



Allen Anderson, Head Coach & CEO

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May 20, 2008

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**PUBLIC SERVICE
COMMISSION**

Ms. Stephanie L. Stumbo, Executive Director
Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

RE: Case No. 2007 - 00378

Dear Ms. Stumbo:

Enclosed you will find an original and six (6) copies of the Cooperative's response to the Commission Staff order dated May 1, 2008.

Should you require further information, please let us know.

Sincerely,

SOUTH KENTUCKY RECC

A handwritten signature in cursive script that reads 'Allen Anderson'.

Allen Anderson
President and CEO

AA:cgw

F: CaseNo 2007-00378

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIODS ENDING) CASE NO. 2007-00378
JUNE 30, 2006, AND DECEMBER 31, 2006, FOR)
THE TWO-YEAR BILLING PERIOD ENDING)
JUNE 30, 2007, AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)**

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION'S RESPONSES TO THE COMMISSION'S
INFORMATION REQUESTS CONTAINED IN ITS ORDER
ENTERED MAY 1, 2008

South Kentucky Rural Electric Cooperative Corporation ("South Kentucky RECC"),
provides the following responses to the Commission's Requests for Information
contained in its order of May 1, 2008:

Question 1. Has your cooperative experienced any problems in administering its
environmental surcharge pass through mechanism over the 2- year period
under review in this case?

Answer: No.

Question 2. Has your cooperative received any customer complaints regarding the
environmental surcharge pass through mechanism during the 2-year period
under review in this case?

Answer: Our Cooperative has not received any formal complaints about the
environmental surcharge pass through mechanism. We have received
numerous general complaints or inquiries about the charge and its amount.
South Kentucky did not record the number of these complaints.

Question 3. Does your Cooperative believe that its environmental surcharge pass through mechanism has operated reasonably over the 2-year period under review in this case?

Answer: No. As currently developed and applied, the mechanism for computing the environmental surcharge to customers on Special Contracts, who have special wholesale rates, currently pay less on their retail rates than South Kentucky RECC pays East Kentucky Power on the wholesale rates for the environmental surcharge.

The mechanism should be based on a per KWH charge instead of a percent of revenue from sales, which includes customer charges, demand charges, energy charges, and fuel adjustment charges.

Question 4. Does your cooperative have any recommended changes for its existing environmental surcharge pass through mechanism?


Answer: A change is needed as listed in the response to Item 3 so that the basis for the charges to wholesale customers is the same as retail customers. The wholesale and retail classes of customers should not differ so other rate classes do not have to subsidize special contracts.

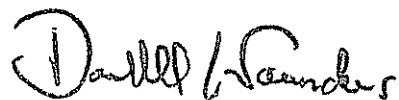
The environmental surcharge should be based only on the energy that is consumed.

The solution of this condition would be best resolved at the wholesale level since this mechanism was developed and applied at the wholesale level.

I certify that the above responses to the requests for information are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.

SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION

By: 
Allen Anderson, President and CEO



DARRELL L. SAUNDERS

Attorney at Law

P.O. Box 1324

Corbin, Kentucky 40702

(606) 523-1370

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the above and foregoing was served via U.S. first class mail addressed for delivery to the following:

Original and Six (6) Copies to:

Ms. Stephanie L. Stumbo
Executive Director
Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, KY 40602

Copies to:
Big Sandy Rural Electric Cooperative Corporation
504 Eleventh Street
Paintsville, KY 41240-1422

Bluegrass Energy Cooperative Corporation
1201 Lexington RD
PO Box 990
Nicholasville, KY 40340-0990

Clark Energy Cooperative, INC.
2540 Iron Works RD
PO Box 748
Winchester, KY 4392-0748

Cumberland Valley Electric
Highway 25E
Gray, KY 40734

Farmers Rural Electric Cooperative Corporation
504 South Broadway
PO Box 1298
Glasgow, KY 42142-1298

Grayson Rural Electric Cooperative Corporation
109 Bagby Park
Grayson, KY 41143

Inter-County Energy Cooperative Corporation
1009 Hustonville RD
PO Box 87
Danville, KY 40423-0087

Jackson Energy Cooperative
115 Jackson Energy Lane
PO Box 307
McKee, KY 40447

Licking Valley Rural Electric Cooperative Corporation
271 Main Street
PO Box 605
West Liberty, KY 41472

Nolin Rural Electric Cooperative Corporation
411 Ring RD
Elizabethtown, KY 42701-8701

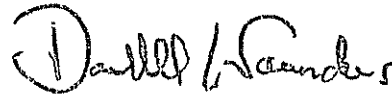
Owen Electric Cooperative
8205 HWY 127 N
PO Box 400
Owenton, KY 40359

Salt River Electric Cooperative Corporation
111 West Brashear Avenue
PO Box 609
Bardstown, KY 40004

Shelby Energy Cooperative, Inc.
620 Old Finchville RD
Shelbyville, KY 40065-1714

Taylor County Rural Electric Cooperative Corporation
625 West Main Street
Campbellsville, KY 42719

Boehm, Kurtz & Lowry
Attorneys at Law
36 East Seventh Street
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Cincinnati, OH 45202

A handwritten signature in cursive script that reads "Darrell Saunders". The signature is written in black ink and is positioned above a horizontal line.

DARRELL SAUNDERS
ATTORNEY AT LAW