977			2,351,902.59	100.00%		2,427,288.27	100.00%
FAC				159,212.27			159,212.27	
ES				3,520.57			3,520.57	
				2,514,635.43			2,590,021.10	
				9.21			9.49	

Analysis of Wholesale to Retail Proportionality

	Wholesale			Retail		
	Existing	Proposed	Change	Existing	Proposed	Change
I Customer Charge						
Metering Point Charge	\$125/Mo.	\$125/Mo.	\$ -	\$8.00/Mo	\$8.00/Mo	\$ -
Substation at less than 3 MVA	\$944/Mo.	\$944/Mo.	\$ -	\$8.00/Mo	\$8.00/Mo	\$ -
II Demand Charge						
B&C Demand Charge (\$/kW)	\$5.39	\$7.29	\$1.90	\$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.