EAST KENTUCKY POWER COOPERATIVE

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PUBLIC SERVICE COMMISSION

June 12, 2008

HAND DELIVERED

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

Re: Case No. 2008-00115

Dear Ms. Stumbo:

Please find enclosed for filing with the Commission in the above-referenced case an original and six copies of the responses of East Kentucky Power Cooperative, Inc., to the Commission Staff and the Kentucky Industrial Utility Customers, Inc., second data requests, dated May 29, 2008.

Very truly yours,

Charles A. Lile
Corporate Counsel

Enclosures

Cc: Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Lane Kollen

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC., FOR APPROVAL OF AN AMENDMENT TO ITS ENVIRONMENTAL COMPLIANCE PLAN AND ENVIRONMENTAL SURCHARGE	)))))	CASE NO. 2008-00115

RESPONSES TO SECOND SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED MAY 29, 2008

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 1
RESPONSIBLE PERSON: **Ann F. Wood/James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 1. Please provide the following information for each EKPC member Coop, monthly, for 2007:

a. MWh purchased from EKPC at wholesale

b. monthly Coop peak MW demands coincident with the EKPC monthly system peak, associated with purchases from EKPC.

c. monthly energy related revenues associated with Coop purchases from EKPC.

d. monthly capacity or demand related revenues associated with Coop purchases from EKPC.

e. total monthly revenues associated with Coop purchases from EKPC, as used in the current development of the allocation of the environmental surcharge.

Response 1. The requested information is included on the Attachment to this response.

January 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**68**	29,551	**$355,994**	$901,659
Blue Grass Energy	**302**	127,717	**$1,587,199**	$3,841,919
Clark Energy Coop	**117**	47,320	**$609,908**	$1,443,664
Cumberland Valley Electric	**132**	55,417	**$687,625**	$1,690,890
Farmers RECC	**117**	52,800	**$611,955**	$1,595,303
Fleming-Mason RECC	**232**	112,449	**$1,058,076**	$3,291,919
Grayson RECC	**66**	28,614	**$345,268**	$869,712
Inter-County ECC	**133**	51,499	**$696,310**	$1,557,762
Jackson Energy	**266**	105,770	**$1,393,643**	$3,206,227
Licking Valley RECC	**66**	29,674	**$346,320**	$905,879
Nolin RECC	**184**	79,492	**$968,188**	$2,347,065
Owen EC	**381**	204,038	**$1,812,536**	$5,702,628
Salt River RECC	**221**	100,797	**$1,157,762**	$3,050,284
Shelby Energy RECC	**90**	44,667	**$478,367**	$1,322,654
South Kentucky RECC	**335**	127,884	**$1,759,377**	$3,860,198
Taylor County RECc	**136**	58,129	**$662,386**	$1,984,609
Totals	**2,847**	**1,255,818**	**$14,530,914**	**$37,572,372**
Green Power				$9,243
Total				$37,581,615

February 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**69**	31,698	**$358,720**	$964,571
Blue Grass Energy	**312**	138,432	**$1,638,430**	$4,161,997
Clark Energy Coop	**121**	52,847	**$631,098**	$1,607,698
Cumberland Valley Electric	**122**	56,765	**$636,699**	$1,728,899
Farmers RECC	**119**	53,737	**$620,772**	$1,621,351
Fleming-Mason RECC	**240**	110,221	**$1,100,841**	$3,242,366
Grayson RECC	**73**	32,036	**$383,337**	$971,352
Inter-County ECC	**141**	55,573	**$738,625**	$1,679,038
Jackson Energy	**255**	110,962	**$1,332,587**	$3,361,064
Licking Valley RECC	**72**	32,156	**$373,872**	$978,937
Nolin RECC	**192**	83,127	**$1,005,108**	$2,457,920
Owen EC	**411**	200,153	**$2,019,324**	$6,104,314
Salt River RECC	**238**	106,458	**$1,247,145**	$3,218,399
Shelby Energy RECC	**100**	47,299	**$530,787**	$1,403,923
South Kentucky RECC	**328**	134,232	**$1,722,872**	$4,044,799
Taylor County RECc	**136**	57,982	**$658,263**	$2,096,898
Totals	**2,928**	**1,303,678**	**$14,998,480**	**$39,643,526**
Green Power				$9,441
Total				$39,652,967

March 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**54**	22,208	**$280,914**	$676,985
Blue Grass Energy	**234**	101,257	**$1,228,324**	$3,030,370
Clark Energy Coop	**90**	36,795	**$468,271**	$1,122,109
Cumberland Valley Electric	**107**	42,501	**$558,352**	$1,296,515
Farmers RECC	**89**	40,328	**$468,524**	$1,214,392
Fleming-Mason RECC	**210**	107,542	**$949,418**	$3,240,906
Grayson RECC	**52**	22,873	**$269,748**	$693,011
Inter-County ECC	**91**	37,365	**$476,351**	$1,126,968
Jackson Energy	**206**	78,652	**$1,066,139**	$2,379,966
Licking Valley RECC	**55**	22,522	**$287,310**	$687,254
Nolin RECC	**141**	64,294	**$739,176**	$1,880,014
Owen EC	**349**	183,990	**$1,588,090**	$4,866,017
Salt River RECC	**176**	80,753	**$919,860**	$2,438,838
Shelby Energy RECC	**78**	38,012	**$413,452**	$1,114,986
South Kentucky RECC	**253**	93,960	**$1,334,317**	$2,826,681
Taylor County RECc	**107**	44,016	**$510,898**	$1,567,646
Totals	**2,292**	**1,017,068**	**$11,559,144**	**$30,162,658**
Green Power				$9,178
Total				$30,171,836

April 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**49**	19,857	**$256,677**	$638,048
Blue Grass Energy	**217**	93,296	**$1,161,032**	$2,913,908
Clark Energy Coop	**84**	33,897	**$440,943**	$1,090,153
Cumberland Valley Electric	**92**	39,583	**$478,100**	$1,272,232
Farmers RECC	**81**	38,253	**$432,311**	$1,204,995
Fleming-Mason RECC	**200**	95,193	**$973,389**	$2,952,694
Grayson RECC	**51**	20,177	**$270,808**	$643,792
Inter-County ECC	**97**	34,509	**$515,903**	$1,090,408
Jackson Energy	**193**	73,189	**$1,018,540**	$2,324,448
Licking Valley RECC	**54**	20,633	**$283,456**	$663,582
Nolin RECC	**134**	60,317	**$722,016**	$1,832,812
Owen EC	**327**	163,026	**$1,559,383**	$4,498,167
Salt River RECC	**164**	74,861	**$871,867**	$2,372,308
Shelby Energy RECC	**73**	35,799	**$401,449**	$1,084,134
South Kentucky RECC	**230**	89,532	**$1,222,035**	$2,820,305
Taylor County RECc	**96**	42,849	**$456,464**	$1,622,389
Totals	**2,143**	**934,971**	**$11,064,373**	**$29,024,375**
Green Power				$9,185
Total				$29,033,560

May 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**43**	18,638	**$225,040**	$619,857
Blue Grass Energy	**210**	93,911	**$1,162,439**	$3,007,491
Clark Energy Coop	**74**	32,541	**$386,396**	$1,081,979
Cumberland Valley Electric	**83**	37,398	**$435,293**	$1,242,427
Farmers RECC	**77**	39,416	**$413,417**	$1,274,476
Fleming-Mason RECC	**194**	96,833	**$943,637**	$3,099,597
Grayson RECC	**44**	19,258	**$234,694**	$633,681
Inter-County ECC	**76**	31,758	**$405,439**	$1,030,929
Jackson Energy	**150**	67,531	**$795,391**	$2,189,821
Licking Valley RECC	**44**	19,280	**$229,278**	$640,909
Nolin RECC	**126**	61,447	**$681,215**	$1,912,762
Owen EC	**360**	166,138	**$1,823,251**	$4,584,687
Salt River RECC	**183**	79,967	**$970,591**	$2,612,605
Shelby Energy RECC	**74**	36,178	**$407,482**	$1,113,374
South Kentucky RECC	**189**	85,289	**$1,014,524**	$2,763,618
Taylor County RECc	**89**	43,102	**$418,306**	$1,694,260
Totals	**2,016**	**928,685**	**$10,546,393**	**$29,502,473**
Green Power				$9,187
Total				$29,511,660

June 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**49**	20,416	**$253,597**	$683,386
Blue Grass Energy	**204**	103,719	**$1,109,403**	$3,345,723
Clark Energy Coop	**78**	36,062	**$407,210**	$1,204,640
Cumberland Valley Electric	**81**	40,164	**$424,152**	$1,340,978
Farmers RECC	**91**	44,923	**$482,619**	$1,462,368
Fleming-Mason RECC	**198**	99,842	**$954,494**	$3,261,980
Grayson RECC	**46**	20,731	**$241,475**	$687,034
Inter-County ECC	**81**	36,085	**$436,042**	$1,181,839
Jackson Energy	**158**	73,659	**$836,679**	$2,407,039
Licking Valley RECC	**49**	20,879	**$254,277**	$698,712
Nolin RECC	**136**	66,533	**$735,659**	$2,098,356
Owen EC	**383**	182,594	**$1,956,797**	$5,196,998
Salt River RECC	**185**	91,677	**$979,920**	$3,010,527
Shelby Energy RECC	**79**	39,415	**$440,567**	$1,223,138
South Kentucky RECC	**208**	93,924	**$1,111,356**	$3,061,216
Taylor County RECc	**99**	45,237	**$474,756**	$1,703,247
Totals	**2,124**	**1,015,860**	**$11,099,003**	**$32,567,181**
Green Power				$9,265
Total				$32,576,446

July 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**48**	21,893	**$253,112**	$732,742
Blue Grass Energy	**233**	108,931	**$1,252,193**	$3,522,364
Clark Energy Coop	**83**	38,662	**$435,459**	$1,292,460
Cumberland Valley Electric	**87**	42,511	**$451,917**	$1,420,083
Farmers RECC	**94**	47,146	**$500,913**	$1,538,283
Fleming-Mason RECC	**201**	101,026	**$973,876**	$3,310,641
Grayson RECC	**50**	22,016	**$261,881**	$730,434
Inter-County ECC	**87**	38,706	**$461,758**	$1,269,471
Jackson Energy	**167**	77,878	**$881,523**	$2,573,724
Licking Valley RECC	**50**	22,585	**$261,142**	$756,122
Nolin RECC	**140**	69,988	**$753,652**	$2,216,344
Owen EC	**393**	184,048	**$2,020,981**	$5,114,847
Salt River RECC	**203**	96,502	**$1,074,370**	$3,176,585
Shelby Energy RECC	**81**	40,674	**$449,173**	$1,266,258
South Kentucky RECC	**211**	101,889	**$1,127,437**	$3,327,487
Taylor County RECc	**102**	48,592	**$485,805**	$1,795,159
Totals	**2,229**	**1,063,047**	**$11,645,192**	**$34,043,004**
Green Power				$9,191
Total				$34,052,195

August 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**55**	25,162	**$287,831**	$997,450
Blue Grass Energy	**259**	129,549	**$1,395,544**	$4,994,288
Clark Energy Coop	**95**	45,517	**$494,092**	$1,801,483
Cumberland Valley Electric	**105**	51,176	**$545,802**	$2,025,936
Farmers RECC	**105**	56,564	**$558,238**	$2,195,139
Fleming-Mason RECC	**202**	102,424	**$986,163**	$3,784,317
Grayson RECC	**56**	25,864	**$292,554**	$1,017,549
Inter-County ECC	**97**	45,827	**$514,842**	$1,793,273
Jackson Energy	**189**	93,583	**$997,642**	$3,672,550
Licking Valley RECC	**57**	26,204	**$297,019**	$1,038,914
Nolin RECC	**161**	82,041	**$865,247**	$3,110,885
Owen EC	**417**	215,880	**$2,183,361**	$7,960,457
Salt River RECC	**233**	114,881	**$1,232,961**	$4,490,295
Shelby Energy RECC	**90**	47,614	**$496,404**	$1,782,356
South Kentucky RECC	**239**	120,166	**$1,271,834**	$4,671,594
Taylor County RECc	**113**	55,672	**$542,078**	$2,423,729
Totals	**2,471**	**1,238,124**	**$12,961,612**	**$47,760,215**
Green Power				$9,281
Total				$47,769,496

September 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**45**	19,157	**$232,331**	$757,133
Blue Grass Energy	**234**	100,380	**$1,266,904**	$3,847,077
Clark Energy Coop	**83**	33,466	**$432,086**	$1,322,712
Cumberland Valley Electric	**90**	38,743	**$470,320**	$1,529,719
Farmers RECC	**90**	42,591	**$480,298**	$1,642,753
Fleming-Mason RECC	**192**	92,971	**$932,791**	$3,351,905
Grayson RECC	**47**	19,802	**$249,405**	$774,905
Inter-County ECC	**85**	33,786	**$450,305**	$1,313,006
Jackson Energy	**166**	71,271	**$879,494**	$2,774,425
Licking Valley RECC	**48**	19,862	**$251,286**	$784,853
Nolin RECC	**142**	64,394	**$767,078**	$2,415,660
Owen EC	**398**	185,653	**$2,061,087**	$6,213,615
Salt River RECC	**205**	85,929	**$1,088,521**	$3,344,575
Shelby Energy RECC	**83**	38,429	**$460,735**	$1,425,058
South Kentucky RECC	**212**	90,192	**$1,131,192**	$3,489,639
Taylor County RECc	**98**	41,258	**$476,416**	$1,698,371
Totals	**2,218**	**977,884**	**$11,630,249**	**$36,685,406**
Green Power				$9,326
Total				$36,694,732

October 2007				
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev. (1.c)
Big Sandy RECC	**37**	18,174	**$195,562**	$696,495
Blue Grass Energy	**211**	90,404	**$1,141,774**	$3,371,048
Clark Energy Coop	**71**	30,338	**$369,794**	$1,164,452
Cumberland Valley Electric	**77**	37,300	**$400,457**	$1,431,032
Farmers RECC	**82**	38,479	**$435,818**	$1,447,039
Fleming-Mason RECC	**183**	94,431	**$885,132**	$3,362,748
Grayson RECC	**42**	19,214	**$220,280**	$728,421
Inter-County ECC	**73**	31,006	**$391,062**	$1,169,174
Jackson Energy	**144**	66,363	**$761,241**	$2,513,844
Licking Valley RECC	**40**	19,019	**$207,714**	$729,327
Nolin RECC	**128**	59,742	**$691,834**	$2,177,906
Owen EC	**368**	174,333	**$1,915,639**	$5,799,891
Salt River RECC	**186**	75,457	**$986,560**	$2,851,053
Shelby Energy RECC	**74**	35,697	**$420,098**	$1,293,190
South Kentucky RECC	**183**	82,735	**$981,183**	$3,110,173
Taylor County RECc	**88**	37,749	**$420,932**	$1,540,718
Totals	**1,986**	**910,441**	**$10,425,080**	**$33,386,511**
Green Power				$9,340
Total				$33,395,851

November 2007				
	MW (1.b)	MWh (1.a)	MW Rev (1.d)	MWh Rev (1.c)
Big Sandy RECC	**58**	23,310	**$300,222**	$893,020
Blue Grass Energy	**235**	100,678	**$1,263,608**	$3,776,368
Clark Energy Coop	**88**	37,226	**$458,545**	$1,427,341
Cumberland Valley Electric	**104**	45,216	**$544,802**	$1,732,342
Farmers RECC	**88**	43,080	**$471,903**	$1,623,775
Fleming-Mason RECC	**207**	97,908	**$998,034**	$3,685,449
Grayson RECC	**55**	23,258	**$289,818**	$883,291
Inter-County ECC	**93**	37,649	**$491,780**	$1,426,997
Jackson Energy	**201**	82,818	**$1,062,202**	$3,146,383
Licking Valley RECC	**57**	23,845	**$297,446**	$914,183
Nolin RECC	**141**	63,851	**$757,802**	$2,347,812
Owen EC	**348**	174,563	**$1,720,166**	$5,825,962
Salt River RECC	**177**	80,812	**$935,195**	$3,061,840
Shelby Energy RECC	**78**	37,592	**$432,961**	$1,374,842
South Kentucky RECC	**242**	98,425	**$1,287,021**	$3,714,941
Taylor County RECc	**104**	43,434	**$495,027**	$1,761,852
Totals	**2,276**	**1,013,665**	**$11,806,532**	**$37,596,398**
Green Power				$9,435
Total				$37,605,833

December 2007				
	MW (1.b)	MWh (1.a)	MW Rev (1.d)	MWh Rev (1.c)
Big Sandy RECC	**62**	27,747	**$323,332**	$1,062,813
Blue Grass Energy	**251**	122,592	**$1,344,914**	$4,616,550
Clark Energy Coop	**95**	45,293	**$493,918**	$1,735,548
Cumberland Valley Electric	**113**	50,100	**$588,498**	$1,919,076
Farmers RECC	**86**	48,086	**$458,503**	$1,820,977
Fleming-Mason RECC	**213**	120,143	**$1,040,792**	$4,541,598
Grayson RECC	**61**	28,371	**$322,151**	$1,080,170
Inter-County ECC	**98**	46,697	**$521,070**	$1,772,428
Jackson Energy	**219**	97,880	**$1,157,074**	$3,723,648
Licking Valley RECC	**62**	28,369	**$323,344**	$1,087,322
Nolin RECC	**145**	74,813	**$781,516**	$2,774,164
Owen EC	**367**	196,232	**$1,803,890**	$6,572,762
Salt River RECC	**187**	97,366	**$985,776**	$3,697,884
Shelby Energy RECC	**82**	43,353	**$453,898**	$1,600,169
South Kentucky RECC	**253**	114,490	**$1,349,025**	$4,332,462
Taylor County RECc	**108**	50,847	**$519,742**	$2,065,354
Totals	**2,402**	**1,192,379**	**$12,467,443**	**$44,402,925**
Green Power				$9,322
Total				$44,412,247

	2007 Totals			
	MW (1.b)	MWh (1.a)	MW Rev. (1.d)	MWh Rev (1.c)
Big Sandy RECC	**637**	277,811	**$3,323,332**	$9,624,159
Blue Grass Energy	**2,902**	1,310,866	**$15,551,764**	$44,429,103
Clark Energy Coop	**1,077**	469,964	**$5,627,720**	$16,294,239
Cumberland Valley Electric	**1,192**	536,874	**$6,222,017**	$18,630,129
Farmers RECC	**1,119**	545,403	**$5,935,271**	$18,640,851
Fleming-Mason RECC	**2,473**	1,230,983	**$11,796,643**	$41,126,120
Grayson RECC	**643**	282,214	**$3,381,419**	$9,713,352
Inter-County ECC	**1,152**	480,460	**$6,099,487**	$16,411,293
Jackson Energy	**2,314**	999,556	**$12,182,155**	$34,273,139
Licking Valley RECC	**654**	285,028	**$3,412,464**	$9,885,994
Nolin RECC	**1,769**	830,039	**$9,468,491**	$27,571,700
Owen EC	**4,502**	2,230,648	**$22,464,505**	$68,440,345
Salt River RECC	**2,359**	1,085,460	**$12,450,528**	$37,325,193
Shelby Energy RECC	**982**	484,729	**$5,385,373**	$16,004,082
South Kentucky RECC	**2,882**	1,232,718	**$15,312,173**	$42,023,113
Taylor County RECc	**1,276**	568,867	**$6,121,073**	$21,954,232
Totals	**27,932**	**12,851,620**	**$144,734,415**	**$432,347,044**
Green Power				**$111,394**
Total				**$432,458,438**

1.e.

							Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	*Total* Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	*Total* Excluding Environmental Surcharge (8)-(4)
Jan-07	$52,394,146	$8,536,387	$5,083,197	$66,013,730	$60,930.533	$271.253	$66,284.983	$61,201.786
Feb-07	$54,441,988	$10,316,043	$6,069,617	$70,827.648	$64,758.031	$637.381	$71,465.029	$65,395,412
Mar-07	$42.132,265	$14,909,257	$5,159,359	$62,200,881	$57,041.522	$1,458,107	$63,658,988	$58,499,629
Apr-07	$40.505,465	$7.788,220	$4,502,790	$52,796,475	$48,293,685	$36,748	$52,833.223	$48,330,433
May-07	$40.372,691	$16.093,873	$3,858,035	$60,324,599	$56,466,564	$185,531	$60,510,130	$56,652,095
Jun-07	$43,832,157	$5.748,054	$4.348,047	$53,928,258	$49,580,211	$349,718	$54,277,976	$49,929,929
Jul-07	$46,044.679	$7,149.492	$4,768,377	$57,962,548	$53,194,171	$355,827	$58,318,375	$53.549,998
Aug-07	$60,574.090	$304.693	$6.266,485	$67.145,268	$60,878,783	$1,021,364	$68,166,632	$61.900,147
Sep-07	$49,019,028	$8,457.743	$6,060.176	$63.536,947	$57.476,771	$764,843	$64.301,790	$58,241,614
Oct-07	$44,619,998	$3,043.446	$4,568.042	$52,231,486	$47.663,444	$1,472,832	$53,704,318	$49,136.276
Nov-07	$49,877.004	$1.264.009	$4,369,147	$55.510,160	$51.141,013	$606,706	$56.116,866	$51,747.719
Dec-07	$57,348,587	$1,102,192	$4,519,079	$62,969,858	$58,450,779	$580,912	$63,550,770	$59,031,691
Totals	$581,162,098	$84,713,409	$59,572,351	$725,447,858	$665,875,507	$7,741,222	$733,189,080	$673,616,729
Average Monthly Member System Revenues, Excluding Environmental Surcharge,for 12 Months Ending Current Expense Month.					$55.489,626			
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								98.85%

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 2
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 2. For each Coop member of EKPC, please provide for calendar year 2007:

a. Total retail revenues by rate class
b. MWh energy sales by retail rate class
c. Purchased power charge revenues by rate class

Response 2. The requested information is provided on pages 2 through 3 of this response.

2.a/b: Retail kWh Sales and Revenue for 2007

Cooperative	Residential kWh	Residential revenue	Residential Seasonal kWh	Residential Seasonal Revenue	Irrigation Sales kWh	Irrigation Revenue	Comm & Ind kWh 1000 kva or less	Comm Ind 1000 or less Revenue	Comm & Ind kWh Over 1000 kva	Comm & Ind Over 1000 revenue	Public Street & Hwy *Lighting kWh*	Public Street & Hwy Light *Rev*	Other Sales to Public Auth *kWh*	Oth Sales to Public Auth *Rev*	*Total kWh*	*Total Revenue*
Big Sandy	191,048,622	$15,853,498					70,380,327	$5,873,436	4,188,900	$263,362					265,617,849	$21,990,316
Blue Grass	816,734,824	$68,578,375					134,477,416	$11,090,281	285,115,341	$16,782,686	1,033,678	$230,834			1,237,361,259	$96,682,176
Clark	336,749,057	$29,717,098					91,532,612	$8,607,645	15,476,617	$1,231,957	644,867	$59,936			444,403,153	$39,616,636
Cumberland Valley	323,734,447	$27,983,567					75,825,569	$6,224,733	110,987,960	$7,635,618					510,547,976	$41,843,918
Farmers	328,570,876	$26,450,827					72,191,024	$5,948,232	122,623,200	$7,917,354	442,593	$52,107			523,827,693	$40,368,520
Fleming Mason	279,628,705	$23,419,768	14,679,317	$1,549,042			126,538,574	*$9,567,025*	*520,876,875*	*$30,356,494*	*76,494*	$10,640			941,799,965	$64,902,969
Grayson	192,737,369	$18,131,615					59,181,479	$5,161,108	16,264,464	$988,176	83,660	$9,607			268,266,972	$24,290,506
Inter County	362,050,676	$33,391,723					77,159,165	$6,159,643	14,416,971	$951,807					453,626,812	$40,503,173
Jackson	718,959,804	$66,382,819					158,602,144	$14,135,903	68,132,635	$4,444,461					945,694,783	$84,963,183
Licking Valley	210,336,942	$18,876,065					43,797,017	$4,218,923	15,372,480	$1,108,914					269,506,439	$24,203,902
Nolin	478,311,130	$39,672,514					113,014,385	$9,232,920	209,067,480	$10,655,042	1,527,839	$167,934			801,920,834	$59,728,410
Owen	746,858,240	$66,458,715					*226,685,405*	$18,073,852	1,178,657,108	$55,319,968	588,969	$52,325	15,009,322	$1,312,489	2,167,799,044	$141,217,349
Salt River	704,474,028	$57,330,349					187,976,666	$15,036,429	143,320,188	$8,668,104	2,563,756	$375,928			1,038,334,838	$81,410,810
Shelby	234,156,667	$19,684,110					69,889,030	$5,433,623	160,615,842	$9,645,800	127,632	$22,951			464,789,171	$34,786,484
South Kentucky	769,838,205	$67,646,098					224,506,939	$19,603,515	155,301,655	$9,728,205	768,647	$82,822	11,417,420	$1,020,451	1,161,832,866	$98,081,091
Taylor Co.	304,364,681	$25,472,592					130,194,362	$10,055,244	103,625,113	$7,522,379	599,201	$72,218			538,783,357	$43,122,433
Totals	6,998,554,273	$605,049,733	14,679,317	$1,549,042	-	$0	1,861,952,314	$154,422,512	3,124,043,029	$173,220,347	8,457,336	$1,137,302	26,426,742	$2,332,940	12,034,113,011	$937,711,876
Totals (2.a)		$605,049,733		$1,549,042		$0		$154,422,512		$173,220,347		$1,137,302		$2,332,940		$937,711,876
Totals (2.b)	6,998,554,273		14,679,317		-		1,861,952,314		3,124,043,029		8,457,336		26,426,742		12,034,113,011	

2 c - Retail FAC Revenue for 2007

Cooperative	Residential FAC revenue	Residential Seasonal FAC Revenue	Irrigation FAC Revenue	Comm Ind 1000 or less FAC Revenue	Comm & Ind Over 1000 FAC revenue	Public Street & Hwy Light FAC Rev	Oth Sales to Public Auth FAC Rev	Total
Big Sandy	*$1,299,499*			$545,622	$22,734			$1,867,855
Blue Grass	$5,845,425			$934,126	$1,994,541		$7,356	$8,781,448
Clark	$2,455,498			$710,023	$129,538	$4,967		$3,300,026
Cumberland Valley	$2,363,671			$193,666	$1,236,567			$3,793,904
Farmers	$2,365,489			$532,630	$927,846	$3,346		$3,829,311
Fleming Mason	$1,993,011	$107,480		$960,165	$3,043,361		$585	$6,104,602
Grayson	$1,333,574			$434,488	$116,363		$619	$1,885,044
Inter County	$2,706,139			$513,767	$137,698			$3,357,604
Jackson	$5,185,258			$1,256,785	$512,780			$6,954,823
Licking Valley	$1,549,551			$336,927	$162,613			$2,049,091
Nolin	$2,157,974	$3	$959,188	$820,799	$1,495,181	$11,073	$111,522	$5,555,740
Owen	$5,387,292			$320,983	$2,806,502	$3,985	$106,928	$8,625,690
Salt River	$5,059,151			$1,372,100	$1,100,692	$19,192		$7,551,135
Shelby	$1,604,112			$513,688	$1,204,775	$941		$3,323,516
South Kentucky	$5,581,814			$1,750,980	$1,212,132	$5,899	$82,327	$8,633,152
Taylor Co.	$2,253,908			$1,008,929	$168,039	$4,673		$3,435,549

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 3
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 3. Please provide a description of any proposed change that EKPC is considering in the allocation of the environmental surcharge cost among its member Coops. Please also provide a description of any proposed change that is being prepared by EKPC for the member Coops regarding the allocation of the environmental surcharge among retail customers.

Response 3. EKPC has been made aware of the fact that some of its member Coops are experiencing an under-recovery of the environmental surcharge at the retail level from certain customer classes, or large customers, due to the pass-through mechanism. Since the impact of this situation varies among different member Coops, EKPC is currently evaluating this issue, in an attempt to identify possible changes in the allocation methodology which would be equitable for all member Coops and retail customers. EKPC has analyzed the impacts of two different methodologies—a percentage of revenue basis and a dollars per megawatt hour basis. EKPC has not discussed these methodologies with all member Coops and has not proposed any changes to the surcharge calculation. Please see Response 4 for EKPC's analyses of the two different methodologies.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 4
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 4. Please provide copies of any studies, memoranda, minutes of meetings, letters from member Coops or other writings prepared or obtained by EKPC during the past three years that address the allocation of the environmental surcharge among its member Coops or address the allocation of the EKPC environment surcharge among retail rate schedules or customers of a member Coop.

Response 4. Please see Response 3. Correspondence and analyses comparing the environmental surcharge calculated on a percentage of revenue basis versus a dollars per megawatt hour basis are included on pages 2 through 95.

Charlene Creager

From: Bill Bosta
Sent: Friday, May 02, 2008 8:03 AM
To: Charlene Creager
Subject: FW: Gallatin ES materials

More Gallatin/Owen info

-----Original Message-----
From: David Eames
Sent: Monday, October 01, 2007 8:12 AM
To: Bill Bosta
Subject: FW: Gallatin ES materials

they brought this up when we met with thier board anything i can do to help also would you run thru it with me i think i understand just when u have some time dave
-----Original Message-----
From: Mike Cobb [mailto:mcobb@owenelectric.com]
Sent: Thursday, September 27, 2007 11:35 AM
To: David Eames
Cc: Bob Hood; Bob Marshall
Subject: FW: Gallatin ES materials

Dave,
Here are the materials related to Gallatin. The excel spreadsheets recap the dollars.
Mike
MICHAEL L. COBB
SR. VP - CUSTOMER SERVICE & MARKETING
OWEN ELECTRIC COOPERATIVE, INC
8205 HWY 127 N
OWENTON, KY 40359
502-563-3533

From: Mike Cobb
Sent: Friday, September 07, 2007 9:36 AM
To: Bob Hood
Cc: 'rwitt@owenelectric.com'; oeccounsel
Subject: Gallatin ES materials

Bob,

Here are copies of the materials I've laid on your desk. I thought you might want to see them in advance. Please let me know if you want any additional information. I have prepared a review of the ES for 2007 (thru August) as well.

Becky and I have continued to discuss this issue throughout this week. Our conclusions are that it appears that we are handling the billing properly, and in accordance with methodology approved by the PSC. However, we seriously question whether or not the PSC and the AG realized the impact the approved methodology would have. Simply put, this doesn't seem equitable to all our members.

Thanks,
Mike

Gallatin Stee Contract Billing Issue

2006	EKPC's Power Bill To Owen	Owen's Power Bill To Gallatin	Margin (Loss)	(A) Environmental Surcharge EKPC to OEC	Environmental Surcharge OEC to Gallatin	Environmental Surcharge Difference	(B) OEC Dist. Adder	(A) - (B) Dist.Adder less ES Diff.
Jan	$ 3,938,121	$ 3,930,098	$ (8,023)	$ 210,252	$ 171,397	$ (38,855)	$ 30,832	$ (8,023)
Feb	$ 3,197,964	$ 3,180,158	$ (17,806)	$ 234,966	$ 188,757	$ (46,209)	$ 28,403	$ (17,806)
Mar	$ 3,473,483	$ 3,439,994	$ (33,489)	$ 279,476	$ 215,100	$ (64,376)	$ 30,887	$ (33,489)
Apr	$ 3,262,377	$ 3,231,164	$ (31,213)	$ 271,566	$ 210,538	$ (61,028)	$ 29,815	$ (31,213)
May	$ 3,981,823	$ 3,930,833	$ (50,990)	$ 299,592	$ 216,439	$ (83,153)	$ 32,163	$ (50,990)
Jun	$ 3,548,324	$ 3,513,002	$ (35,322)	$ 307,967	$ 242,602	$ (65,365)	$ 30,043	$ (35,322)
Jul	$ 3,624,115	$ 3,584,638	$ (39,477)	$ 312,021	$ 241,356	$ (70,665)	$ 31,188	$ (39,477)
Aug	$ 4,292,811	$ 4,224,923	$ (67,888)	$ 426,184	$ 325,859	$(100,325)	$ 32,437	$ (67,888)
Sep	$ 3,814,515	$ 3,759,150	$ (55,365)	$ 423,534	$ 336,140	$ (87,394)	$ 32,029	$ (55,365)
Oct	$ 2,304,020	$ 2,234,265	$ (69,755)	$ 274,060	$ 183,193	$ (90,867)	$ 21,112	$ (69,755)
Nov	$ 2,468,547	$ 2,446,786	$ (21,761)	$ 222,984	$ 176,198	$ (46,786)	$ 25,025	$ (21,761)
Dec	$ 3,222,720	$ 3,192,014	$ (30,706)	$ 258,961	$ 200,295	$ (58,666)	$ 27,960	$ (30,706)
	$ 41,128,820	$ 40,667,025	$ (461,795)	$ 3,521,563	$ 2,707,874	$(813,689)	$ 351,894	$ (461,795)

Summary:

Effective with the new Gallatin Steel contract (effective 6/1/2005), the methodology for billing for the Environmental Surcharge stipulated that *"Gallatin Steel will be charged the OEC environmental surcharge in conformity with KRS 278.183."* This stipulation has led to EKPC billing us a larger portion of Gallatin's ES than we are permitted to bill Gallatin for.

EKPC billed and collected $3,521,563 in ES from Owen EC for sales to Gallatin Steel for 2006.
Owen EC billed and collected $2,707,874 in ES from Gallatin Steel for 2006.

The difference in what EKPC billed us for the Environmental Surcharge and what we billed Gallatin totaled $813,689 for 2006.

When you offset the $813,689 discrepancy with our distribution adder of $351,894, Owen's deficit for serving Gallatin Steel is **($461,795).

The PSC approved the Gallatin contract and the corresponding billing methodology. Owen is billing properly per the contract; however, Owen's other ratepayers are making up the $813,689 ES deficit in the Gallatin billings. This will likely become a point of debate (is this methodology equitable ?) during any rate case.

This billing methodology will need to be changed in the next Gallatin Steel contract (current contract expires, 5/31/10).

**The resulting loss effectively eliminates future capital credit allocations to Gallatin Steel.
Gallatin Steel's Capital Credit Refund Check amounts for the last 6 years:

Year Issued	Amount
2001	$ 22,373.06
2002	$ 27,485.49
2003	$ 15,932.31
2004	$ 16,748.96
2005	$ 17,049.03
2006	$ 8,155.59
2007	$ -
2008	
2009	

Gallatin Steel - Contract Billing Issue

2007	EKPC's Power Bill To Owen	Owen's Power Bill To Gallatin	Margin (Loss)	(A) Environmental Surcharge EKPC to OEC	(A) Environmental Surcharge OEC to Gallatin	(A) Environmental Surcharge Difference	(B) OEC Dist. Adder	(A) - (B) Dist.Adder less ES Diff.
Jan	$ 3,883,253	$ 3,849,211	$ (34,042)	$ 279,396	$ 213,079	$ (66,317)	$ 32,275	$ (34,042)
Feb	$ 4,104,772	$ 4,037,273	$ (67,499)	$ 290,767	$ 193,946	$ (96,821)	$ 29,322	$ (67,499)
Mar	$ 4,329,343	$ 4,266,054	$ (63,289)	$ 360,584	$ 265,743	$ (94,841)	$ 31,552	$ (63,289)
Apr	$ 3,345,360	$ 3,297,377	$ (47,983)	$ 281,799	$ 206,370	$ (75,429)	$ 27,445	$ (47,984)
May	$ 3,922,095	$ 3,876,793	$ (45,302)	$ 250,452	$ 178,110	$ (72,342)	$ 27,040	$ (45,302)
Jun	$ 3,110,741	$ 3,070,835	$ (39,906)	$ 257,985	$ 189,506	$ (68,479)	$ 28,573	$ (39,906)
Jul	$ 3,237,229	$ 3,194,411	$ (42,818)	$ 263,462	$ 192,834	$ (70,628)	$ 27,810	$ (42,818)
Aug	$ 4,176,304	$ 4,119,611	$ (56,693)	$ 331,849	$ 244,667	$ (87,182)	$ 30,489	$ (56,693)
Sep			$ -			$ -		$ -
Oct			$ -			$ -		$ -
Nov			$ -			$ -		$ -
Dec			$ -			$ -		$ -
	$ 30,109,097	$ 29,711,565	$ (397,532)	$ 2,316,294	$ 1,684,255	$ (632,039)	$ 234,506	$ (397,533)

Projected Difference for 2007 in ES billing = $950,000

Misc Notes

Mike Cobb

From: George Markins [george.markins@ekpc.coop]
Sent: Wednesday, November 30, 2005 1:38 PM
To: Mike Cobb
Cc: Bill Bosta
Subject: Environmental Surcharge Calculation

Attachments: Settlement Agreement - March 17 2005.pdf

Followed by the PSC order showing the agreement special #(AG + Gallatin Steel were parties to the agreement).

Settlement greement - March 1.

Mike:

Sorry that it took two days to get back to you. I was on vacation Monday and was out of the office yesterday afternoon for a doctor's appointment.

I am attaching the Order/Settlement Agreement signed March 17, 2005 between the Members Systems, EKPC, the Attorney General and the KIUC. This file is in .pdf format.

Please reference the following passages:

(1) Page 12 of the Order, second full paragraph, second sentence. " The environmental surcharge mechanism will apply the base/current approach in a manner consistent with surcharge mechanisms approved in other proceedings." The Commission allows other utilities (e.g. Kentucky Utilities) to apply the environmental surcharge factor to demand, energy, FAC revenues, and consumer/customer charges.

(2) Page 1 of the Settlement Agreement, under the first Whereas: "...seeking authority to pass through to their retail electric rates any Environmental Surcharge granted to EKPC...". This confirms that the Commission allows EKPC to base the environmental surcharge on electric revenues.

(3) Page 5 of the Settlement Agreement, Amendment 18: "The Parties agree that the methodology for billing the distribution cooperatives outlined in EKPC's testimony and exhibits will be utilities..." The testimony in the Application (Bosta Exhibit 6, page 3 of 3, filed in Case No. 2004-00321, Sept. 17, 2004) illustrated that the Member System monthly pass-through mechanism factor would be based on the Member's retail electric revenues. The format is also included in Appendix B the attached Settlement Agreement.

(4) Attachment 4, page 2 of 28 of the Settlement Agreement, paragraph (3): " The R(m) is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC and the twelve months ending with the current expense month..." Base revenues refer to EKPC's electric revenues and the automatic adjustment clause revenues refer to the FAC.

(5) Attachment 4, page 3 of 28, under "Applicability": "This rate shall apply to all electric rate schedules and special contracts." All electric rate schedules would include demand, energy, and consumer/customer charges plus FAC.

For further reference, I checked my monthly residential bill from KU to make sure. Their environmental surcharge is calculated by multiplying the factor times the sum of the energy, customer and FAC charges.

Your retail monthly pass-through mechanism factor is calculated by dividing EKPC's environmental surcharge bill to Owen divided by the average of your twelve months electric revenues. If your retail customer wanted this percent applied to charges excluding the customer/consumer charge and the FAC, then the factor would have to be recalculated using Owen's revenues minus the FAC and customer/consumer charge revenues, resulting in a lower

denominator and a higher factor, which would then be applied to the customer's demand and energy charges. Consequently, the customer would end up paying approximately the same anyhow.

Hope this helps. If you have any problems or questions, please feel free to call Bill Bosta or me.

George
<<Settlement Agreement - March 17 2005.pdf>>

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR APPROVAL OF AN ENVIRONMENTAL COMPLIANCE PLAN AND AUTHORITY TO IMPLEMENT AN ENVIRONMENTAL SURCHARGE	)	CASE NO. 2004-00321
AND		
APPLICATION OF BIG SANDY RECC, BLUE GRASS ENERGY COOPERATIVE CORPORATION, CLARK ENERGY COOPERATIVE, CUMBERLAND VALLEY ELECTRIC, FARMERS RECC, FLEMING-MASON ENERGY, GRAYSON RECC, INTER-COUNTY ENERGY COOPERATIVE, JACKSON ENERGY COOPERATIVE, LICKING VALLEY RECC, NOLIN RECC, OWEN ELECTRIC COOPERATIVE, SALT RIVER ELECTRIC, SHELBY ENERGY COOPERATIVE, SOUTH KENTUCKY RECC AND TAYLOR COUNTY RECC FOR AUTHORITY TO PASS THROUGH THE ENVIRONMENTAL SURCHARGE OF EAST KENTUCKY POWER COOPERATIVE, INC.	)	CASE NO. 2004-00372

O R D E R

On September 17, 2004, East Kentucky Power Cooperative, Inc. ("East Kentucky") filed an application, pursuant to KRS 278.183, seeking Commission approval of an environmental compliance plan consisting of new and additional pollution control facilities and to establish its Environmental Surcharge tariff ("ES tariff"). East Kentucky maintains that it will need these facilities and will incur the related compliance costs in order to comply with the requirements of the Clean Air Act[1] at its coal and gas-

[1] As amended, 42 U.S.C.A. § 7401 *et seq.*

fired generating units and other federal, state, and local environmental requirements applicable to coal combustion wastes and by-products from its coal-fired generating units. East Kentucky proposes that its ES tariff become effective for service rendered beginning April 1, 2005.

Also on September 17, 2004, each of the 16 distribution cooperatives[2] of East Kentucky filed a joint application seeking Commission approval of a pass through mechanism that would allow each distribution cooperative to bill its respective retail customers for the portion of the environmental surcharge that East Kentucky bills each distribution cooperative. The distribution cooperatives also propose that their pass through mechanism tariffs become effective for service rendered beginning April 1, 2005, to coincide with East Kentucky's environmental surcharge tariff.

The following parties requested and were granted full intervention in both cases: the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), and Gallatin Steel Company ("Gallatin"). A consolidated hearing was held on February 2, 2005.

BACKGROUND

East Kentucky is a rural electric cooperative organized pursuant to KRS Chapter 279 and is a utility subject to Commission jurisdiction. East Kentucky owns and operates facilities used to generate and transmit electricity to its 16 member distribution

[2] The 16 East Kentucky distribution cooperatives are Big Sandy Rural Electric Cooperative Corporation ("RECC"), Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative ("EC"), Cumberland Valley Electric, Farmers RECC, Fleming-Mason Energy, Grayson RECC, Inter-County EC, Jackson EC, Licking Valley RECC, Nolin RECC, Own Electric Cooperative, Salt River Electric, Shelby EC, South Kentucky RECC, and Taylor County RECC.

cooperatives for compensation for lights, heat, power, and other uses. Each of the 16 distribution cooperatives are also rural electric cooperatives organized pursuant to KRS Chapter 279, and each is a utility subject to Commission jurisdiction. The distribution cooperatives are engaged in the distribution of electricity to the public for compensation for lights, heat, power, and other uses. They collectively serve approximately 474,000 member-consumers in all or parts of 89 counties in Kentucky.

KRS 278.183 provides that a utility shall be entitled to the current recovery of its costs of complying with the Clean Air Act as amended and those federal, state, or local environmental requirements that apply to coal combustion wastes and by-products from facilities utilized for the production of energy from coal. Pursuant to KRS 278.183(2), a utility seeking to recover its environmental compliance costs through an environmental surcharge must first submit to the Commission a plan that addresses compliance with the applicable environmental requirements. The plan must also include the utility's testimony concerning a reasonable return on compliance-related capital expenditures and a tariff addition containing the terms and conditions of the proposed surcharge applied to individual rate classes. Within 6 months of submission, the Commission must conduct a hearing to:

> (a) Consider and approve the compliance plan and rate surcharge if the plan and rate surcharge are found reasonable and cost-effective for compliance with the applicable environmental requirements;
>
> (b) Establish a reasonable return on compliance-related capital expenditures; and
>
> (c) Approve the application of the surcharge.

COMPLIANCE PLAN

The compliance plan proposed by East Kentucky calls for nine capital projects that include the following facilities:

(1) Installation of a specific type of boiler, Selective Non-Catalytic Reduction equipment, baghouse, and flash dry absorber to control fly ash and particulate, nitrogen oxide ("NOx"), and sulfur dioxide ("SO_2") at the new Gilbert Unit. The Gilbert Unit utilizes a fluidized coal bed and is located at East Kentucky's Spurlock Station.

(2) Installation of a new electrostatic precipitator to control particulates at the coal-fired Spurlock Unit 1.

(3) Installation of low NOx burners to control NOx emissions at the gas-fired J. K. Smith Combustion Turbines ("CTs") Nos. 1 through 7.[3]

(4) Installation of Selective Catalytic Reduction equipment ("SCR") to control NOx emissions at the coal-fired Spurlock Unit 1.

(5) Installation of a SCR to control NOx emissions at the coal-fired Spurlock Unit 2.

The proposed compliance plan has a total estimated capital cost of $223.8 million.[4]

In support of the proposed compliance plant, East Kentucky presented testimony describing each project in detail.[5] East Kentucky also noted that, except for the Spurlock Unit 1 precipitator replacement project, it had sought and been granted certificates of public convenience and necessity for the projects.[6]

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[3] These facilities reflected five of the nine capital projects proposed by East Kentucky.

[4] Eames Direct Testimony, Eames Exhibit 1.

[5] Johnson Direct Testimony at 3-19.

[6] Hughes Direct Testimony at 3.

Gallatin was the only intervenor to file testimony, and it opposed the inclusion of the capital projects associated with the J. K. Smith CTs. Gallatin contends that KRS 278.183 authorizes only the recovery of environmental costs associated with the generation of electricity from coal, not gas. Gallatin recommends the removal of all gas-fired generation projects from East Kentucky's proposed compliance plan.[7]

SURCHARGE MECHANISM AND CALCULATION

East Kentucky proposes that its environmental surcharge mechanism use a "base/current" approach, although its proposal differs from what the Commission previously approved for Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU"). The base/current approach calculates the revenue requirements for a current period, which reflects recoverable compliance costs for the current expense month, and for a base period, which reflects corresponding environmental costs already included in base rates. The calculation of the base period revenue requirement usually is where the impact of retirements and replacements resulting from the projects approved in the compliance plan are recognized. The current period and base period revenue requirements are each divided by the appropriate level of revenues to determine the current period and base period surcharge factors. The net difference between the two factors is the environmental surcharge factor billed to customers.

East Kentucky proposes that its base period be initially set at zero, even though it is able to calculate its compliance costs included in base rates. Subsequently, when its environmental surcharge is incorporated into base rates, its base period will reflect the

[7] Kollen Direct Testimony at 9-11.

amount so incorporated. East Kentucky also proposes to recognize the effects of retirements and replacements resulting from the projects approved in the compliance plan by treating the plant balances, accumulated depreciation, and associated operation and maintenance ("O&M") expenses as reductions or offsets to the current balances of the projects included in the approved compliance plan. This proposal for retirements and replacements follows an incremental approach, rather than the "base/current" approach as approved for LG&E and KU.

As proposed by East Kentucky, the current period revenue requirement is comprised of a return on the environmental compliance rate base, plus specified environmental compliance operating expenses, less proceeds from by-product and emission allowance sales, plus or minus 6-month surcharge over- or under-recovery adjustments.[8] The environmental compliance rate base includes plant in service and construction work in progress associated with the approved compliance plan projects adjusted for accumulated depreciation, spare parts and limestone inventories, emission allowance inventory,[9] and cash working capital allowance. The environmental compliance operating expenses include incremental O&M expenses, including air permit fees, that exceed the 1993 level of certain O&M expenses, depreciation expense, property taxes, insurance expense, emission allowance expense, and consulting fees. The incremental O&M expenses include expenses associated with

[8] Bosta Direct Testimony, Bosta Exhibit 1.

[9] The emission allowance inventory weighted average cost would include the estimated cost of emission allowances East Kentucky anticipated purchasing within the year. After the actual purchase, the weighted average cost would be adjusted to reflect the actual cost. This approach would also impact the determination of the monthly emission allowance expense.

environmental compliance, but are not related to the projects included in the approved compliance plan. Any proceeds East Kentucky receives from the sale of by-products or emission allowances would be used as an offset in the determination of the current period revenue requirement. Finally, East Kentucky would accumulate all over- and under-recoveries of the environmental surcharge for a 6-month period and amortize the net cumulative amount over a subsequent 6-month period.

Gallatin challenged the inclusion of several items contained in East Kentucky's surcharge mechanism. Consistent with its objection to including environmental projects associated with gas-fired generation, Gallatin argued that no costs associated with the gas-fired generation should be included in the surcharge mechanism. Gallatin also opposed the inclusion of incremental O&M expenses for environmental compliance that was not related to projects in the approved compliance plan. Gallatin contended that East Kentucky had not removed all expenses associated with retired or replaced plant, and Gallatin disagreed with the depreciation practices followed by East Kentucky in the month new plant went into service. Finally, Gallatin stated that revenues associated with sales to certain industrial customers needed to be adjusted before being included in the determination of the monthly environmental surcharge factor.[10]

RATE OF RETURN

East Kentucky proposes 5.635 percent as its reasonable rate of return on its compliance-related capital expenditures. This return is determined by multiplying East Kentucky's average cost of debt at July 31, 2004 of 4.90 percent by the Times Interest Earned Ratio ("TIER") of 1.15X, which was approved in its 1993 general rate case.

[10] Kollen Direct Testimony at 5-7.

East Kentucky believes this approach is consistent with the requirements of KRS 278.183 and will allow it to comply with the financial coverage requirements of its debt covenants. East Kentucky also proposes to update its average cost of debt at 6-month intervals.[11]

Gallatin opposes East Kentucky's proposed rate of return because the TIER multiplier results in an imputed interest expense that East Kentucky does not actually incur. Gallatin argues that the use of a TIER adder is inconsistent with the concept of dollar-for-dollar recovery through the ES tariff, nothing more and nothing less.[12] Gallatin recommends the use of East Kentucky's overall cost of capital at October 31, 2004, with the cost of debt component based on East Kentucky's average cost of debt and the cost of members' equity at 0.0 percent.[13]

PASS THROUGH MECHANISM

The distribution cooperatives propose a pass through mechanism that uses the base/current approach. The current period revenue requirement in the pass through mechanism will be the amount of the environmental surcharge billed by East Kentucky to each distribution cooperative. The base period revenue requirement will be zero until a pass through has been incorporated into the distribution cooperatives' existing base rates. The current period revenue requirement will be divided by the corresponding level of distribution cooperative revenues, resulting in a pass through factor which will

[11] Oliva Direct Testimony at 4-5.

[12] Kollen Direct Testimony at 15-17.

[13] Gallatin's Response to the Commission Staff's First Data Request dated January 6, 2005, Item 1.

be applied to the retail bills of the distribution cooperative. East Kentucky and its distribution cooperatives also propose that the environmental surcharge be passed through to retail customers in the same month that East Kentucky bills the environmental surcharge to the distribution cooperatives.

SETTLEMENT AGREEMENT

On January 20, 2005, an informal conference was held at the request of East Kentucky for the purpose of discussing all issues. As a result of those discussions, the parties reached a unanimous settlement in principle for both cases. A unanimous Settlement Agreement was filed at the public hearing on February 2, 2005, and East Kentucky testified in support of the Settlement Agreement. A copy of the Settlement Agreement is attached as Appendix A to this Order.

Provisions

Below is a summary of the major provisions of the Settlement Agreement.

(1) East Kentucky's environmental compliance plan will only include projects associated with coal-fired generation. The J. K. Smith CTs will not be included. Only costs and expenses associated with coal-fired generation and the approved compliance plan will be included in the surcharge mechanism.

(2) East Kentucky's surcharge mechanism will use the base/current approach consistent with the base/current approach used for LG&E and KU. The base period surcharge factor ("BESF") will be initially set at 0.51 percent.

(3) The cost of emission allowances included in the surcharge mechanism will only reflect the actual cost of allowances, not estimated costs. Revenues from the annual Environmental Protection Agency's allowance auction will be reflected as a credit in the emission allowance inventory and reflected in the average inventory price used to determine the monthly surcharge factor. In addition, East Kentucky will prepare an Emissions Allowance Strategy Plan, which will be submitted to the Commission no later than July 31, 2005.

(4) The reasonable rate of return on compliance-related capital expenditures will be determined by multiplying the weighted average debt cost for the debt issuances directly related to projects in the approved compliance plan times a TIER of 1.15. The initial rate of return shall be based on the weighted average cost of project debt as of December 31, 2004 of 4.918 percent and multiplied by a 1.15X TIER. This results in an initial rate of return of 5.66 percent. The rate of return on capital expenditures will be updated to reflect current average debt cost at the conclusion of the 6-month and 2-year surcharge reviews.

(5) When the commercial operation date of a project is something other than the first of the month, East Kentucky will pro rate the depreciation expense included in the surcharge mechanism for the initial month. In addition, East Kentucky will perform a new depreciation study for all assets within 2 years of the date of the Commission's Order in this case. East Kentucky will file an application seeking Commission approval of the new depreciation rates for accounting and rate-making purposes. If the new depreciation study is completed in advance of the 2-year time period, the study will be filed within 60 days of its completion.

(6) The monthly surcharge factor will:

a. Exclude any revenues associated with power purchased by East Kentucky to meet the requirements of Gallatin and Tennessee Gas Pipeline.

b. Include any revenues from steam sales to Inland Container and those sales will be subject to the environmental surcharge.

c. Exclude any revenues associated with sales under the "Green Power" tariffs and those sales will not be subject to the surcharge.

(7) Proceeds from the sale of Gilbert unit by-products of fly ash, bed ash, and scrubber particles will be credited to the revenue requirement in the monthly surcharge calculation.

(8) A 12-month rolling average of O&M expenses associated with the approved Compliance Plan and air permit fees will be used in the Surcharge Mechanism. For the Gilbert unit, until 12 months of operations have been achieved, the average will reflect the actual O&M expenses for the months of operation divided by the number of months of operation.

(9) Over- and under-recoveries of the surcharge will be computed for each month of each 6-month surcharge review period and East Kentucky will seek approval to amortize the amount during a subsequent period. East Kentucky will be allowed to recommend a reasonable amortization period, depending on the size of the amount to be amortized.

(10) The use of the "base/current" approach for the pass through mechanism is not being decided in this case and the issue may be raised at the first 2-year environmental surcharge review. Until that time, the distribution cooperatives will utilize their proposed tariffs which reflect the "base/current" approach, with the base factor set at 0.0 percent.

(11) The pass through mechanism will be billed to the distribution cooperatives' retail customers at approximately the same time as East Kentucky bills the Environmental Surcharge to the distribution cooperatives.

Evaluation

The unanimous Settlement Agreement appears to resolve all the issues raised in the environmental surcharge and pass through mechanism applications. The agreed to compliance plan for East Kentucky will contain only those environmental projects related to the generation of electricity by burning coal. This is consistent with the stated provisions of KRS 278.183, the Commission's previous decisions in environmental surcharge applications, and the decision of the Kentucky Supreme Court in *Kentucky Industrial Utility Customers v. Kentucky Utilities Co.*, Ky., 983 S.W.2d 493 (1998). In upholding the constitutionality of the environmental surcharge statute, the Supreme Court cited the preamble to the act, which provides as follows:

> WHEREAS, it is hereby declared the policy of the General Assembly to foster and encourage the continued use of Kentucky coal by electric utilities serving the Commonwealth; and
> WHEREAS, electric utilities should have incentive to use Kentucky coal in deciding how to best achieve and maintain compliance with the Federal Clean Air Act as amended and

> those environmental requirements which apply to coal combustion wastes and by-products from facilities utilized for production of energy from coal.

Kentucky Utilities at 496. The Court then stated that, "The legislative intent of the statute was to promote the use of high sulfur Kentucky coal ...," and that the surcharge statute "allows utilities to use Kentucky coal and collect the costs of cleaning high sulfur coal." *Id.* at 496-497. Thus, both the legislative and judicial histories of KRS 278.183 clearly limit the surcharge cost recovery to coal-related costs.

The environmental surcharge mechanism will provide for the recovery of actual environmental expenses associated only with the projects contained within the approved compliance plan. The environmental surcharge mechanism will apply the base/current approach in a manner consistent with the surcharge mechanisms approved in other proceedings. The Settlement Agreement eliminates East Kentucky's proposal to utilize an "incremental" approach in the determination of the current period revenue requirement. The adjustments to the revenues used to determine the environmental surcharge factor and the pass through mechanism factor are designed to remove the impact of sales by East Kentucky that do not result in East Kentucky incurring environmental compliance costs.

The Commission has reviewed the provisions of the Settlement Agreement and finds that they are reasonable and should be approved in total. The compliance plan and environmental surcharge mechanism established by the Settlement Agreement conform to the requirements of KRS 278.183. Given that it has had to purchase emission allowances during recent years, East Kentucky should benefit from the development of an emissions allowance strategy. East Kentucky should also benefit

from conducting a company-wide depreciation study. The monthly environmental surcharge report formats contained in the Settlement Agreement should provide sufficient information for the Commission to review the environmental surcharge factor each month prior to the implementation of the surcharge factor.

It was noted at the public hearing that no monthly reporting format had been proposed for the distribution cooperatives' pass through mechanism. East Kentucky agreed that such a reporting format should be developed and filed so the Commission can review the determination of the monthly pass through factors before they appear on retail bills.[14] East Kentucky subsequently distributed to the parties and the Commission a draft reporting format. The Commission has reviewed that draft and finds it reasonable with minor revisions so that the same format can be used by each distribution cooperative. A copy of this reporting format is attached to this Order as Appendix B. The monthly pass through mechanism reporting format will be submitted to the Commission at the same time the monthly environmental surcharge reports are filed.

EFFECTIVE DATE

East Kentucky and its distribution cooperatives had originally proposed that the environmental surcharge and the pass through mechanism be effective for service rendered beginning April 1, 2005. On February 17, 2005, East Kentucky informed the parties and the Commission that some of its distribution cooperatives requested the implementation date be delayed "to moderate the effect of adding the new Surcharge to

[14] Transcript of Evidence, February 2, 2005 at 15-16.

Spring 2005 retail bills which will include relatively high Fuel Adjustment Clause charges relating to fuel and power purchase costs for winter months."[15] Consequently, East Kentucky requests a 3-month delay so the surcharge and pass through mechanism will be effective for service rendered on or after July 1, 2005.

East Kentucky has determined that this 3-month delay would result in a one-time revenue reduction of $7.0 to $8.0 million and that this revenue reduction can be absorbed without severe disruptions to its cash flow. During 2004, East Kentucky experienced cash flow constraints due to construction expenditures for the Gilbert Unit and delays in obtaining advances on a then-pending Rural Utilities Service ("RUS") loan. The result was East Kentucky having to delay its purchase of emission allowances for its 2004 compliance. East Kentucky states that the RUS loan has been approved and it has been securing advances on that loan, which in turn have been used to reimburse East Kentucky funds used for construction and to pay off short-term borrowings. Thus, East Kentucky contends that the 2004 cash flow problem has been resolved and is not anticipated to recur.

Based upon the representations offered by East Kentucky, the Commission believes that the 3-month delay should not adversely impact East Kentucky's cash flow. Therefore, the Commission finds that the request to delay the effective date to July 1, 2005 is reasonable and should be approved.

[15] February 17, 2005 letter at 1.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement dated February 2, 2005, and attached hereto as Appendix A, is hereby approved.

2. East Kentucky's proposed ES tariff is denied.

3. The ES tariff contained in the February 2, 2005 Settlement Agreement is approved for service rendered on and after July 1, 2005.

4. East Kentucky's rate of return shall be determined consistent with the provisions of the February 2, 2005 Settlement Agreement. The current rate of return is 5.66 percent.

5. East Kentucky's BESF initially shall be 0.51 percent.

6. The East Kentucky distribution cooperatives' proposed pass through mechanism tariff is denied.

7. The pass through mechanism tariff contained in the February 2, 2005 Settlement Agreement is approved for service rendered on and after July 1, 2005.

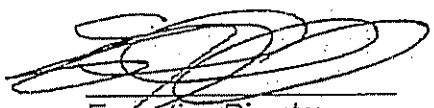
8. East Kentucky shall file monthly the environmental surcharge reporting formats included in the February 2, 2005 Settlement Agreement. Each of East Kentucky's distribution cooperatives shall file monthly the reporting format included in Appendix B for its monthly pass through mechanism.

9. Within 10 days of the date of this Order, East Kentucky and its distribution cooperatives shall file with the Commission revised tariff sheets setting out the ES tariff and pass through mechanism tariff as approved herein.

Done at Frankfort, Kentucky, this 17th day of March, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2004-00321 and 2004-00372 DATED March 17, 2005

FEBRUARY 2, 2005 SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

This Settlement Agreement, is entered this 2nd day of February, 2005, by and among East Kentucky Power Cooperative, Inc., (hereinafter referred to as "EKPC"); Big Sandy RECC, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Cumberland Valley Electric, Farmers RECC, Fleming-Mason Energy, Grayson RECC, Inter-County Energy Cooperative, Jackson Energy Cooperative, Licking Valley RECC, Nolin RECC, Owen Electric Cooperative, Salt River Electric, Shelby Energy Cooperative, South Kentucky RECC and Taylor County RECC (hereinafter collectively referred to as the "EKPC Member Systems"); the Kentucky Office of the Attorney General (hereinafter referred to as the "Attorney General"); and Gallatin Steel Company (hereinafter referred to as "Gallatin Steel").

W I T N E S S E T H:

WHEREAS, EKPC filed an Application with the Kentucky Public Service Commission (the "Commission") on September 17, 2004 for approval of an Environmental Compliance Plan and authority to implement an Environmental Surcharge pursuant to KRS §278.183 in PSC Case No. 2004-00321; and the EKPC Member Systems filed an Application with the Commission on the same date in PSC Case No. 2004-00372, seeking authority to pass through to their retail electric rates any Environmental Surcharge granted to EKPC;

WHEREAS, The Attorney General was made a party to PSC Case No. 2004-00321 and 2004-00372 by orders of the Commission dated September 22, 2004 and

October 12, 2004, respectively, and Gallatin Steel was made a party to PSC Case No. 2004-00321 and 2004-00372 by orders of the Commission dated October 7, 2004;

WHEREAS, The Parties to the above-referenced cases participated in a settlement conference on January 20, 2005 at the offices of the Commission, with the assistance and participation of Commission staff, and discussed and resolved all contested issues in said cases; and

WHEREAS, The Parties desire to settle all issues in the above-referenced cases based on the terms contained in this Settlement Agreement.

NOW, THEREFORE, for and in consideration of the premises and conditions set forth herein, the Parties hereby agree, as follows:

Amendment of EKPC's Application in PSC Case No. 2004-00321

1. The Parties agree to use the Base-Current methodology for calculation of the monthly surcharge factor for EKPC. The Base (BESF) for EKPC will be 0.51%. The Parties agree that the issue of the distribution cooperative's use of the base/current approach is not being decided in these cases, and that issue may be raised in the first two-year environmental surcharge review. Until that time, the distribution cooperatives will utilize their proposed tariffs, which reflect the base/current approach, with the Base (BESF) set at 0%. The BESF for EKPC is based on the computation outlined in Attachment 1 herein. It reflects the recognition of the cost of those environmental-related assets already included in EKPC's base rates that are being replaced by new projects under EKPC's Environmental Compliance Plan.

2. The Parties agree that EKPC's Environmental Compliance Plan shall consist of the following projects:

   Project 1: Gilbert 1 Boiler (pollution-control related only), SNCR, Baghouse and Flash Drier Absorber

   Project 2: Spurlock 1 Precipitator

   Project 3: Spurlock 1 SCR

   Project 4: Spurlock 2 SCR

3. The Parties agree that only the environmental activities and costs directly related to these four projects are eligible for cost recovery.

4. The Parties agree that the reasonable return on construction expenditures shall be based on a weighted average debt cost of those debt issuances directly related to the four projects in EKPC's compliance plan, multiplied by a 1.15 TIER factor. Further, the initial rate of return shall be based on the weighted average cost of such debt as of December 31, 2004 of 4.918%, multiplied by a 1.15 TIER factor, or 5.66%. Attachment 2 provides the basis of this rate of return. The Parties agree that the 5.66% return will remain in use until altered by Commission Order. EKPC will update the return as of the end of each six-month review period and request Commission approval of the updated average cost of debt. The 1.15 TIER factor will be applied to the updated average cost of debt. Upon Commission approval, the updated rate of return will be applied prospectively until altered by the Commission.

5. The Parties agree that EKPC will use only actual property tax expense and actual insurance expense in the monthly surcharge calculation.

6. The Parties agree that EKPC will only include a pro-rated share of depreciation expense for eligible projects in the initial month of service when the commercial operation date of the project is something other than the first day of the month.

7. The Parties agree that the revenues from steam sales to Fleming-Mason/Inland Container will be included in the revenues, R (m), of the monthly surcharge calculation and that such sales will be subject to the environmental surcharge.

8. The Parties agree that the portion of the sales to Owen Electric/Gallatin Steel which are sourced from Louisville Gas & Electric pursuant to a Letter Agreement between EKPC and LG&E dated October 27, 1994, will be excluded from the revenues, R(m), and that the surcharge will not be charged to Owen/Gallatin on that portion of their revenues. This provision shall remain effective until the current Agreement between EKPC and LG&E is terminated.

9. The Parties agree that the on-peak portion of revenues from sales to Taylor County RECC for Tennessee Gas Pipeline (TGP) and to Fleming-Mason EC for TGP shall be excluded from the revenues, R(m), and that the surcharge will not be charged to Taylor County/TGP and Fleming-Mason EC/TGP on that portion of their revenues. All other sales to Taylor County RECC and Fleming Mason EC for service to TGP will be subject to the surcharge. This provision shall remain effective until the current Agreements are terminated.

10. The Parties agree that the sale of by-products from the Gilbert Unit, such as fly ash, bed ash and scrubber particles, will be credited to the revenue requirement in the monthly surcharge calculation.

11. EKPC agrees to perform, or have performed, a depreciation study on all of its assets within the two-year period commencing from the date of the Commission's Order in this proceeding. EKPC agrees to file an Application seeking approval of the Commission for the rates contained in the depreciation study for accounting and ratemaking purposes. EKPC will also seek the approval of RUS. Should the study be completed in advance of the two-year time period, EKPC agrees to file the study with the Commission within 60 days of completion.

12. The Parties agree to use a 12-month rolling average of O&M expenses for the surcharge calculation. The accounts subject to this provision are Accts. 50144, 50621, 50631, 50641, 50642, 50644 50645, 51241, 51242, and 51244. The Parties agree that the environmentally-related O&M expenses for the Gilbert generating unit (Accts. 50144, 50644, 51244) shall be recovered by using the actual cost in month one of operation; for month two, use the average of expenses incurred in months one and two, for month three, use the average of expenses incurred in months one, two and three. This process will continue until the end of the first twelve months of operation at which time the Gilbert O&M costs will be treated like all other eligible O&M costs.

13. The Parties agree that EKPC and the distribution cooperatives will compute over/under recoveries for each month of each six-month review period and will seek approval to amortize the amount during a subsequent six-month review period. EKPC and the distribution cooperatives will be allowed to recommend an appropriate period of amortization, depending upon the size of the amortization amount.

14. EKPC will prepare an Emissions Allowance Strategy Plan for submittal to the Commission by no later than July 31, 2005. The study will focus on EKPC's strategy for purchasing SO2 and NOx allowances, as required, including the timing of such purchases.

15. EKPC agrees to include, for inventory balance and emission allowance expense purposes, the actual emission allowances purchased. Use of estimated emission allowance purchases shall not be permitted for surcharge recovery purposes. EKPC will only include emission allowances associated with coal-fired generating units in the surcharge calculation.

16. The Parties agree that the benefit from the sale of any allowances at the annual EPA auction shall be reflected as a credit in the emission allowance inventory and reflected in the average inventory price used in the computation of the monthly surcharge factor.

17. The Parties agree that the revenues associated with sales under the Green Power tariffs for EKPC and the Member Systems, as applicable, shall not be included in the denominator of the surcharge calculation nor subject to the environmental surcharge.

18. The Parties agree that the methodology for billing the distribution cooperatives outlined in EKPC's testimony and exhibits will be utilized. The methodology allows the distribution cooperatives to bill their customers the environmental surcharge at approximately the same time as EKPC bills the environmental surcharge to the distribution cooperatives, thus avoiding a billing lag for the distribution cooperatives.

19. EKPC has estimated the impact of the approval of the environmental surcharge on the distribution cooperatives and on their retail customers. EKPC has estimated that the surcharge factor will be 7.08% in the first full month, resulting in an estimated $33.5 million in revenue annually. This is depicted in Attachment 3. The surcharge at the retail level is estimated to be 4.96% for the first month. For a residential customer using 1,000 kWh per month at an average rate of 6.5c/kWh, the increase is estimated to be about $3.20 per month. The effect of the surcharge on each distribution cooperative and on their retail customers will vary depending upon the relationship of the level of purchased power to the total revenues of each distribution cooperative.

20. Attachment 4 to this document provides the revised Environmental Surcharge Monthly Filing forms and tariff sheets in conformance with the provisions of this settlement. The attachment includes a redlined version compared to the original filing as well as a new version.

Other Provisions

21. The Parties will jointly move the Commission to amend EKPC's Application in PSC Case No. 2004-00321, as provided hereinabove, to approve EKPC's Environmental Compliance Plan on such amended terms, and to authorize EKPC to implement its Environmental Surcharge on such amended Compliance Plan effective for service rendered beginning April 1, 2005.

22. This Settlement Agreement is subject to the approval of the Commission and shall not be deemed to affect the jurisdiction of the Commission or to in any way supercede Chapter 278 of the Kentucky Revised Statutes. Nothing in this settlement shall be considered as precedent in future cases before the Commission.

23. Upon formal adoption and acceptance by the Commission of this Settlement Agreement as a full resolution of all issues arising from the proceedings in the subject cases, all Parties agree that no petition for rehearing, pursuant to KRS §278.400, nor any appeal, pursuant to KRS §278.410, will be filed by any Party.

IN WITNESS WHEREOF, the duly authorized counsel for the Parties have affixed their signatures to this Settlement Agreement on the date first above written.

EAST KENTUCKY POWER
COOPERATIVE, INC. and
EKPC MEMBER SYSTEMS

Counsel

OFFICE OF THE ATTORNEY
GENERAL

Counsel

GALLATIN STEEL COMPANY

Counsel

Attachment 1
Page 1 of 2

Support for BESF Per Settlement Agreement

		$ Amount		Total $	Source
1.	Depreciation Expense	501,570			Staff 8, p. 3 of 3, 1st Request
		70,778			Staff 8, p. 3 of 3, 1st Request
		30,960			Staff 8, p. 3 of 3, 1st Request
	Total			603,308	
2.	Oper & Mtce*	39,462			Page 2 of 2
	Air Permit Fees	188,636			Wood Exhibit 2, p. 1 of 1
	Total O & M			228,098	
3.	Property Tax	12,217			Staff 8, p. 3 of 3, 1st Request
		1,974			Staff 8, p. 3 of 3, 1st Request
		861			Staff 8, p. 3 of 3, 1st Request
				15,052	
4.	Insurance	11,203			Gallatin 10, 1st Request
				11,203	
Return on Rate Base					
5.	Rate Base				
	Precip	8,144,692			Wood Exhibit 1, p. 1 of 11
	Preheater	1,315,867			Wood Exhibit 1, p. 9 of 11
	Fans	573,729			Wood Exhibit 1, p. 10 of 11
			10,034,288		
6.	Cash Working Capital (1/8 of O&M)		28,512		Line 5* 1/8
	Total Rate Base		10,062,800		
	Apply Rate of Return		7.58%		Gallatin 3 1st Request, P. 2 of 4
7.	Total Return on Rate Base			762,760	
8.	Total Costs			1,620,421	Line 1+2+3+4+7
9.	Calculation of % of Member System Revenues to total revenues including off-system sales.				
	Member Sys Rev		240,629,490	76.29%	Gallatin 3 1st Request, P. 3 of 4
	Off System Sales Revenue		74,774,167	23.71%	Gallatin 3 1st Request, P. 4 of 4
			315,403,657	100.00%	
	Total Costs Incl Rate of Return		1,620,421		
	Exclusion of Off-System Sales		76.29%		
	Revenue Requirement		1,236,219		
	Member Sys Revenue		240,629,490		
	Rev Req / Mbr Sys Revenues		0.51%		

Oper & Mtce Expense Reconciliation--BESF	1993 Costs	SOURCE
1. Operation & Maintenance Costs	$213,791	Gallatin Request 3, Attachment, Page 1 of 4
Elimination of O&M costs for Projects Not Tied to a Compliance Project		
2. Routine Ash System Maintenance	($86,526)	PSC First Data Request 13, Attachment, Page 1 of 1
3. Spurlock 2 Precipitator Maintenance	($68,787)	PSC First Data Request 13, Attachment, Page 1 of 1
4. Spurlock 2 Scrubber Maintenance	($19,016)	PSC First Data Request 13, Attachment, Page 1 of 1
O&M Cost for Settlement - BESF	$39,462	Line 1 - Line 2 - Line 3 - Line 4

Attachment 2

Weighted Average Cost of Debt

Compliance Project	Loan Source (1)	NBV as of 3/31/05 (2)	Cost (3)	Weights (4)=(2)*(3)
1. Gilbert	Z-B	$69,612,000	4.84%	1.696%
2. Spurlock 1 - Precipitator	Y-B	$22,480,163	4.96%	0.561%
3. Spurlock 1 - SCR	Y-B	$69,937,007	4.96%	1.746%
4. Spurlock 2 - SCR	Y-B	$36,670,706	4.96%	0.915%
		$198,699,876		4.918%

Y-B 30 year

Note *Number* (1)	Current Liability 12/31/04 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4)/ Total (2) (5)
F0720	$25,000,000	4.460%	$1,115,000	
F0725	$25,000,000	4.819%	$1,204,750	
F0730	$24,800,000	4.950%	$1,227,600	
F0760	$25,000,000	5.091%	$1,272,750	
F0755	$25,000,000	5.149%	$1,287,250	
F0760	$25,000,000	5.065%	$1,266,250	
F0765	$25,000,000	5.011%	$1,252,750	
F0770	$27,000,000	5.149%	$1,390,230	
	$201,800,000		$10,016,580	4.96%

Z8 34 Year

Note Number (1)	Current Liability 12/31/04 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4)/ Total (2) (5)
F0810	$50,000,000	4.744%	$2,372,000	
F0815	$50,000,000	4.825%	$2,412,500	
F0820	$50,000,000	4.946%	$2,473,000	
	$150,000,000		$7,257,500	4.84%

Attachment 3

ATTACHMENT 3

Environmental Surcharge: Recoverable Dollars

Based on Weighted Average Cost of Debt of: 4.918% @ 12/31/04 with TIER of 1.15 = 5.66%

Line No.	Description (1)	Estimated Value 3/31/2005 (2)	RORB: Col. (2) x 5.66% (3)	Annual Depreciation Expense (4)	Annual O&M Expense (5)	Taxes and Insurance (6)	Environmental Surcharge Recoverable $ (3)+(4)+(5)+(6)= (7)
	I. Return on Rate Base, Depreciation, Taxes and Insurance						
1	Gilbert	$69,612,000	$3,940,039	$0			$3,940,039
2	Spurlock 1- Precipitator	$22,480,163	$1,272,377	$966,139		$66,822	$2,329,338
3	Spurlock 1 - SCR	$69,937,007	$3,958,435	$3,702,644		$214,110	$7,875,189
4	Spurlock 2 - SCR	$38,670,708	$2,075,562	$2,575,036		$112,266	$4,762,864
5	SO2 Allowance Inventory	$14,166,351	$801,827				$801,827
6	NOx Emission Allowance Inventory	$0	$0				$0
7	Cash Working Capital	$178,605	$10,109				$10,109
8	Spare Parts & Limestone Inventory	$0	$0				$0
	II. Other Expenses						
9	O&M Expense (Including Air Permit Fees)				$1,428,839		$1,428,839
10	O&M Expense - Gilbert				$0		
11	SO2 Emission Allowance Expenses				$14,816,460		$14,816,460
12	NOx Emission Allowance Expenses				$0		$0
	Totals	$213,045,032	$12,058,349	$7,265,819	$16,245,299	$393,199	$35,964,665
13	Monthly Surcharge Allocation Factor	89.79%					
14	Recoverable Dollars = Monthly Surcharge Allocation Factor x Total ES Recoverable $	$35,089,139					
15	Projected Electric Energy Revenues from Member Systems in year ending March 31, 2005	$472,783,000					
16	CESF: Recoverable $ / Revenues	7.59%					
17	BESF	0.51%					
18	MESF (Line 16 - Line 17)	7.08%					
19	Recoverable Dollars (Line 15* 7.08%)	$ 33,473,038					

For All Counties Served
P.S.C. No. 28
EAST KENTUCKY POWER COOPERATIVE, INC Original Sheet No. 27

RATE ES – ENVIRONMENTAL SURCHARGE

APPLICABILITY

Applicable to all sections of this rate schedule and this rate schedule shall apply to each Member System.

AVAILABILITY

This rate schedule shall apply to EKPC rate sections A, B, C, E, and G and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

The Environmental Surcharge shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

$CESF = E(m) / R(m)$ $MESF = CESF - BESF$

MESF = Monthly Environmental Surcharge Factor
CESF = Current Environmental Surcharge Factor
BESF = Base Environmental Surcharge Factor of 0.51%

where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and R(m) is the revenue for the current expense month as expressed below.

Definitions

(1) $E(m) = [(RB/12)(RORB) + OE - BAS + (Over)Under\ Recovery$

where:

(a) RB is the Environmental Compliance Rate Base, defined as electric plant in service and CWIP for applicable environmental projects adjusted for accumulated depreciation, cash working capital, spare parts and limestone inventory, emission allowance inventory;
(b) RORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a times-interest-earned ratio of 1.15;

(c) OE is the Monthly Pollution Control Operating Expenses, defined as the average of the twelve month operating and maintenance expense; depreciation expense, property taxes, insurance expense, emission allowance expense, and consulting fees. O&M expense for the pollution-control related equipment at the Gilbert generating unit will be recovered by including an average of the monthly expense as the Unit begins operation;
(d) BAS is the net proceeds from By-Products and Emission Allowance Sales, and;
(e) (Over) or Under recovery amount as amortized from prior six-month period.

(2) Total E(m) is multiplied by the Member System Allocation Ratio to arrive at Net E(m). The Member System Allocation Ratio is based on the ratio of the 12-month total revenue from sales to Member Systems to which the Surcharge will be applied, ending with the current expense month, divided by the 12-month total revenue from sales to Member Systems and off-system sales.

(3) The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC for the twelve months ending with the current expense month.

(4) The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. _____

Member System
(Name of Utility)

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and special contracts.

RATE

CES(m) = ES(m) – BESF

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor of 0%

ES(m) = [((WESF) x (Average of 12-months ended revenues from sales to Member System for current expense month, excluding environmental surcharge)) + (Over)/Under Recovery] *divided by* [Average of 12-months ending Retail Revenue (excluding environmental surcharge)] = _____%

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. _____

Member System
(Name of Utility)

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

For All Counties Served
P.S.C. No. 28
Original Sheet No. 28

EAST KENTUCKY POWER COOPERATIVE, INC

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

For All Counties Served
P.S.C. No. 28
EAST KENTUCKY POWER COOPERATIVE, INC Original Sheet No. 27

RATE ES – ENVIRONMENTAL SURCHARGE

APPLICABILITY

Applicable to all sections of this rate schedule and this rate schedule shall apply to each Member System.

AVAILABILITY

This rate schedule shall apply to EKPC rate sections A, B, C, E, and G and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

The Environmental Surcharge shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

CESF = E(m) / R(m) MESF = CESF – BESF

MESF = Monthly Environmental Surcharge Factor
CESF = Current Environmental Surcharge Factor
BESF = Base Environmental Surcharge Factor 6.05%

where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and R(m) is the revenue for the current expense month as expressed below.

Definitions

(1) E(m) = [(RB/12)(RORB) + OE – BAS + (Over)Under Recovery

where:

(a) RB is the Environmental Compliance Rate Base, defined as electric plant in service and CWIP for applicable environmental projects adjusted for accumulated depreciation, cash working capital, spare parts and limestone inventory, emission allowance inventory;
(b) RORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average overall cost of debt for environmental compliance plan projects approved by the Commission updated every six months plus application of a times-interest-earned ratio of 1.15;

DATE OF ISSUE September 17, 2004 DATE EFFECTIVE Service rendered beginning April 1, 2005

ISSUED BY TITLE PRESIDENT/CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in
CASE NO DATED

EAST KENTUCKY POWER COOPERATIVE, INC

(c) OE is the Monthly Pollution Control Operating Expenses, defined as the [redacted] operating and maintenance [redacted] depreciation expense
property taxes, insurance expense, emission allowance expense, and consulting fees [redacted]

(d) BAS is the net proceeds from By-Products and Emission Allowance Sales, and;

(e) (Over) or Under recovery amount as amortized from prior six-month period.

(2) Total E(m) is multiplied by the Member System Allocation Ratio to arrive at Net E(m). The Member System Allocation Ratio is based on the ratio of the 12-month total revenue from sales to Member Systems [redacted] ending with the current expense month, divided by the 12-month total revenue from sales to Member Systems and off-system sales.

(3) The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC for the twelve months ending with the current expense month.

(4) The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE September 17, 2004 DATE EFFECTIVE Service rendered beginning April 1, 2005

ISSUED BY _____ TITLE PRESIDENT/CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in
CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. _____

Member System
(Name of Utility)

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and special contracts.

RATE

$CES(m) = ES(m) - BESF$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor [redacted]

ES(m) = [((WESF) x (Average of 12-months ended revenues from sales to Member System for current expense month, excluding environmental surcharge)) + (Over)/Under Recovery] *divided by* [Average of 12-months ending Retail Revenue (excluding environmental surcharge)] = _____%

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. _____

Member System
(Name of Utility)

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

For All Counties Served
P.S.C. No. 28
Original Sheet No. 28

EAST KENTUCKY POWER COOPERATIVE, INC

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

East Kentucky Power Cooperative, Inc. Form 1.0
Environmental Surcharge Report

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending March 31,.2005

MESF = CESF - BESF

Where:

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

Calculation of MESF:

CESF, *from ES Form 1.1*	=
BESF, from Case No. 2004-00321	= 0.51%
MESF	=

Effective Date for Billing: _____

Submitted by:

Date Submitted:

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

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending March 31, 2005

1	E(m) = RORB + OE - BAS	
2	Rate Base	
3	Rate Base / 12	
4	Rate of Return	=
5	Return on Rate Base (RORB)	+
6	Operating Expenses (OE)	+
7	By-Product and Emission Allowance Sales (BAS)	- _____
8	Sub-Total E(m)	
9	Member System Allocation Ratio for the Month (Form 3.0)	
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	
11	Adjustment for (Over)/Under Recovery, as applicable	
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery	
13	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	
14	CESF: E(m) / R(m); as a % of Revenue	

East Kentucky Power Cooperative, Inc. Form 2.0
Environmental Surcharge Report

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

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	
Eligible Pollution CWIP	
Subtotal	
Additions:	
Inventory - Spare Parts	
Inventory - Limestone	
Inventory - Emission Allowances	
Cash Working Capital Allowance	
Subtotal	
Deductions	
Accumulated Depreciation on Eligible Pollution Control Plant	
Subtotal	
Environmental Compliance Rate Base	

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	
Monthly Depreciation and Amortization Expense	
Monthly Taxes Other Than Income Taxes	
Monthly Insurance Expense	
Monthly Emission Allowance Expense	
Monthly Surcharge Consultant Fee	
Total Pollution Control Operating Expense	

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	

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

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

Form 2.1

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

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Project No.	Description	Eligible Gross Plant In Service	Eligible Accumulated Depreciation	CWIP Amount	Eligible Net Plant In Service	Monthly Depreciation Expense	Monthly Taxes and Insurance Expense
					(2)-(3)-(4)+(5)		
1	Gilbert						
2	Spurlock 1 Precipitator						
3	Spurlock 1 SCR						
4	Spurlock 2 SCR						
	Total						

Form 2.2

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Inventories of Spare Parts and Limestone

For the Month Ending March 31, 2005

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

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Month ending March 31, 2005

SO2 Allowances

Month Ending March 31, 2005					
[redacted]	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory*					
Quantity					
Dollars					
$/Allowance					

NOx Allowances

Month Ending March 31, 2005					
[redacted]	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory*					
Quantity					
Dollars					
$/Allowance					

*Includes coal-fired allowances only.

East Kentucky Power Cooperative, Inc. Form 2.4
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance

For the Expense Month Ending March 31, 2005

Eligible O&M Expenses	Non-Gilbert	Gilbert	Total
11th previous month			
10th previous month			
9th previous month			
8th previous month			
7th previous month			
6th previous month			
5th previous month			
4th previous month			
3rd previous month			
2nd previous month			
Previous month			
Current month			
Total 12 Month O&M			
Average Monthly O&M			

Determination of Working Capital Allowance			
12 Months O&M Expense			
One-Eighth (1/8) of 12 Month O&M Expenses			

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

Form 2.5

	Expense Type	Account	Description	Amount
I	Maintenance			
		50144	Fuel Coal Gilbert	
		51241	Maintenance of Boiler Plant Spurlock 1	
		51242	Maintenance of Boiler Plant Spurlock 2	
		51244	Maintenance of Boiler Plant Gilbert	
II	Air Permit Fees			
		50621	Misc Steam Power Environmental Dale	
		50631	Misc Steam Power Environmental Cooper	
		50645	Misc Steam Power Environmental Spurlock	
III	Operating Expense - Ammonia and Limestone			
		50641	Misc Steam Power Expense - Spurlock 1	
		50642	Misc Steam Power Expense - Spurlock 2	
		50644	Misc Steam Power Expense - Gilbert	

Form 3.0

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

For the Month Ended March 31, 2005

Revenues from Member Systems							Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Apr-04								
May-04								
Jun-04								
Jul-04								
Aug-04								
Sep-04								
Oct-04								
Nov-04								
Dec-04								
Jan-05								
Feb-05								
Mar-05								
Totals								
Average Monthly Member System Revenues, Excluding Environmental Surcharge,for 12 Months Ending Current Expense Month.								
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								

East Kentucky Power Cooperative, Inc. Form 1.0
Environmental Surcharge Report

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending March 31, 2005

MESF = CESF - BESF

Where:

CESF = Current Period Environmental Surcharge Factor
BESF = Base Period Environmental Surcharge Factor [redacted]

Calculation of MESF:

CESF, from ES Form 1.1	=
BESF, from Case No. 2004-00321	= [redacted]
MESF	= _____

Effective Date for Billing: _____

Submitted by:

Date Submitted:

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

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending March 31, 2005

1	E(m) = RORB + OE - BAS	
2	Rate Base	
3	Rate Base / 12	
4	Rate of Return	=
5	Return on Rate Base (RORB)	+
6	Operating Expenses (OE)	+
7	By-Product and Emission Allowance Sales (BAS)	- _____
8	Sub-Total E(m)	
9	Member System Allocation Ratio for the Month (Form 3.0)	
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	
11	Adjustment for (Over)/Under Recovery, as applicable	
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery	
13	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	
14	CESF: E(m) / R(m); as a % of Revenue	

East Kentucky Power Cooperative, Inc. Form 2.0
Environmental Surcharge Report

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

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)	
Eligible Pollution CWIP	
Subtotal	
Additions:	
Inventory - Spare Parts	
Inventory - Limestone	
Inventory - Emission Allowances	
Cash Working Capital Allowance	
Subtotal	
Deductions	
Accumulated Depreciation on Eligible Pollution Control Plant	
Subtotal	
Environmental Compliance Rate Base	

Determination of Pollution Control Operating Expenses

Monthly O&M Expense	
Monthly Depreciation and Amortization Expense	
Monthly Taxes Other Than Income Taxes	
Monthly Insurance Expense	
Monthly Emission Allowance Expense	
Monthly Surcharge Consultant Fee	
Total Pollution Control Operating Expense	

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales	

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

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

Form 2.1

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

	(1)	(2)	(3)							
Project No.	Description	Eligible Gross Plant In Service	Eligible Accumulated Depreciation	[illegible]	CWIP Amount	Eligible Net Plant In Service	Monthly Depreciation Expense			Monthly Taxes and Insurance Expense
						(2)-(3)-(4)+(5)				
1	Gilbert									
2	Spurlock 1 Precipitator									
~~3~~	~~JK Smith CT 1,2,3 CT Burner~~									
4	~~JK Smith CT 4 CT Burner~~									
5	~~JK Smith CT 5 CT Burner~~									
6	~~JK Smith CT 6 CT Burner~~									
~~7~~	~~JK Smith CT 7 CT Burner~~									
3 8	Spurlock 1 SCR									
4 9	Spurlock 2 SCR									
	Total									

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.2

Inventories of Spare Parts and Limestone

For the Month Ending March 31, 2005

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

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Report

Form 2.3

Inventory and Expense of Emission Allowances

For the Month ending March 31, 2005

SO2 Allowances

Month Ending March 31, 2005

[redacted]	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total SO2 Emission Allowances in Inventory					
Quantity					
Dollars					
$/Allowance					

NOx Allowances

Month Ending March 31, 2005

[redacted]	Beginning Inventory	Allocations/ Purchases	Utilized	Sold	Ending Inventory
Total NOx Emission Allowances in Inventory					
Quantity					
Dollars					
$/Allowance					

Includes coal fired allowances only

East Kentucky Power Cooperative, Inc. Form 2.4
Environmental Surcharge Report
O&M Expenses and Determination of Cash Working Capital Allowance

For the Expense Month Ending March 31, 2005

Eligible O&M Expenses	Non-Qualified	Qualified	Total
11th previous month			
10th previous month			
9th previous month			
8th previous month			
7th previous month			
6th previous month			
5th previous month			
4th previous month			
3rd previous month			
2nd previous month			
Previous month			
Current month			
Total 12 Month O&M			
12 Month Baseline			
Average Monthly O&M			
12 Months Recoverable O&M Monthly Incremental Expense			

Determination of Working Capital Allowance			
12 Months Incremental			
O&M Expense			
One-Eighth (1/8) of 12 Month Incremental O&M Expenses			

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

Form 2.5

	Expense Type	Account Description	Amount
I	Maintenance		
	50144	Fuel Coal Gilbert	
	[redacted]		
	51241	Maintenance of Boiler Plant Spurlock 1	
	51242	Maintenance of Boiler Plant Spurlock 2	
	[redacted]		
	51244	Maintenance of Boiler Plant Gilbert	
	[redacted]		
II	Air Permit Fees		
	50621	Misc Steam Power Environmental Dale	
	50631	Misc Steam Power Environmental Cooper	
	50645	Misc Steam Power Environmental Spurlock	
	[redacted]		
III	Operating Expense - Ammonia and Limestone		
	50641	Misc Steam Power Expense - Spurlock 1	
	50642	Misc Steam Power Expense - Spurlock 2	
	50644	Misc Steam Power Expense - Gilbert	

Form 3.0

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

For the Month Ended March 31, 2005

Revenues from Member Systems							Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Off-System Sales	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Apr-04								
May-04								
Jun-04								
Jul-04								
Aug-04								
Sep-04								
Oct-04								
Nov-04								
Dec-04								
Jan-05								
Feb-05								
Mar-05								
Totals								
Average Monthly Member System Revenues, Excluding Environmental Surcharge,for 12 Months Ending Current Expense Month.								
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (6) / Column (9) =								

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2004-00321 and 2004-00372 DATED March 17, 2005

Monthly Reporting Format for Pass Through Mechanism

The attached reporting format should be submitted by the Distribution Cooperatives along with East Kentucky's monthly environmental surcharge report.

East Kentucky Power Cooperative, Inc. – Distribution Cooperatives
Pass Through Mechanism Report for _____(Cooperative)_____

For the Month Ending _____

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Rev. from Sales to Coop.	On Peak Rev. Adjust.	EKPC Net Monthly Sales to Coop.	EKPC 12-mon. Ended Aver. Monthly Rev. from Sales to Coop., Net	Coop. Rev. Require	Amort. Of (Over)/ Under Recover.	Coop. Net Rev. Require	Coop. Total Monthly Retail Rev.	On Peak Retail Rev. Adjust.	Coop. Net Monthly Retail Rev.	12-mon. Ended Aver. Retail Rev., Net	Coop. Pass Through Mechanism Factor
			(1) – (2)			(4) – (5)		(3) x (7)		(8) + (9)			(11) – (12)		(10) / (14)

Notes:
List monthly revenues for Columns (4), (5), (6), (11), (12), and (13) used to determine the average revenues shown in Columns (7) and (14).
Coop. Total Monthly Retail Revenues in Column (11) includes demand and energy revenues, customer charges, and FAC revenues.
Amounts should be shown in Columns (5), (9), and (12) as applicable.
If Cooperative has a Green Power Tariff, include the following statement below the column headings:
"Revenues reported in Columns (11), (13), and (14) are net of Green Power Revenues."

EKS Tariff

For All Counties Served
P.S.C. No. 29
Original Sheet No. 27
Canceling P.S.C. No. 28
Original Sheet No. 27

EAST KENTUCKY POWER COOPERATIVE, INC

RATE ES – ENVIRONMENTAL SURCHARGE

APPLICABILITY

Applicable to all sections of this rate schedule and this rate schedule shall apply to each Member System.

AVAILABILITY

This rate schedule shall apply to EKPC rate sections A, B, C, E, and G and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

The Environmental Surcharge shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

$CESF = E(m) / R(m)$ $\qquad$ $MESF = CESF - BESF$

MESF = Monthly Environmental Surcharge Factor
CESF = Current Environmental Surcharge Factor
BESF = Base Environmental Surcharge Factor of 0.51%

where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and R(m) is the revenue for the current expense month as expressed below.

Definitions

(1) $E(m) = [(RB/12)(RORB) + OE - BAS + (Over)Under\ Recovery$

where:

(a) RB is the Environmental Compliance Rate Base, defined as electric plant in service and CWIP for applicable environmental projects adjusted for accumulated depreciation, cash working capital, spare parts and limestone inventory, emission allowance inventory;
(b) RORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a times interest earned ratio of 1.15;

PUBLIC SERVICE COMMISSION OF KENTUCKY
EFFECTIVE
6/1/2005
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)
By _____
Executive Director

DATE OF ISSUE June 7, 2005 DATE EFFECTIVE Service rendered beginning June 1, 2005
ISSUED BY Ray M. Falk TITLE PRESIDENT/CEO
Issued by authority of an Order of the Public Service Commission of Kentucky in
CASE NO. 2004-00464 DATED May 24, 2005

For All Counties Served
P.S.C. No. 29
Original Sheet No. 28
Canceling P.S.C. No. 28
Original Sheet No. 28

EAST KENTUCKY POWER COOPERATIVE, INC

(c) OE is the Monthly Pollution Control Operating Expenses, defined as the average of the twelve month operating and maintenance expense; depreciation expense, property taxes, insurance expense, emission allowance expense, and consulting fees. O&M expense for the pollution-control related equipment at the Gilbert generating unit will be recovered by including an average of the monthly expense as the Unit begins operation;
(d) BAS is the net proceeds from By-Products and Emission Allowance Sales, and;
(e) (Over) or Under recovery amount as amortized from prior six-month period.

(2) Total E(m) is multiplied by the Member System Allocation Ratio to arrive at Net E(m). The Member System Allocation Ratio is based on the ratio of the 12-month total revenue from sales to Member Systems to which the Surcharge will be applied, ending with the current expense month, divided by the 12-month total revenue from sales to Member Systems and off-system sales.

(3) The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC for the twelve months ending with the current expense month.

(4) The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

PUBLIC SERVICE COMMISSION OF KENTUCKY
EFFECTIVE
6/1/2005
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)
BY
Executive Director

DATE OF ISSUE June 7, 2005 DATE EFFECTIVE Service rendered beginning June 1, 2005
ISSUED BY [signature] TITLE PRESIDENT/CEO
Issued by authority of an Order of the Public Service Commission of Kentucky in
CASE NO. 2004-00464 DATED May 24, 2005

Owen's Tariff

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 6

Original SHEET NO. 38

Owen Electric Cooperative, Inc.

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and special contracts.

RATE

CES(m) = ES(m) – BESF

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor of 0%

ES(m) = [((WESF) x (Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge)) + (Over)/Under Recovery] *divided by* [Average of 12-months ending Retail Revenue (excluding environmental surcharge)] = _____%

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE March 17, 2005
Month / Date / Year

DATE EFFECTIVE Service rendered beginning July 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE President/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2004-00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
7/1/2005
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 6

Original SHEET NO. 39

Owen Electric Cooperative, Inc.

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE March 17, 2005
Month / Date / Year

DATE EFFECTIVE Service rendered beginning July 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE President/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2004-00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
7/1/2005
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director

GALLATIN/OEC/EKPC

AGREEMENT FOR ELECTRIC SERVICE

THIS AGREEMENT is made this 25th day of March, 2005, among EAST KENTUCKY POWER COOPERATIVE, INC., hereinafter referred to as "EKPC," OWEN ELECTRIC COOPERATIVE, hereinafter referred to as "OEC," and GALLATIN STEEL COMPANY, hereinafter referred to as "Gallatin Steel", for the purposes of providing electric service to Gallatin Steel.

WHEREAS, EKPC, OEC and Gallatin Steel entered into a Special Agreement for Electric Service dated October 27, 1994 (1994 Agreement); and

WHEREAS, the 1994 Agreement was approved by the Kentucky Public Service Commission by Order dated April 14, 1995; and

WHEREAS, the 1994 Agreement has a ten year initial term which expires May 31, 2005; and

WHEREAS, EKPC, OEC and Gallatin Steel have been in negotiations for approximately two years to agree upon a replacement all-requirements contract for service beginning June 1, 2005; and

WHEREAS, OEC regularly resells and distributes electric power and energy and satisfies all of its requirements for electric power and energy by purchases from EKPC; and

WHEREAS, Gallatin Steel requires the resources of both OEC and EKPC to fully ensure the supply of electric power and energy to the Gallatin Steel Plant; and

WHEREAS, EKPC and OEC desire to continue to serve the electric load associated with Gallatin Steel's steel manufacturing operation under the terms of this new Agreement for Electric Service; and

WHEREAS, this Agreement is subject to approval by the Kentucky Public Service Commission and any necessary approvals by the Rural Utilities Services and the National Rural Utilities

Cooperative Finance Corporation.

THEREFORE, upon consideration of the mutual covenants and undertakings hereinafter set forth, the parties agree to the following:

1. Plant Description. The Gallatin Steel Plant is a thin-slab steel mill owned and operated by Gallatin Steel in Gallatin County near Ghent, Kentucky. The plant is configured on the basis of a single D.C. power supply for twin shell electric arc furnaces which feeds a thin slab caster to a six stand rolling mill on a continuous basis. The electrical load primarily consists of the direct current to the electric arc melting furnaces fed by two transformers each nominally rated at 75 MVA; ladle metallurgy stations nominally rated at 25 MVA and 5 x 10,000 horsepower rolling mill motors, along with slag and arc-furnace dust processing equipment, small motor loads and other ancillary facilities.

2. Term. The initial term of this Agreement for electric service will be the five-year period beginning June 1, 2005. The Agreement shall remain in effect after the initial five-year term from year to year thereafter; provided however that the Agreement may be cancelled after the initial five-year term by OEC, EKPC or Gallatin Steel upon giving 12 months advance written notice.

3. Demand Charge and Billing. Demand shall be the average kW demand occurring at the Gallatin Steel Plant site during any fifteen-minute period beginning at any standard clock hour or 15, 30, or 45 minutes after any standard clock hour.

a. Billing Demand shall be the greater of the highest-average kW demand occurring during a 15-minute measurement in the peak period or 83.33 percent of the highest average kW demand occurring during a 15-minute measurement in the off-peak period in the current billing month. The Billing Demand will be measured by the coincidental sum of all meters on the Gallatin plant site.

b. The maximum on-peak contract demand will be 180 MW at the beginning of this Agreement, but can be increased, with 30-day notice, if Gallatin adds new production

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facilities at its existing production site. Gallatin will notify EKPC/OEC of the estimated load associated with the new production facilities at the existing site and all parties must agree in writing if the increased load is expected to be 15 MW or more. Gallatin Steel will be charged $5.39/KW/month for billing demand at or below 180 MW in on-peak periods. If billing demand exceeds 180 MW during an on-peak period, then Gallatin will be charged at three times the demand rate of $5.39/KW/month, or $16.17 KW/month for the excess demand above 180 MW. If billing demand exceeds 120 percent of 180 MW during an off-peak period, or 216 MW, then Gallatin will be charged three times the demand rate of $5.39/KW/month, or $16.17 KW/month for the excess demand above 216 MW. OEC/EKPC will give Gallatin Steel Notice of Unavailability on Friday morning by 10:00 AM EST if the additional 20% is not available for the weekend. Notice of Unavailability will be made by 10:00 AM EST the day before a holiday. OEC/EKPC will only issue a Notice of Unavailability if circumstances warrant, such as an extended scheduled outage or forced outage at one of EKPC's generating units or in anticipation of high peak demand. In the event of such Notice of Unavailability, then Gallatin Steel will pay the excess demand charge of $16.17/KW/month on the MW amount in excess of 180 MW if demand during the on-peak hours of the weekend or holiday exceeds 180 MW.

c. For purposes of the demand charge, on-peak hours are defined as follows:

   i. October through April: everyday from 7:00 AM to 12:00 noon EST and 5:00 PM to 10:00 PM EST provided however that weekend and holiday hours shall be deemed to be off-peak unless OEC/EKPC gives Notice of Unavailability. All other hours are off peak.

   ii. May through September: everyday from 10:00 AM to 10:00 PM EST; provided however that weekend and holiday hours shall be deemed to be off-peak unless

OEC/EKPC give Notice of Unavailability. All other hours are off-peak.

4. Firm and Interruptible Demand. 15 MW of Demand shall be designated as Firm Power Demand. All Demand exceeding Firm Power Demand, up to 180 MW total Demand, shall be designated Interruptible Demand. Interruptible Demand service to Gallatin Steel will consist of two primary categories:

a. Ten Minute Interruptible Demand Service which shall consist of the 120 MW electric arc furnace melt shop. The interruptible credit for this load will be $3.60/kW/month; and

b. Ninety Minute Interruptible Demand Service which shall be all remaining plant load, except the firm load and Ten Minute Interruptible Load. The interruptible credit for this load will be $2.70/kW/month.

c. Interruptible Demand Service may be interrupted by EKPC upon the following advance verbal, including telephonic, notice to Gallatin Steel (unless a shorter notice is agreed to by the parties):

- Pursuant to Ten Minute Interruptible Service, EKPC may require Gallatin Steel to reduce its demand to no more than the total of the designated Firm Power Demand Service Level plus the designated Ninety Minute Demand Service Level within ten minutes of notification;
- Pursuant to Ninety Minute Interruptible Service, EKPC may require Gallatin Steel to reduce its demand to no more than the designated Firm Power Demand within ninety minutes of notification.

To provide notice, EKPC has installed a direct communications line between the EKPC Control Center and the Gallatin Steel Control Center. The notice will take effect when the phone call is initiated at the EKPC Control Center. It is Gallatin Steel's responsibility to be sure that its phone is working and that someone is available 24 hours per day, 365 days per year to promptly answer the phone. The notice shall specify: (a) the time at which the interruption period will commence, (b) the category of service being interrupted, (c) the time at which the interruption is expected to terminate, and (d) the maximum

load which Gallatin Steel may impose during the period of interruption. EKPC may extend or shorten the period of interruption noticed by advising Gallatin Steel of that action prior to the expiration of the noticed period. If an interruption is called for, the load to Gallatin Steel shall be restored as soon as practicable.

5. Conditions For Ninety Minute And Ten Minute Interruptible Service. Interruptions may not exceed 360 hours in each 12 month period beginning June 1, 2005. The maximum number of monthly interruptible hours shall be 100. Interruptions shall be limited to two per day. Gallatin Steel's load shall be subject to economic interruptions (i.e., non-physical interruption) for any reason except selling power off-system and its interruptions are independent of interruptions for any other customer.

6. Failure to Interrupt. With respect to the Ten Minute Interruptible Demand Service, if Gallatin Steel has not interrupted its melt shop load within the ten minute notice period, then EKPC shall have the right to automatically shut down the melt shop load and Gallatin Steel shall incur no penalty. In the event that EKPC sends a signal to automatically shutdown the melt shop and the interruption does not occur, Gallatin will be subject to the penalty. Should Gallatin Steel not interrupt its Ninety Minute Interruptible Demand Service when or to the extent called for or should an EKPC signal fail to interrupt Gallatin Steel's ten-minute Interruptible Demand Service load, Gallatin Steel shall pay a penalty of five (5) times the firm power demand charge then in effect for each kW of demand that should have been interrupted as called for under the terms of this Agreement. In addition, if by virtue of Gallatin Steel's demonstrated and repeated inability to interrupt service, EKPC, after consultation with Gallatin Steel, may reclassify Gallatin Steel's load as firm until Gallatin Steel can establish that the load should be classified otherwise. Physical Interruptions shall be called only when EKPC determines that such interruption may be necessary to prevent interruption of service to firm, native load customers or firm off-system customers, or if EKPC's Reliability Coordinator mandates that EKPC interruptible load be interrupted or for load following compliance as specified in Section 12c herein.

7. Buy-Through of Interruptions. Gallatin Steel shall have the option to buy-through any

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economic interruption. The buy-through cost shall be EKPC's actual incremental (out-of-pocket) cost of purchased power to serve the Gallatin Steel load with no mark-up or additional charge. Interruptible buy-through power shall be subject to the OEC distribution charge. EKPC shall provide to Gallatin Steel, solely for informational purposes and not for billing purposes, the buy-through price reasonably expected to be incurred at the time notice of interruption is given. When the buy-through costs incurred by Gallatin Steel (net of energy charges that would have been billed to Gallatin Steel during the period of economic interruption) in each twelve month period, beginning June 1, 2005, equals the amount of the annual interruptible credits, then economic interruptions shall terminate; provided however that Gallatin Steel shall remain subject to physical interruptions at all times during the term of this Agreement up to the maximum number of interruptible hours authorized under this Agreement. Annual interruptible credits, for purposes of this Section 7, shall be based on the Arc Furnace interruptible load of 120,000 KW multiplied by the 10 minute interruptible credit of $3.60/KW, multiplied by 12; plus the remaining interruptible load of 40,000 KW multiplied by the 90 minute interruptible credit of $2.70/KW, multiplied by 12.

8. Energy Charges. The off-peak energy rate will be 2.0 cents/KWh. For purposes of the energy rate, the off-peak hours will be 10:00 PM to 10:00 AM EST Monday through Friday for May-September plus all weekend and holiday hours; and 10:00 PM to 7 AM EST Monday through Friday and Noon to 5:00 PM EST Monday through Friday for October-April, plus all weekend and holiday hours. All other hours will be on-peak. The on-peak energy rate will be 2.3 cents/KWh. The on-peak and off-peak energy charges will be subject to change as a result of any future FAC basing point change approved by the Commission.

9. Distribution Charges. OEC's Distribution Charge for all power and energy will be $.000285 per kilowatt-hour and $.0375 per kilowatt, delivered by EKPC/OEC to Gallatin Steel through both the EKPC 345 KV line and the Gallatin County substation. These rates are fixed over the life of the Agreement.

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10. Fuel Adjustment Clause. Gallatin Steel will be charged the EKPC system fuel adjustment clause (FAC) in conformity with 807 KAR 5:056.

11. Environmental Surcharge. Gallatin Steel will be charged the OEC environmental surcharge in conformity with KRS 278.183.

12. Load Following. The charges for load following are as follows:

a) $65,000 per month in the event that EKPC is subject to the North American Electric Reliability Council's (NERC) CPS-2 standards and EKPC continues to incur load following costs caused by Gallatin Steel.

b) In the event that EKPC is subject to either a test or a permanent change in NERC standards, Gallatin Steel will not be subject to a monthly charge for load following unless EKPC determines, in the course of continuous monitoring of compliance with such standards that violation of the standard is imminent without providing specific load following for the Gallatin Steel load. If EKPC fails to meet either applicable test standard or permanent standard, or otherwise determines that specific load following for Gallatin Steel is the only means available to meet such standards, Gallatin Steel will be charged $65,000 per month for all months that such load following is required. OEC/EKPC and Gallatin Steel agree to immediately discuss the reasons for the failure to meet the standard and will endeavor to resolve the issue for future service as expeditiously as possible. In no event will Gallatin Steel be charged more than $65,000 per month for load following.

c) During a period when EKPC is operating under NERC Standard 300 (or an equivalent standard) and Gallatin Steel is not being charged $65,000 per month for load following, if EKPC is facing violation of the standard due to a declining interconnect frequency, EKPC has the right to interrupt the 120MW arc furnace with

a minimum notice of 10 minutes. Such interruptions will count toward the 360 hours of interruption required pursuant to the provisions of Section 5. Further, such interruptions shall be limited to a maximum of 30 minutes per incident, 5 times per month and 10 hours per year. During a period when EKPC is operating under NERC Standard 300 (or an equivalent standard), Gallatin Steel may elect to avoid the interruptions called for under this Paragraph 12(c) by paying $65,000 per month. The payment for load following costs does not negate the right of EKPC to interrupt Gallatin when a physical interruption is necessary to prevent interruption to firm, native load customers or firm, off-system customers. Such physical interruption will not be subject to a buy-through provision.

d) Gallatin Steel will provide short-term prediction of its load in real-time on an on-going basis throughout the duration of the contract. The exact nature of these predictions will be determined through discussions between Gallatin Steel and EKPC. At a minimum, the predictions will consist of a prediction of EAF loading 5 minutes ahead.

13. EKPC Minimum Bill. The minimum monthly bill for the EKPC portion of the Gallatin bill will consist of the sum of the following.

a. The monthly demand charge net of all interruptible credits applied to 50 percent of the maximum contract demand (180 MW) plus:

b. Energy Charges, Fuel Adjustment Clause charges, Environmental Surcharge, if actually incurred during any month. Gallatin will be subject to a minimum energy bill amount equivalent to the energy charges minus the fuel base per kwh, multiplied by 65,700 MWH (50% of maximum energy).

For the duration of the Agreement, for each time Gallatin has to shut down operation of its plant for any reason, the EKPC portion of Gallatin Steel's minimum bill shall not exceed 12 months of payments of

the amounts calculated under sections a and b above, and at such time as said 12 months of payments have been made, the EKPC minimum bill will be suspended until such time that Gallatin Steel resumes operation.

14. OEC Minimum Bill. The Distribution charge for OEC shall consist of 50% of maximum contract demand (180 MW) applicable to the $.0375/KW OEC demand charge and 50% of maximum energy, or 65,700 MWH, applicable to the $.000285/kwh OEC energy charge. For the duration of the Agreement, for each time Gallatin has to shut down operation of its plant for any reason, the OEC portion of Gallatin Steel's minimum bill shall not exceed 12 months of payments of the amounts calculated under sections a and b above, and at such time as said 12 months of payments have been made, the OEC minimum bill will be suspended until such time that Gallatin Steel resumes operation.

15. Continuing KPSC Jurisdiction. The rates, terms and conditions of this Agreement for electric service shall be subject to modification or change by order of the KPSC during the initial five year term and thereafter.

16. Metering and Load Control. Gallatin Steel will provide space, structure, bus and switches for appropriate metering equipment, and provide static VAR control and harmonic control equipment and current and potential transformers. EKPC will supply secondary metering equipment and will continue to make available clock and metering pulses for Gallatin Steel's load control equipment. The electric service to be provided hereunder shall be three phase, 60 hertz at 345 kV and at 34.5 kV as specified herein.

17. Prudent Utility Practice. Each party shall design, construct and operate its facilities in accordance with prudent electric utility practice in conformity with generally accepted standards for electric utilities in the State of Kentucky, including the National Electrical Safety Code.

18. Maintenance of Equipment. Each party agrees that it will at all times maintain its lines, equipment, and other facilities in a safe operating condition in conformity with generally accepted

standards for electric utilities in the State of Kentucky, including the National Electric Safety Code.

19. Force Majeure. If Gallatin Steel's President promptly notifies EKPC/OEC in writing that all of Gallatin Steel's arc furnace facilities are completely out of service as the direct result of any cause beyond the reasonable control of Gallatin Steel, including, but not restricted to war; flood; earthquake; storm; fire; lightning; other acts of God; epidemic; riot; civil disturbance or civil disobedience; quarantine; explosion; sabotage; breakdown or malfunction of equipment; disruption or threat of disruption of fuel supply; inability or threatened inability to obtain necessary materials, personnel, services or facilities; acts of public enemy; strike, lockout, work stoppage, or industrial disturbance or dispute, whether or not any labor dispute could reasonably have been settled or whether determined to have arisen out of an unfair labor practice by any Party; any act, delay or failure to act on the part of any state or federal governmental authority, whether legislative, executive, judicial or administrative, including delay or failure to act by any governmental authority in the issuance of any necessary permits or licenses or the prohibiting of acts necessary to performance hereunder or the permitting of any such acts only subject to conditions which are unreasonable in the sole judgment of Gallatin Steel upon whom such conditions are imposed; restraint by court order or other public authority; failure to obtain the necessary authorizations or approvals from any governmental agency or authority; blockage or any other event(s) beyond the reasonable control of Gallatin Steel, then Gallatin Steel will not be obligated to pay the EKPC minimum charges with respect to the period beginning the day following the delivery of the notification and for a period not to exceed ninety (90) days thereafter or until the day that all of the electric arc facilities first return to service, which ever occurs first.

Gallatin Steel shall promptly notify EKPC in writing of any Force Majeure event under this Section. Such notice shall include a description of the cause and estimated duration of the event. Failure to promptly notify EKPC of a Force Majeure event shall preclude Gallatin Steel from being relieved of any EKPC minimum charges. Gallatin Steel shall exercise due diligence to resolve any Force Majeure event and shall keep EKPC informed of steps taken to resolve the event.

Invocation of this provision shall be limited to no more than one occurrence in any twelve (12) month period. This Force Majeure provision shall not affect demand charges due in any month where actual demand has exceeded minimum demand levels.

Any minimum charges forgiven hereunder shall be recovered by EKPC in the event of discontinuance of service by Gallatin Steel prior to the termination of this Agreement. The financial or monetary constraints or inability of Gallatin Steel shall not be considered as a Force Majeure. Nothing contained herein shall be construed so as to require Gallatin Steel to settle any strike, lockout, or stoppage, or other industrial disturbance or dispute in which it may be involved.

20. Verification of Incremental (Out-of-Pocket) Costs. For purposes of determining the out-of-pocket costs associated with the buy-through of purchased power for Gallatin Steel, EKPC/OEC shall grant Gallatin Steel access to any information or calculation used to determine incremental (out-of-pocket) costs. Incremental (out-of-pocket) costs shall not include any EKPC demand, energy, environmental surcharge, or FAC charges.

21. Billing And Payment.

a. Regular Monthly Billing. OEC will bill Gallatin Steel each month for the cost of electric power and energy delivered to Gallatin Steel during the preceding month. Such bills may be rendered by EKPC/OEC on the basis of electronic meter reading ("telemetering"). Any difference between telemetering and the actual on-site meter reading will be reflected as a credit or debit to the bill for the following month.

b. Due Date: Payment Charges and Credits. Bills received by Gallatin Steel shall be paid within four (4) business days after receipt. Bills shall be paid by wire transfer to a bank designated by OEC in writing. If Gallatin Steel shall fail to make any such payment on or before such due date, then payment shall be deemed late and OEC may discontinue service to Gallatin Steel upon giving Gallatin Steel immediate notice

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
6/1/2005
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director

of intention to do so. Provided, however, that such discontinuances of service shall not relieve Gallatin Steel of any of its obligations under this Agreement. Within ten (10) days of Gallatin Steel's receipt of such a notice, Gallatin Steel shall have the right to cure its delinquency by paying any late balance along with any applicable late charges. When payment is late, Gallatin Steel will pay a late charge based on the same rate that OEC normally imposes on its commercial and industrial customer members. In the event of a bona-fide billing dispute, Gallatin Steel shall pay all such amounts to OEC. Such amount shall be subject to refund depending upon resolution of the dispute.

c. Gallatin agrees to provide a form and amount of bill payment security acceptable to OEC, and payable to OEC, for the duration of the Agreement. The amount of payment security may be changed at the request of OEC to match any change in load by Gallatin. Such payment security may be equal to, but shall not exceed one and one-half times the amount of Gallatin's average monthly bill. The payment security shall be promptly payable to OEC, upon demand, due to non-payment by Gallatin, and in accordance with the conditions set forth in Sections a and b above.

22. Points of Delivery, Point of Measurement, and Metering. Four meters (M1, M2, M3, and M4) will measure the Gallatin Steel power usage.

- M1 meters the total input to Gallatin Steel's 345 kV bus. Electrically, it is located inside the Gallatin Steel Substation; physically, it may be located either inside or outside the Gallatin Steel Substation.
- M2 and M3 meter the input to EAF Nos. 1 and 2 respectively. M2 and M3 are located on the 34.5 kV side of Gallatin Steel's 345/34.5 kV transformers that serve the EAFs. The readings for M2 and M3 will be adjusted to give the equivalent values for meters located on the 345 kV side of the transformers. EKPC and Gallatin Steel

will coordinate ownership and specifications of metering transformers and locations of the meters.

- M4 meters the load served from the EKPC 138 kV system. This meter is located on the 34.5 kV side of the Gallatin Steel Substation. The readings will be adjusted to give equivalent values for a meter located on the 138 kV side of the Gallatin County Substation transformer.

23. Voltage Fluctuations. Gallatin Steel and EKPC shall cooperate to see that Gallatin's load is operated in accordance with prudent utility practices. Gallatin Steel agrees to operate its facility to reduce voltage fluctuations or harmonic distortions in accordance with past practices during the initial 10-year period of operation. EKPC or OEC will notify Gallatin Steel if its operations cause voltage fluctuations or harmonic distortions which result in interference with EKPC, OEC or KU service to other customers, and will attempt to identify and help Gallatin Steel correct such problems. Any substantial deviation from past practices that would cause additional voltage fluctuations or harmonic distortions requires approval from EKPC, OEC and KU. If Gallatin Steel fails to install and/or to operate the necessary facilities on its premises to correct the voltage fluctuations or harmonic distortions of its load, or to prevent such voltage fluctuations or harmonic distortions from interfering with EKPC, OEC or KU's supply of service to other customers, OEC/EKPC shall have the right to deny service to Gallatin Steel. Any voltage fluctuations or harmonic distortions shall be corrected within twenty-four (24) hours after written notice from OEC/EKPC to Gallatin Steel stating the voltage fluctuation or harmonic distortion problems.

24. Membership/Capital Credits. Gallatin Steel shall be a member of OEC, shall pay the membership fee, and shall be bound by such rules and regulations as may, from time to time, be adopted by OEC. Provided, however, that during the term of this Agreement the provisions hereof shall prevail over any such rule or regulation in the event of any inconsistency except as acceptable to the Kentucky Public Service Commission.

OEC is a non-profit Kentucky corporation and Gallatin Steel will benefit from any savings or reductions in cost of service in the same manner as any comparable customer as authorized by the Kentucky Revised Statutes, and by OEC's Articles of Incorporation and Bylaws. Gallatin Steel shall participate in capital credits of OEC in accordance with Kentucky Revised Statutes and OEC's and EKPC's Articles of Incorporation and Bylaws.

25. Liability For Interruption Of Interruptible Demand. It is understood that the interruptible portion of the power supplied pursuant to this Agreement is provided to Gallatin Steel for Gallatin Steel's benefit in controlling costs. Neither OEC nor EKPC shall be liable to Gallatin Steel for any losses which may accrue to Gallatin Steel due to Gallatin Steel not being prepared to be interrupted when a notice of interruption is duly given in accordance with the terms of Paragraph 4.

26. Meter Testing And Billing Adjustment. EKPC/OEC shall test and calibrate meters, or cause them to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. EKPC/OEC shall also make, or cause to be made, special meter tests at any time during normal business hours at Gallatin Steel's request. The costs of all tests shall be borne or provided for by EKPC/OEC, provided, however, that if any special meter test made by Gallatin Steel's request shall disclose that the meters are recording accurately, Gallatin Steel shall reimburse EKPC/OEC for the cost of such test. Meters registering not more than one (1%) percent above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the period during which meter error is known to have existed , or if not known, for one-half the elapsed time since the last such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the parties shall agree as to the amount of kW Demand and energy furnished during such period. Such estimates shall be based on Gallatin Steel's operating records for the period in question, historical load records and other pertinent data and records, and OEC shall render a bill to Gallatin Steel therefor.

27. Right Of Access. The duly authorized agents and employees of OEC and EKPC shall

have free access at all reasonable hours to the premises of Gallatin Steel for the purpose of installing, repairing, inspecting, testing, operating, maintaining, renewing or exchanging any or all of their equipment which may be located on the premises of Gallatin Steel, for reading or testing meters, or for performing any other work incident to the performance of this Agreement.

The parties agree to properly protect the property of each other party located on its premises, and to permit no one to inspect or tamper with the wiring and apparatus of the other party except such other party's agents or employees, or persons authorized by law. It is agreed, however, that no party assumes the duty of inspecting the wiring or apparatus of any other party and shall not be responsible therefor.

28. Responsibility for Damages or Loss. The electric power and energy supplied under this Agreement is supplied upon the express condition that after it passes the Point of Delivery it becomes the responsibility of Gallatin Steel, and neither OEC nor EKPC shall be liable for loss or damage to any person or property whatsoever, resulting directly or indirectly from the use, misuse or presence of the said electric power and energy on Gallatin Steel's premises, or elsewhere, after it passes the Point of Delivery except where such loss or damage shall be shown to have been occasioned by negligence of EKPC or OEC, their agents or employees.

29. Usage of Power. The parties understand and agree that Gallatin Steel purchases and accepts the power and energy delivered to it under this Agreement solely for the use of Gallatin Steel's steel manufacturing plant operation, including typical on-site ancillary loads. The parties further understand and accept that Gallatin Steel purchases and accepts such power solely for the benefit of Gallatin Steel and its steel manufacturing process.

30. Continuity Of Service. OEC and EKPC shall use reasonable diligence required of a public utility in Kentucky to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective through acts of God, Governmental authority, action of the elements, public enemy, accident, strikes,

labor trouble, required maintenance work, or any other cause beyond the reasonable control of OEC and EKPC, they shall not be liable therefor or for damages caused thereby. (The foregoing paragraph is not intended to mitigate OEC's and EKPC's rights to interrupt service as provided for in Paragraph 5 or 12c).

31. Assignment. No party to this Agreement may assign its rights hereunder without the consent of the other, which shall not be unreasonably withheld; except that a party may, without the consent of the other, assign, pledge or hypothecate its rights hereunder to its trustee or mortgagee under a mortgage, indenture or trust indenture, and being so pledged or assigned, shall be subject to all the terms and provisions of such mortgage or trust indentures. Provided, further, that Gallatin Steel may assign this Agreement to an entity recognized as financially and technically capable by EKPC and OEC which may hereafter acquire or operate the Gallatin Steel Plant in the same manner, to the same extent, and for the same purposes as originally operated by Gallatin Steel. Such recognition shall not be unreasonably withheld in appropriate cases. No assignment shall relieve the assignor of its obligations hereunder without the written assent of the other parties to accept the assignee as a substitute obligor.

32. Approval. The rates and charges for electrical service established hereunder are subject to approval by the Kentucky Public Service Commission pursuant to Kentucky Revised Statutes, Chapter 278, and any necessary approvals by the Rural Utilities Services and the National Rural Utilities Cooperative Finance Corporation. The parties covenant to use their best efforts to forthwith seek and support such approvals for this Agreement by filing such papers, presenting such testimony, and taking such other action as may be necessary or appropriate to secure the same.

33. Miscellaneous.

a. Headlines of Articles. Headings of articles in this Agreement have been inserted for convenience only and shall in no way affect the interpretation of any term or provision hereof.

b. Severability. Except where expressly stated otherwise the duties, obligations, and liabilities of the parties are intended to be several and not joint or collective.

c. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Kentucky.

d. Waivers. Any waiver at any time by a party of its rights with respect to a default or with respect to any other matters arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

e. Prior Agreements. The parties hereby acknowledge that this Agreement contains the entire agreement among the parties and supersedes all prior agreements and understandings related to the subject matter hereof.

f. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives the day and year first above written.

GALLATIN STEEL COMPANY

By: _____
Tobin Pospisil, Chief Financial Officer

EAST KENTUCKY POWER COOPERATIVE

By: _____
Roy Palk, President and CEO

OWEN ELECTRIC COOPERATIVE

By: _____
Robert Marshall, President & CEO

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
6/1/2005
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director

Charlene Creager

From: Charlene Creager
Sent: Friday, March 07, 2008 8:41 AM
To: Jim Lamb
Cc: Bill Bosta; David Eames; Fran Waddle
Subject: Env Surcharge - Alternative Methods

Good Morning,

I'm attaching summaries of the analyses Fran and I have prepared regarding alternative methods for computing the Environmental Surcharge.

The workbook entitled "Compare ES Dist Cost Method" assumes wholesale Env Surcharge is calculated as we presently do (% Total Dollars) and the Retail portion is allocated to rate classes based on percent of rate class portion of wholesale power bill.

The workbook titled "Compute ES per MWH Basis" assumes the Env Surcharge is allocated on a per MWH basis at wholesale and retail level.

Please call me (ext 759) or Fran (ext 271) if you have questions or concerns.

Charlene Creager
Senior Pricing Analyst
East Kentucky Power Cooperative
Phone 859-745-9759
e-mail: charlene.creager@ekpc.coop


To JimLamb 3-07-08 Compute ES ... To JimLamb 3-07-08 Compare ES D...

Tracking:

Recipient	Read
Jim Lamb	Read: 3/7/2008 8:44 AM
Bill Bosta	Read: 3/10/2008 7:49 AM
David Eames	Read: 3/7/2008 2:10 PM
Fran Waddle	Read: 3/7/2008 10:29 AM

MEMBER C* *ERATIVES
RETAIL ENVIRONMENTAL SURCHARGE $/MV. METHOD COMPARED TO CURRENT METHOD
SCHEDULES B, C & SPECIAL CONTRACTS
TEST YEAR 09/30/2006

	% Total Dollars Method			Per MWH Method			
	Wholesale ES from EKPC	Current Avg % Surcharge Billing	Current Environ Surchg	Wholesale ES from EKPC	Imputed Percentage Surchg	Energy Based $/MWh	Difference %$ / per MWH
Big Sandy							
Industrial B/C Rates	1,300,000			1,236,293			
Blue Grass							
Industrial B/C Rates	6,000,000	7.26%	863,469	5,676,965	9.54%	1,134,092	270,623
Clark							
Industrial B/C Rates	2,200,000			2,054,534			
Cumberland Valley							
Industrial B/C Rates	2,600,000			2,413,546			
Farmers							
Industrial B/C Rates	2,500,000	7.33%	245,718	2,392,259	9.30%	311,746	66,027
Fleming-Mason							
Industrial B/C Rates	5,200,000	8.03%	707,845	5,596,702	9.71%	856,081	148,236
Inland Container			766,481		10.91%	1,041,484	275,003
Inland Steam			849,866		12.37%	1,308,859	458,993
Tennessee Gas			461,422		7.28%	418,372	(43,050)
Grayson							
Industrial B/C Rates	1,300,000	6.02%	54,054	1,248,678	8.72%	78,257	24,203
Inter-County							
Industrial B/C Rates	2,200,000	6.58%	181,406	2,127,033	8.87%	244,442	63,036
Jackson							
Industrial B/C Rates	4,800,000	6.35%	258,647	4,476,954	12.48%	508,126	249,478
Licking Valley							
Industrial B/C Rates	1,300,000			1,269,401			
Nolin							
Industrial B/C Rates	3,400,000	6.90%	176,153	3,569,118	9.40%	240,024	63,871
AGC		6.90%	444,556		10.91%	703,249	258,693
Owen							
Industrial B/C Rates	9,200,000	7.53%	746,924	10,626,666	9.71%	963,156	216,232
Gallatin Steel		7.53%	3,034,189		12.75%	5,140,072	2,105,883
Salt River							
Industrial B/C Rates	4,900,000	7.30%	316,331	4,687,728	9.59%	415,671	99,340
Shelby							
Industrial B/C Rates	2,100,000	7.15%	660,374	2,119,205	8.93%	824,975	164,601
South Kentucky							
Industrial B/C Rates	5,900,000	6.78%	507,391	5,478,658	8.62%	644,864	137,474
Taylor							
Industrial B/C Rates	2,500,000	6.88%	100,324	2,426,260	8.87%	129,402	29,079
TGP		6.88%	288,554		7.71%	323,506	34,952
Totals	57,400,000		$10,663,703	$ 57,400,000		$ 15,286,379	$ 4,622,675

MEMBER CO-OPERATIVES

RETAIL ENVIRONMENTAL SURCHARGE $/MW METHOD COMPARED TO CURRENT METHOD

EXCLUDING SCHEDULES B, C & SPECIAL CONTRACTS

TEST YEAR 09/30/2006

	% Total Dollars Method			Per MWH Method			
	Wholesale ES from EKPC	Current Avg % Surcharge Billing	Current Environ Surchg	Wholesale ES from EKPC	Imputed Percentage Surchg	Energy Based $/MWh	Difference %$ / per MWH
Big Sandy Non-Industrial Rates	1,300,000	6.79%	1,300,000	1,236,293	6.46%	1,236,293	(63,707)
Blue Grass Non-Industrial Rates	6,000,000	7.26%	5,136,531	5,676,965	6.42%	4,542,873	(593,658)
Clark Non-Industrial Rates	2,200,000	6.40%	2,200,000	2,054,534	6.21%	2,054,534	(145,466)
Cumberland Valley Non-Industrial Rates	2,600,000	7.17%	2,600,000	2,413,546	6.66%	2,413,546	(186,454)
Farmers Non-Industrial Rates	2,500,000	7.33%	2,254,282	2,392,259	6.77%	2,080,513	(173,768)
Fleming-Mason Non-Industrial Rates	5,200,000	8.03%	2,414,386	5,596,702	6.56%	1,971,906	(442,480)
Grayson Non-Industrial Rates	1,300,000	6.02%	1,245,946	1,248,678	5.66%	1,170,421	(75,525)
Inter-County Non-Industrial Rates	2,200,000	6.58%	2,018,594	2,127,033	6.14%	1,882,591	(136,003)
Jackson Non-Industrial Rates	4,800,000	6.35%	4,541,353	4,476,954	5.55%	3,968,828	(572,524)
Licking Valley Non-Industrial Rates	1,300,000	6.45%	1,300,000	1,269,401	6.29%	1,269,401	(30,599)
Nolin Non-Industrial Rates	3,400,000	6.90%	2,779,292	3,569,118	6.52%	2,625,845	(153,447)
Owen Non-Industrial Rates	9,200,000	7.53%	5,418,887	10,626,666	6.28%	4,523,438	(895,449)
Salt River Non-Industrial Rates	4,900,000	7.30%	4,583,669	4,687,728	6.80%	4,272,057	(311,612)
Shelby Non-Industrial Rates	2,100,000	7.15%	1,439,626	2,119,205	6.43%	1,294,230	(145,396)
South Kentucky Non-Industrial Rates	5,900,000	6.78%	5,392,609	5,478,658	6.08%	4,833,794	(558,816)
Taylor Non-Industrial Rates	2,500,000	6.88%	2,111,123	2,426,260	6.43%	1,973,351	(137,771)
Totals	$ 57,400,000		$ 46,736,297	$ 57,400,000		$ 42,113,621	$ (4,622,675)

Wholesale_Retail per MWH basis.xls

MEMBER COOPERATIVES
RETAIL ENVIRONMENTAL SURCHARGE $/MWH METHOD COMPARED TO CURRENT METHOD
INDUSTRIAL, NON-INDUSTRIAL
TEST YEAR 09/30/2006

	Current %$ Surcharge Billing	Total % Current	Imputed % at $/MWH Method	Total % $/MWH
Big Sandy				
Non-Industrial	6.79%	6.79%	6.46%	6.46%
Blue Grass				
Industrial B/C Rates	7.26%		9.54%	
Non-Industrial	7.26%		6.42%	
Total All Classes		7.26%		6.87%
Clark				
Non-Industrial	6.40%	6.40%	6.21%	6.21%
Cumberland Valley				
Non-Industrial	7.17%	7.17%	6.66%	6.66%
Farmers				
Industrial B/C Rates	7.33%		9.30%	
Non-Industrial	7.33%		6.77%	
Total All Classes		7.33%		7.02%
Fleming-Mason				
Industrial B/C Rates	8.03%		9.71%	
Inland Container	8.03%		10.91%	
Inland Steam	8.03%		12.37%	
Tennessee Gas	8.03%		7.28%	
Non-Industrial	8.03%		6.56%	
Total All Classes		8.03%		8.65%
Grayson				
Industrial B/C Rates	6.02%		8.72%	
Non-Industrial	6.02%		5.66%	
Total All Classes		6.02%		5.78%
Inter-County				
Industrial B/C Rates	6.58%		8.87%	
Non-Industrial	6.58%		6.14%	
Total All Classes		6.58%		6.37%
Jackson				
Industrial B/C Rates	6.35%		12.48%	
Non-Industrial	6.35%		5.55%	
Total All Classes		6.35%		5.93%
Licking Valley				
Non-Industrial	6.45%	6.45%	6.29%	6.29%
Nolin				
Industrial B/C Rates	6.90%		9.40%	
AGC	6.90%		10.91%	
Non-Industrial	6.90%		6.52%	
Total All Classes		6.90%		7.24%
Owen				
Industrial B/C Rates	7.53%		9.71%	
Gallatin Steel	7.53%		12.75%	
Non-Industrial	7.53%		6.28%	
Total All Classes		7.53%		8.70%
Salt River				
Industrial B/C Rates	7.30%		9.59%	
Non-Industrial	7.30%		6.80%	
Total All Classes		7.30%		6.98%
Shelby				
Industrial B/C Rates	7.15%		8.93%	
Non-Industrial	7.15%		6.43%	
Total All Classes		7.15%		7.22%
South Kentucky				
Industrial B/C Rates	6.78%		8.62%	
Non-Industrial	6.78%		6.08%	
Total All Classes		6.78%		6.30%
Taylor				
Industrial B/C Rates	6.88%		8.87%	
TGP	6.88%		7.71%	
Non-Industrial	6.88%		6.43%	
Total All Classes		6.88%		6.68%

MEMBER COOPERATIVES
RETAIL ENVIRONMENTAL SURCHARGE
DISTRIBUTION COST METHOD COMPARED TO CURRENT METHOD
SCHEDULES B, C & SPECIAL CONTRACTS
TEST YEAR 09/30/2006

	Environ Surcharge	Current Avg % Surcharge Billing	Current Environ Surchg	Percentage Recognizing Dist Cost	Environ Surchg Recognizing Dist Cost	Increase Dist Cost Method vs Existing Method
Big Sandy						
Industrial B/C Rates	1,300,000	0.00%	0	0.00%	0	0
Blue Grass						
Industrial B/C Rates	6,000,000	7.26%	863,469	8.31%	988,314	124,845
Clark Energy						
Industrial B/C Rates	2,200,000	0.00%	0	0.00%	0	0
Cumberland Valley						
Industrial B/C Rates	2,600,000	0.00%	0	0.00%	0	0
Farmers						
Industrial B/C Rates	2,500,000	7.33%	245,718	8.16%	273,310	27,592
Fleming-Mason						
Industrial B/C Rates	5,200,000	8.03%	707,845	8.49%	748,343	40,497
Inland Container		8.03%	766,481	8.87%	846,204	79,722
Inland Steam		8.03%	849,866	9.30%	983,571	133,705
TGP		8.03%	461,421	9.07%	520,836	59,415
Grayson						
Industrial B/C Rates	1,300,000	6.02%	54,054	7.64%	68,621	14,567
Inter-County						
Industrial B/C Rates	2,200,000	6.58%	181,406	7.63%	210,185	28,779
Jackson						
Industrial B/C Rates	4,800,000	6.35%	258,647	7.82%	318,470	59,823
Licking Valley						
Industrial B/C Rates	1,300,000	0.00%	0	0.00%	0	0
Nolin						
Industrial B/C Rates	3,400,000	6.90%	176,153	7.73%	197,424	21,271
AGC		6.90%	444,556	8.57%	552,280	107,725
Owen						
Industrial B/C Rates	9,200,000	7.53%	746,924	7.73%	767,245	20,320
Gallatin Steel		7.53%	3,034,189	9.41%	3,791,242	757,053
Salt River						
Industrial B/C Rates	4,900,000	7.30%	316,331	8.64%	374,476	58,145
Shelby						
Industrial B/C Rates	2,100,000	7.15%	660,374	7.62%	704,184	43,810
South Kentucky						
Industrial B/C Rates	5,900,000	6.78%	507,391	8.06%	602,926	95,535
Taylor						
Industrial B/C Rates	2,500,000	6.88%	100,324	7.38%	107,638	7,314
TGP		6.88%	288,554	8.81%	369,582	81,028
Totals	$57,400,000		$10,663,703		$12,424,852	$1,761,148

MEMBER COOPERATIVES
RETAIL ENVIRONMENTAL SURCHARGE
DISTRIBUTION COST METHOD COMPARED TO CURRENT METHOD
EXCLUDING SCHEDULES B, C & SPECIAL CONTRACTS
TEST YEAR 09/30/2006

	Environ Surcharge	Current Avg % Surcharge Billing	Current Environ Surchg	Percentage Recognizing Dist Cost	Environ Surchg Recognizing Dist Cost	Increase Dist Cost Method vs Existing Method
Big Sandy						
Non-Industrial Rates	1,300,000	6.79%	1,300,000	6.79%	1,300,000	0
Blue Grass						
Non-Industrial Rates	6,000,000	7.26%	5,136,531	7.09%	5,011,686	(124,845)
Clark Energy						
Non-Industrial Rates	2,200,000	6.40%	2,200,000	6.40%	2,200,000	0
Cumberland Valley						
Non-Industrial Rates	2,600,000	7.17%	2,600,000	7.17%	2,600,000	0
Farmers						
Non-Industrial Rates	2,500,000	7.33%	2,254,282	7.24%	2,226,690	(27,592)
Fleming-Mason						
Non-Industrial Rates	5,200,000	8.03%	2,414,386	6.99%	2,101,046	(313,339)
Grayson						
Non-Industrial Rates	1,300,000	6.02%	1,245,946	5.95%	1,231,379	(14,567)
Inter-County						
Non-Industrial Rates	2,200,000	6.58%	2,018,594	6.49%	1,989,815	(28,779)
Jackson						
Non-Industrial Rates	4,800,000	6.35%	4,541,353	6.27%	4,481,530	(59,823)
Licking Valley						
Non-Industrial Rates	1,300,000	6.45%	1,300,000	6.45%	1,300,000	0
Nolin						
Non-Industrial Rates	3,400,000	6.90%	2,779,292	6.58%	2,650,295	(128,996)
Owen						
Non-Industrial Rates	9,200,000	7.53%	5,418,887	6.45%	4,641,513	(777,374)
Salt River						
Non-Industrial Rates	4,900,000	7.30%	4,583,669	7.20%	4,525,524	(58,145)
Shelby						
Non-Industrial Rates	2,100,000	7.15%	1,439,626	6.93%	1,395,816	(43,810)
South Kentucky						
Non-Industrial Rates	5,900,000	6.78%	5,392,609	6.66%	5,297,074	(95,535)
Taylor						
Non-Industrial Rates	2,500,000	6.88%	2,111,123	6.59%	2,022,780	(88,343)
Totals	$57,400,000		$45,436,297		$43,675,148	($1,761,148)

ToJimLamb 3-07-08 Compare ES Dist Cost Method TY 0930061.xls

MEMBER COOPERATIVES
RETAIL ENVIRONMENTAL SURCHARGE
DISTRIBUTION COST METHOD COMPARED TO CURRENT METHOD
INDUSTRIAL, NON-INDUSTRIAL
TEST YEAR 09/30/2006

	Current Avg % Surcharge Billing	Percentage Recognizing Dist Cost
Big Sandy		
Industrial B/C Rates	0 00%	0 00%
Non-Industrial	6.79%	6.79%
Totals	6 79%	6.79%
Blue Grass		
Industrial B/C Rates	7 26%	8 31%
Non-Industrial	7.26%	7.09%
Totals	7 26%	7 26%
Clark Energy		
Industrial B/C Rates	0.00%	0 00%
Non-Industrial	6.40%	6.40%
Totals	6 40%	6 40%
Cumberland Valley		
Industrial B/C Rates	0.00%	0 00%
Non-Industrial	7.17%	7.17%
Totals	7 17%	7 17%
Farmers		
Industrial B/C Rates	7 33%	8 16%
Non-Industrial	7.33%	7.24%
Totals	7 33%	7 33%
Fleming-Mason		
Industrial B/C Rates	8 03%	8 49%
Non-Industrial	8 03%	6 99%
Inland Container	8 03%	8 87%
Inland Steam	8 03%	9 30%
TGP	8.03%	9.07%
Totals	8 03%	8 03%
Grayson		
Industrial B/C Rates	6 02%	7 64%
Non-Industrial	6.02%	5.95%
Totals	6 02%	6 02%
Inter-County		
Industrial B/C Rates	6 58%	7 63%
Non-Industrial	6.58%	6.49%
Totals	6 58%	6 58%
Jackson		
Industrial B/C Rates	6 35%	7 82%
Non-Industrial	6.35%	6.27%
Totals	6 35%	6 35%
Licking Valley		
Industrial B/C Rates	0.00%	0 00%
Non-Industrial	6.45%	6.45%
Totals	6 45%	6.45%
Nolin		
Industrial B/C Rates	6 90%	7 73%
AGC	6 90%	8 57%
Non-Industrial	6.90%	6.58%
Totals	6 90%	6 90%
Owen		
Industrial B/C Rates	7 53%	7 73%
Gallatin Steel	7 53%	9 41%
Non-Industrial	7.53%	6.45%
Totals	7 53%	7 53%
Salt River		
Industrial B/C Rates	7 30%	8 64%
Non-Industrial	7.30%	7.20%
Totals	7 30%	7 30%
Shelby		
Industrial B/C Rates	7 15%	7 62%
Non-Industrial	7.15%	6.93%
Totals	7 15%	7 15%
South Kentucky		
Industrial B/C Rates	6 78%	8 06%
Non-Industrial	6.78%	6.66%
Totals	6 78%	6 78%
Taylor		
Industrial B/C Rates	6 88%	7 38%
TGP	6 88%	8 81%
Non-Industrial	6.88%	6.59%
Totals	6 88%	6 88%

Charles Lile
From: Bob Marshall
Sent: Wednesday, May 14, 2008 3:27 PM
To: Allen Anderson; Barry Myers; Bill Prather (Bill Prather); Bob Hood (E-mail); Bobby Sexton; Carol Fraley; Chris Perry; Dan Brewer; Debbie Martin; Don Schaefer; Jim Jacobus; Kerry Howard; Larry Hicks; Mickey Miller; Paul Embs; Ted Hampton
Cc: Jim Lamb; David Smart; Charles Lile; Claudia Embs
Subject: FW: PSC Case No. 2007-00378- Member System Responses

Importance: High

Attached you will find the proposed response language for the PSC discussion we had from yesterday. I know that several of you were not able to attend so if you need explanation on the issue, please get in touch with either Jim Lamb, Bob Hood, Charlie Lile or myself. Certainly if any of you have concerns with the attached, do not hesitate to contact same

Thanks, Bob

From: Charles Lile
Sent: Tuesday, May 13, 2008 2:31 PM
To: Jim Lamb; Bob Marshall
Cc: David Smart
Subject: PSC Case No. 2007-00378- Member System Responses
Importance: High

Attached for review and comments are draft member system responses to Requests 1 and 4, for those systems which have identified an under-recovery issue. Since Request 1 asks about any administrative problems with the surcharge over the past 2 years, a response characterizing the effect of the allocation issue on the member system would be needed, if the member system intends to suggest any future changes in the pass-through mechanism. Those systems which do not have a problem with such under-recovery can respond to the questions in any way that they see fit.

Also attached is a form certificate for the responding person at the member system. The member systems can use another format for the responses, if desired

Please advise if you have any comments or concerns. If these documents seem acceptable, they can be e-mailed to the member systems in their current form.

378
ys-PSCresponse forı

Charles A. Lile
EKPC Legal
859 745-9380
charles.lile@ekpc.coop

DRAFT PSC Request No. 1

Page 1 of 1

(NAME OF COOPERATIVE)

PSC CASE NO. 2007-00378

INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION DATA REQUEST DATED

MAY 1, 2008

REQUEST NO. 1

RESPONDING PERSON: (Name)_____

Request No. 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? If yes, explain in detail the nature of the problems and any suggested changes to cure the problems.

Response No. 1: **(Name of Coop)** has experienced a **(slight; significant)** under-recovery of the environmental surcharge from **(large commercial; industrial; or specify as appropriate)** customers, due to the pass-through allocation methodology used to bill for the surcharge at retail. East Kentucky Power Cooperative, Inc. is currently evaluating this situation, in an effort to determine if changes can be made in the pass-through mechanism which would resolve this under-recovery, but **(Name of Coop)** does not have a specific change to recommend, at this time.

(NAME OF COOPERATIVE)

PSC CASE NO. 2007-00378

INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION DATA REQUEST DATED
MAY 1, 2008
REQUEST NO. 4
RESPONDING PERSON: (Name)_____

Request No. 4: Does your cooperative have any recommended changes for its existing environmental surcharge pass through mechanism? If yes, explain in detail the nature of each change and the reasons why the change is needed.

Response No. 4: As referenced in the response to Request No. 1, East Kentucky Power Cooperative, Inc. ("EKPC") has been made aware of the fact that some EKPC member systems are experiencing an under-recovery of the environmental surcharge from certain customer classes, or large customers, due to the pass-through mechanism. Since the impact of this situation varies among different member systems, EKPC is currently evaluating this issue, in an attempt to identify possible changes in the allocation methodology which would be equitable for all member systems and retail customers. It is hoped that some acceptable changes to the pass-through methodology can be developed within the next 60 days. EKPC plans to present any proposed changes to the pass-through methodology to the Commission for review at the earliest appropriate time.

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	)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF _____)

(Name), being duly sworn, states that **(he/she)** has supervised the preparation of the responses of **(Name of Coop)** to the Public Service Commission Data Requests in the above-referenced case dated May 1, 2008, and that the matters and things set forth therein are true and accurate to the best of **(his/her)** knowledge, information and belief, formed after reasonable inquiry.

_____
(Name)

Subscribed and sworn before me on this ___ day of May, 2008.

_____
Notary Public

My Commission expires: _____

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 5
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 5. Please provide an excel spreadsheet showing the development of the allocation of the EKPC environmental surcharge for each month during 2007 and 2008, year to date.

Response 5. Excel spreadsheets showing the allocation of the EKPC environmental surcharge to each member cooperative for each month during 2007 and through April 2008 are included on the Attachment to this response.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Big Sandy RECC

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge *Factor* Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	*EKPC* Monthly Revenues from *Sales to* Big Sandy	*On-peak* Revenue Adjustment	*EKPC Net* Monthly Sales to Big Sandy	*EKPC 12-months* Ended Average Monthly Revenue from Sales to Big Sandy	*Big Sandy* Revenue Requirement	Amortization of (Over)/Under Recovery	Big Sandy Net Revenue Revenue Requirement	Big Sandy Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Big Sandy Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Big Sandy Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$949,091		$949,091	$1,036,463	$59,804		$59,804	$1,301,874		$1,301,874	$1,425,012	4.22%
Jul-05	6.21%	0.51%	5.70%	$1,149,254		$1,149,254	$1,050,717	$59,891		$59,891	$1,441,067		$1,441,067	$1,433,090	4.22%
Aug-05	11.69%	0.51%	11.18%	*$1,166,483*		*$1,166,483*	*$1,071,438*	*$119,472*		*$119,472*	*$1,490,200*		$1,490,200	$1,452,277	8.34%
Sep-05	10.68%	0.51%	10.17%	$1,034,425		$1,034,425	$1,086,821	$110,530		$110,530	$1,325,333		$1,325,333	$1,464,400	7.61%
Oct-05	10.06%	0.51%	9.55%	$966,507		$966,507	$1,103,459	$105,380		$105,380	$1,368,232		$1,368,232	$1,484,745	7.20%
Nov-05	11.27%	0.51%	10.76%	*$1,205,819*		*$1,205,819*	*$1,127,037*	$121,269		$121,269	$1,591,814		$1,591,814	$1,505,469	8.17%
Dec-05	6.15%	0.51%	5.64%	$1,599,230		$1,599,230	$1,141,846	$64,400		$64,400	$2,079,889		$2,079,889	$1,531,256	4.28%
Jan-06	8.44%	0.51%	7.93%	$1,432,749		$1,432,749	$1,136,140	$90,096		$90,096	$2,039,617		$2,039,617	$1,536,594	5.88%
Feb-06	9.26%	0.51%	8.75%	$1,374,921		$1,374,921	$1,144,739	$100,165		$100,165	$1,865,860		$1,865,860	$1,538,069	6.52%
Mar-06	9.59%	0.51%	9.08%	$1,184,406		$1,184,406	$1,141,856	$103,681		$103,681	$1,709,408		$1,709,408	$1,548,964	6.74%
Apr-06	9.41%	0.51%	8.90%	$868,931		$868,931	$1,144,464	$101,857		$101,857	$1,243,060		$1,243,060	$1,551,959	6.58%
May-06	10.20%	0.51%	9.69%	$933,271		$933,271	$1,155,424	$111,961		$111,961	$1,301,646		$1,301,646	$1,563,167	7.21%
Jun-06	10.79%	0.51%	10.28%	*$1,016,187*		*$1,016,187*	*$1,161,015*	*$119,352*		$119,352	$1,160,289		$1,160,289	$1,551,368	7.64%
Jul-06	13.47%	0.51%	12.96%	$1,140,022		$1,140,022	$1,160,246	$150,368		$150,368	$1,520,216		$1,520,216	$1,557,964	9.69%
Aug-06	13.00%	0.51%	12.49%	$1,179,645		$1,179,645	$1,161,343	$145,052		$145,052	$1,574,863		$1,574,863	$1,565,019	9.31%
Sep-06	11.80%	0.51%	11.29%	*$837,563*		$837,563	$1,144,938	$129,263		$129,263	$1,248,706		$1,248,706	$1,558,633	8.26%
Oct-06	10.44%	0.51%	9.93%	$1,006,693		$1,006,693	$1,148,286	$114,025		$114,025	$1,369,791		$1,369,791	$1,558,763	7.32%
Nov-06	10.02%	0.51%	9.51%	$1,056,374		$1,056,374	$1,135,833	$108,018		$108,018	$1,547,164		$1,547,164	$1,555,042	6.93%
Dec-06	8.85%	0.51%	8.34%	$1,383,396		$1,383,396	$1,117,847	$93,228		$93,228	$1,766,956		$1,766,956	$1,528,965	6.00%
Jan-07	9.88%	0.51%	9.37%	$1,484,614		$1,484,614	$1,122,169	$105,147	$3,416	$108,563	$1,924,353		$1,924,353	$1,519,359	7.10%
Feb-07	9.55%	0.51%	9.04%	$1,599,918		$1,599,918	$1,140,918	$103,139	$3,416	$106,555	$2,434,160		$2,434,160	$1,566,718	7.01%
Mar-07	9.83%	0.51%	9.32%	$1,313,039		$1,313,039	$1,151,638	$107,333	$3,416	$110,749	$1,544,202		$1,544,202	$1,552,950	7.07%
Apr-07	7.34%	0.51%	6.83%	*$1,086,477*		*$1,086,477*	*$1,169,767*	*$79,895*	*$3,416*	$83,311	*$1,524,822*		$1,524,822	$1,576,431	5.36%
May-07	9.23%	0.51%	8.72%	$1,198,329		$1,198,329	$1,191,855	$103,930	$3,416	$107,346	$1,424,370		$1,424,370	$1,586,658	6.81%
Jun-07	9.47%	0.51%	8.96%	$1,083,655		$1,083,655	$1,197,477	$107,294	$3,416	$110,710	$1,608,670		$1,608,670	$1,624,023	6.98%
Jul-07	10.80%	0.51%	10.29%	*$1,159,174*		*$1,159,174*	*$1,199,073*	$123,385		$123,385	$1,564,176		$1,564,176	$1,627,686	7.60%
Aug-07	11.05%	0.51%	10.54%	$1,314,928		$1,314,928	$1,210,347	$127,571		$127,571	$1,854,707		$1,854,707	$1,651,006	7.84%
Sep-07	10.09%	0.51%	9.58%	$1,180,260		$1,180,260	$1,236,905	$118,687		$118,687	$1,494,081		$1,494,081	$1,671,454	7.19%
Oct-07	9.05%	0.51%	8.54%	$976,477		$976,477	$1,236,387	$105,587		$105,587	$1,407,199		$1,407,199	$1,674,572	6.32%
Nov-07	8.24%	0.51%	7.73%	$1,246,204		$1,246,204	$1,252,206	$96,796		$96,796	$1,686,107		$1,686,107	$1,686,150	5.76%
Dec-07	8.04%	0.51%	7.53%	$1,435,585		$1,435,585	$1,256,555	$94,619		$94,619	$2,365,921		$2,365,921	$1,736,064	5.61%
Jan-08	6.80%	0.51%	6.29%	$1,869,847		$1,869,847	$1,288,656	$81,057		$81,057	$2,377,178		$2,377,178	$1,773,799	4.67%
Feb-08	6.87%	0.51%	6.36%	*$1,622,773*		*$1,622,773*	*$1,290,562*	*$82,080*		*$82,080*	*$2,392,109*		$2,392,109	$1,770,295	4.63%
Mar-08	6.49%	0.51%	5.98%	$1,418,447		$1,418,447	$1,299,346	$77,701		$77,701	$1,990,325		$1,990,325	$1,807,472	4.39%
Apr-08	6.11%	0.51%	5.60%	$1,140,021		$1,140,021	$1,303,808	$73,013		$73,013					4.04%

Notes:
Big Sandy Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Blue Grass Energy

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense *Month*	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly *Revenues from* Sales to Blue Grass	On-peak Revenue *Adjustment*	EKPC Net Monthly *Sales* to Blue Grass	EKPC 12-months *Ended Average* Monthly Revenue from Sales to Blue Grass	Blue Grass *Revenue* Requirement	Amortization *of* (Over)/Under Recovery	Cooperative *Net Revenue* Revenue Requirement	Cooperative *Total* Monthly Retail Revenues	On-Peak *Retail* Revenue Adjustment	Blue Grass *Net Monthly* Retail Revenues	12-months *ended* Avg. Retail Revenues, Net	Blue Grass *Pass* Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$4,590,247		$4,590,247	$4,462,818	$257,505		$257,505	$6,065,899		$6,065,899	$6,037,024	4.30%
Jul-05	6.21%	0.51%	5.70%	$5,410,959		$5,410,959	$4,548,461	$259,262		$259,262	*$6,736,258*		*$6,736,258*	*$6,111,845*	4.32%
Aug-05	11.69%	0.51%	11.18%	$5,519,180		$5,519,180	$4,658,850	$519,376		$519,376	$7,046,506		$7,046,506	$6,226,522	8.50%
Sep-05	10.68%	0.51%	10.17%	$5,126,770		$5,126,770	$4,753,503	$483,431		$483,431	$6,948,608		$6,948,608	$6,339,962	7.76%
Oct-05	10.06%	0.51%	9.55%	*$4,393,672*		*$4,393,672*	*$4,846,059*	*$462,799*		$462,799	$5,696,768		$5,696,768	$6,402,239	7.30%
Nov-05	11.27%	0.51%	10.76%	$4,954,953		$4,954,953	$4,946,388	$532,231		$532,231	$5,972,379		$5,972,379	$6,498,549	8.31%
Dec-05	6.15%	0.51%	5.64%	$6,475,463		$6,475,463	$5,028,830	$283,626		$283,626	$7,783,643		$7,783,643	$6,659,965	4.36%
Jan-06	*8.44%*	*0.51%*	*7.93%*	*$6,176,167*		$6,176,167	$5,031,575	$399,004		$399,004	$8,604,386		$8,604,386	$6,784,721	5.99%
Feb-06	9.26%	0.51%	8.75%	$5,750,823		$5,750,823	$5,077,428	$444,275		$444,275	$7,449,967		$7,449,967	$6,782,663	6.55%
Mar-06	9.59%	0.51%	9.08%	$5,239,953		$5,239,953	$5,096,911	$462,800		$462,800	$7,654,369		$7,654,369	$6,811,292	6.82%
Apr-06	*9.41%*	*0.51%*	*8.90%*	$3,897,987		$3,897,987	$5,111,440	$454,918		$454,918	$6,344,360		$6,344,360	$6,789,092	6.68%
May-06	10.20%	0.51%	9.69%	$4,507,465		$4,507,465	$5,170,303	$501,002		$501,002	$5,419,397		$5,419,397	$6,810,212	7.38%
Jun-06	10.79%	0.51%	10.28%	$4,953,748		$4,953,748	$5,200,595	$534,621		$534,621	$5,837,510		$5,837,510	$6,791,179	7.85%
Jul-06	13.47%	0.51%	12.96%	$5,440,865		$5,440,865	$5,203,087	$674,320		$674,320	$6,945,534		$6,945,534	$6,808,619	9.93%
Aug-06	13.00%	0.51%	12.49%	$5,704,053		$5,704,053	$5,218,493	$651,790		*$651,790*	*$8,087,255*		*$8,087,255*	*$6,895,348*	9.57%
Sep-06	11.80%	0.51%	11.29%	$4,130,924		$4,130,924	$5,135,506	$579,799		$579,799	$6,553,069		$6,553,069	$6,862,386	8.41%
Oct-06	*10.44%*	*0.51%*	*9.93%*	*$4,460,341*		$4,460,341	*$5,141,062*	$510,507		*$510,507*	*$5,360,046*		$5,360,046	$6,834,326	7.44%
Nov-06	10.02%	0.51%	9.51%	$4,522,611		*$4,522,611*	*$5,105,033*	*$485,489*		$485,489	$6,135,046		$6,135,046	$6,847,882	7.10%
Dec-06	8.85%	0.51%	8.34%	$5,753,728		$5,753,728	$5,044,889	$420,744		$420,744	$7,629,593		$7,629,593	$6,835,044	6.14%
Jan-07	9.88%	0.51%	9.37%	$6,411,955		$6,411,955	$5,064,538	$474,547	$114,043	$588,590	$6,899,709		$6,899,709	$6,692,988	8.61%
Feb-07	*9.55%*	*0.51%*	*9.04%*	*$7,010,753*		$7,010,753	$5,169,532	$467,326	$114,043	$581,369	$9,091,645		$9,091,645	$6,829,794	8.69%
Mar-07	9.83%	0.51%	9.32%	$5,878,715		$5,878,715	$5,222,762	$486,761	$114,043	$600,804	$7,930,743		$7,930,743	$6,852,826	8.80%
Apr-07	7.34%	0.51%	6.83%	$4,973,317		$4,973,317	$5,312,373	$362,835	$114,043	$476,878	$6,618,557		$6,618,557	$6,875,675	6.96%
May-07	*9.23%*	*0.51%*	*8.72%*	$5,940,338		$5,940,338	$5,431,779	$473,651	$114,043	$587,694	$6,569,658		$6,569,658	$6,971,530	8.55%
Jun-07	9.47%	0.51%	8.96%	$5,188,821		$5,188,821	$5,451,368	$488,443	$114,043	$602,486	$6,938,049		$6,938,049	*$7,063,242*	8.64%
Jul-07	10.80%	0.51%	10.29%	$5,627,966		$5,627,966	$5,466,960	$562,550		$562,550	$8,723,379		$8,723,379	$7,211,396	7.96%
Aug-07	11.05%	0.51%	10.54%	$6,529,454		$6,529,454	$5,535,744	$583,467		$583,467	$8,451,063		$8,451,063	$7,241,713	8.09%
Sep-07	*10.09%*	*0.51%*	*9.58%*	*$6,098,540*		$6,098,540	*$5,699,712*	*$546,032*		*$546,032*	*$8,892,122*		*$8,892,122*	*$7,436,634*	7.54%
Oct-07	9.05%	0.51%	8.54%	$4,923,808		$4,923,808	$5,738,334	$490,054		$490,054	$6,223,133		$6,223,133	$7,508,558	6.59%
Nov-07	8.24%	0.51%	7.73%	$5,275,068		$5,275,068	$5,801,039	$448,420		$448,420	$6,998,759		$6,998,759	$7,580,534	5.97%
Dec-07	8.04%	0.51%	7.53%	$6,183,933		$6,183,933	*$5,836,889*	$439,518		$439,518	$7,634,479		$7,634,479	$7,580,941	5.80%
Jan-08	6.80%	0.51%	6.29%	$8,269,343		$8,269,343	$5,991,671	$376,876		$376,876	$8,663,537		$8,663,537	$7,727,927	4.97%
Feb-08	6.87%	0.51%	6.36%	$7,363,642		$7,363,642	$6,021,079	$382,941		$382,941	$9,785,094		$9,785,094	$7,785,714	4.96%
Mar-08	*6.49%*	*0.51%*	*5.98%*	*$6,374,686*		$6,374,686	$6,062,410	$362,532		$362,532	$9,218,668		$9,218,668	$7,893,041	4.66%
Apr-08	6.11%	0.51%	5.60%	$5,156,325		$5,156,325	$6,077,660	$340,349		$340,349					4.31%

Notes:
Blue Grass Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

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East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Clark Energy Cooperative

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Clark	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Clark	EKPC 12-months Ended Average Monthly Revenue from Sales to Clark	Clark Revenue Requirement	Amortization of (Over)/Under Recovery	Clark Net Revenue Revenue Requirement	Clark Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Clark Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Clark Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$1,685,580		$1,685,580	$1,680,496	$96,965		$96,965	$2,095,825		$2,095,825	$2,535,363	3.80%
Jul-05	6.21%	0.51%	5.70%	$2,036,709		$2,036,709	$1,710,463	$97,496		$97,496	$3,150,627		$3,150,627	$2,600,213	3.87%
Aug-05	11.69%	0.51%	11.18%	$2,050,383		$2,050,383	$1,751,101	$195,214		$195,214	$2,942,382		$2,942,382	$2,638,644	7.51%
Sep-05	10.68%	0.51%	10.17%	$1,861,268		$1,861,268	$1,785,668	$181,602		$181,602	$2,849,274		$2,849,274	$2,679,596	6.88%
Oct-05	10.06%	0.51%	9.55%	$1,635,744		$1,635,744	$1,819,598	$173,772		$173,772	$2,415,441		$2,415,441	$2,708,402	6.48%
Nov-05	11.27%	0.51%	10.76%	$1,910,993		$1,910,993	$1,859,766	$200,111		$200,111	$2,469,099		$2,469,099	$2,735,530	7.39%
Dec-05	6.15%	0.51%	5.64%	$2,532,496		$2,532,496	$1,891,850	$106,700		$106,700	$3,407,088		$3,407,088	$2,816,115	3.90%
Jan-06	8.44%	0.51%	7.93%	$2,321,664		$2,321,664	$1,890,823	$149,942		$149,942	$3,652,099		$3,652,099	$2,868,680	5.32%
Feb-06	9.26%	0.51%	8.75%	$2,201,881		$2,201,881	$1,909,828	$167,110		$167,110	$3,074,119		$3,074,119	$2,840,570	5.83%
Mar-06	9.59%	0.51%	9.08%	$1,939,736		$1,939,736	$1,911,829	$173,594		$173,594	$3,265,154		$3,265,154	$2,864,854	6.11%
Apr-06	9.41%	0.51%	8.90%	$1,427,868		$1,427,868	$1,915,389	$170,470		$170,470	$2,790,779		$2,790,779	$2,865,869	5.95%
May-06	10.20%	0.51%	9.69%	$1,608,516		$1,608,516	$1,934,403	$187,444		$187,444	$2,224,756		$2,224,756	$2,861,387	6.54%
Jun-06	10.79%	0.51%	10.28%	$1,792,488		$1,792,488	$1,943,312	$199,772		$199,772	$2,390,182		$2,390,182	$2,885,916	6.98%
Jul-06	13.47%	0.51%	12.96%	$2,024,945		$2,024,945	$1,942,332	$251,726		$251,726	$2,743,832		$2,743,832	$2,852,017	8.72%
Aug-06	13.00%	0.51%	12.49%	$2,105,324		$2,105,324	$1,946,910	$243,169		$243,169	$3,236,574		$3,236,574	$2,876,533	8.53%
Sep-06	11.80%	0.51%	11.29%	$1,496,249		$1,496,249	$1,916,492	$216,372		$216,372	$2,796,282		$2,796,282	$2,872,117	7.52%
Oct-06	10.44%	0.51%	9.93%	$1,652,605		$1,652,605	$1,917,897	$190,447		$190,447	$2,256,669		$2,256,669	$2,858,886	6.63%
Nov-06	10.02%	0.51%	9.51%	$1,708,028		$1,708,028	$1,900,983	$180,784		$180,784	$2,676,394		$2,676,394	$2,876,161	6.32%
Dec-06	8.85%	0.51%	8.34%	$2,185,349		$2,185,349	$1,872,054	$156,129		$156,129	$3,010,637		$3,010,637	$2,843,123	5.43%
Jan-07	9.88%	0.51%	9.37%	$2,433,509		$2,433,509	$1,881,375	$176,285	($478)	$175,807	$2,955,861		$2,955,861	$2,785,103	6.18%
Feb-07	9.55%	0.51%	9.04%	$2,714,952		$2,714,952	$1,924,131	$173,941	($478)	$173,463	$3,836,589		$3,836,589	$2,848,642	6.23%
Mar-07	9.83%	0.51%	9.32%	$2,194,000		$2,194,000	$1,945,319	$181,304	($478)	$180,826	$3,560,110		$3,560,110	$2,873,222	6.35%
Apr-07	7.34%	0.51%	6.83%	$1,872,451		$1,872,451	$1,982,368	$135,396	($478)	$134,918	$2,809,407		$2,809,407	$2,874,774	4.70%
May-07	9.23%	0.51%	8.72%	$2,101,549		$2,101,549	$2,023,454	$176,445	($478)	$175,967	$2,658,799		$2,658,799	$2,910,945	6.12%
Jun-07	9.47%	0.51%	8.96%	$1,880,843		$1,880,843	$2,030,817	$181,961	($478)	$181,483	$2,818,360		$2,818,360	$2,946,626	6.23%
Jul-07	10.80%	0.51%	10.29%	$2,046,786		$2,046,786	$2,032,637	$209,158		$209,158	$3,483,005		$3,483,005	$3,008,224	7.10%
Aug-07	11.05%	0.51%	10.54%	$2,360,984		$2,360,984	$2,053,942	$216,485		$216,485	$3,135,542		$3,135,542	$2,999,804	7.20%
Sep-07	10.09%	0.51%	9.58%	$2,101,318		$2,101,318	$2,104,365	$201,598		$201,598	$3,525,681		$3,525,681	$3,060,588	6.72%
Oct-07	9.05%	0.51%	8.54%	$1,690,214		$1,690,214	$2,107,499	$179,980		$179,980	$2,466,347		$2,466,347	$3,078,061	5.88%
Nov-07	8.24%	0.51%	7.73%	$1,987,193		$1,987,193	$2,130,762	$164,708		$164,708	$2,813,679		$2,813,679	$3,089,501	5.35%
Dec-07	8.04%	0.51%	7.53%	$2,326,071		$2,326,071	$2,142,489	$161,329		$161,329	$3,244,854		$3,244,854	$3,109,019	5.22%
Jan-08	6.80%	0.51%	6.29%	$3,093,029		$3,093,029	$2,197,449	$138,220		$138,220	$3,571,855		$3,571,855	$3,160,352	4.45%
Feb-08	6.87%	0.51%	6.36%	$2,716,648		$2,716,648	$2,197,591	$139,767		$139,767	$3,891,113		$3,891,113	$3,164,896	4.42%
Mar-08	6.49%	0.51%	5.98%	$2,328,225		$2,328,225	$2,208,776	$132,085		$132,085	$3,762,370		$3,762,370	$3,181,751	4.17%
Apr-08	6.11%	0.51%	5.60%	$1,862,118		$1,862,118	$2,207,915	$123,643		$123,643					3.89%

Notes:
Clark Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Cumberland Valley Electric

For the Month Ending April 2008

Surcharge Factor Expense Month	(1) EKPC CESF %	(2) EKPC BESF %	(3) EKPC MESF %	(4) EKPC Monthly Revenues from Sales to Cumberland Valley	(5) On-peak Revenue Adjustment	(6) EKPC Net Monthly Sales to Cumberland Valley	(7) EKPC 12-months Ended Average Monthly Revenue from Sales to Cumberland Valley	(8) Cumberland Valley Revenue Requirement	(9) Amortization of (Over)/Under Recovery	(10) Cumberland Valley Net Revenue Revenue Requirement	(11) Cumberland Valley Total Monthly Retail Revenues	(12) On-Peak Retail Revenue Adjustment	(13) Cumberland Valley Net Monthly Retail Revenues	(14) 12-months ended Avg. Retail Revenues, Net	(15) Cumberland Valley Pass Through Mechanism Factor
			Col (1) - Col (2)			Col (4) - Col (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.26%	0.51%	5.77%	$1,824,892		$1,824,892	$1,905,238	$109,932		$109,932	$2,570,458		$2,570,458	$2,541,159	4.37%
Jul-05	6.21%	0.51%	5.70%	$2,170,910		$2,170,910	$1,936,375	$110,373		$110,373	$2,434,643		$2,434,643	$2,567,259	4.39%
Aug-05	11.69%	0.51%	11.18%	$2,261,820		$2,261,820	$1,982,033	$220,996		$220,996	$3,065,696		$3,065,696	$2,641,051	8.61%
Sep-05	10.68%	0.51%	10.17%	$2,100,754		$2,100,754	$2,026,102	$206,055		$206,055	$2,549,013		$2,549,013	$2,670,661	7.80%
Oct-05	10.06%	0.51%	9.55%	$1,966,862		$1,966,862	$2,072,741	$197,947		$197,947	$2,338,979		$2,338,979	$2,694,061	7.41%
Nov-05	11.27%	0.51%	10.76%	$2,261,138		$2,261,138	$2,122,043	$228,332		$228,332	$3,062,478		$3,062,478	$2,741,109	8.48%
Dec-05	6.15%	0.51%	5.64%	$2,879,304		$2,879,304	$2,154,281	$121,501		$121,501	$3,705,060		$3,705,060	$2,796,605	4.43%
Jan-06	8.44%	0.51%	7.93%	$2,776,481		$2,776,481	$2,167,598	$171,891		$171,891	$3,084,608		$3,084,608	$2,813,838	6.15%
Feb-06	9.26%	0.51%	8.75%	$2,509,327		$2,509,327	$2,162,916	$191,005		$191,005	$3,713,180		$3,713,180	$2,859,330	6.79%
Mar-06	9.59%	0.51%	9.08%	$2,246,466		$2,246,466	$2,186,708	$198,553		$198,553	$3,320,480		$3,320,480	$2,866,118	6.94%
Apr-06	9.41%	0.51%	8.90%	$1,748,765		$1,748,765	$2,196,782	$195,514		$195,514	$2,291,866		$2,291,866	$2,870,849	6.82%
May-06	10.20%	0.51%	9.69%	$1,898,077		$1,898,077	$2,220,400	$215,157		$215,157	$2,404,504		$2,404,504	$2,878,414	7.49%
Jun-06	10.79%	0.51%	10.28%	$2,054,344		$2,054,344	$2,239,521	$230,223		$230,223	$2,850,906		$2,850,906	$2,901,784	8.00%
Jul-06	13.47%	0.51%	12.96%	$2,190,692		$2,190,692	$2,241,169	$290,456		$290,456	$2,770,482		$2,770,482	$2,929,771	10.01%
Aug-06	13.00%	0.51%	12.49%	$2,331,377		$2,331,377	$2,246,966	$280,646		$280,646	$3,273,163		$3,273,163	$2,947,060	9.58%
Sep-06	11.80%	0.51%	11.29%	$1,754,462		$1,754,462	$2,218,108	$250,424		$250,424	$2,409,535		$2,409,535	$2,935,437	8.50%
Oct-06	10.44%	0.51%	9.93%	$2,051,804		$2,051,804	$2,225,186	$220,961		$220,961	$2,691,513		$2,691,513	$2,964,814	7.53%
Nov-06	10.02%	0.51%	9.51%	$2,053,835		$2,053,835	$2,207,911	$209,972		$209,972	$3,110,706		$3,110,706	$2,968,833	7.08%
Dec-06	8.85%	0.51%	8.34%	$2,548,213		$2,548,213	$2,180,320	$181,839		$181,839	$3,172,599		$3,172,599	$2,924,462	6.12%
Jan-07	9.88%	0.51%	9.37%	$2,805,344		$2,805,344	$2,162,726	$204,521	$42,196	$246,717	$3,558,100		$3,558,100	$2,963,919	8.44%
Feb-07	9.55%	0.51%	9.04%	$2,864,156		$2,864,156	$2,212,295	$199,991	$42,196	$242,187	$4,053,594		$4,053,594	$2,992,287	8.17%
Mar-07	9.83%	0.51%	9.32%	$2,534,828		$2,534,828	$2,236,325	$208,425	$42,196	$250,621	$3,030,872		$3,030,872	$2,968,153	8.38%
Apr-07	7.34%	0.51%	6.83%	$2,131,000		$2,131,000	$2,268,178	$154,917	$42,196	$197,113	$3,175,675		$3,175,675	$3,041,804	6.64%
May-07	9.23%	0.51%	8.72%	$2,385,052		$2,385,052	$2,308,759	$201,324	$42,196	$243,520	$2,775,894		$2,775,894	$3,072,753	8.01%
Jun-07	9.47%	0.51%	8.96%	$2,052,724		$2,052,724	$2,308,624	$206,853	$42,196	$249,049	$3,192,336		$3,192,336	$3,101,206	8.11%
Jul-07	10.80%	0.51%	10.29%	$2,208,199		$2,208,199	$2,310,083	$237,708		$237,708	$2,904,435		$2,904,435	$3,112,369	7.67%
Aug-07	11.05%	0.51%	10.54%	$2,629,535		$2,629,535	$2,334,929	$246,102		$246,102	$4,026,228		$4,026,228	$3,175,124	7.91%
Sep-07	10.09%	0.51%	9.58%	$2,383,654		$2,383,654	$2,387,362	$228,709		$228,709	$2,665,398		$2,665,398	$3,196,446	7.20%
Oct-07	9.05%	0.51%	8.54%	$2,001,819		$2,001,819	$2,383,197	$203,525		$203,525	$2,958,941		$2,958,941	$3,218,732	6.37%
Nov-07	8.24%	0.51%	7.73%	$2,379,572		$2,379,572	$2,410,341	$186,319		$186,319	$3,256,274		$3,256,274	$3,230,862	5.79%
Dec-07	8.04%	0.51%	7.53%	$2,599,671		$2,599,671	$2,414,630	$181,822		$181,822	$3,340,796		$3,340,796	$3,244,879	5.63%
Jan-08	6.80%	0.51%	6.29%	$3,464,642		$3,464,642	$2,469,571	$155,336		$155,336	$4,253,403		$4,253,403	$3,302,821	4.79%
Feb-08	6.87%	0.51%	6.36%	$2,962,557		$2,962,557	$2,477,771	$157,586		$157,586	$3,899,778		$3,899,778	$3,290,002	4.77%
Mar-08	6.49%	0.51%	5.98%	$2,691,873		$2,691,873	$2,490,858	$148,953		$148,953	$3,737,311		$3,737,311	$3,348,872	4.53%
Apr-08	6.11%	0.51%	5.60%	$2,280,164		$2,280,164	$2,503,289	$140,184		$140,184					4.19%

Notes:
Cumberland Valley Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Farmers RECC

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Farmers	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Farmers	EKPC 12-months Ended Average Monthly Revenue from Sales to Farmers	Farmers Revenue Requirement	Amortization of (Over)/Under Recovery	Farmers Net Revenue Revenue Requirement	Farmers Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Farmers Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Farmers Pass Through Mechanism Factor
			Col (1) - Col. (2)			Col (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$1,993,859		$1,993,859	$1,918,925	$110,722		$110,722	$2,632,845		$2,632,845	$2,598,977	4.28%
Jul-05	6.21%	0.51%	5.70%	$2,341,554		$2,341,554	$1,951,295	$111,224		$111,224	$2,936,664		$2,936,664	$2,627,420	4.30%
Aug-05	11.69%	0.51%	11.18%	$2,402,749		$2,402,749	$1,993,587	$222,241		$222,241	$3,182,197		$3,182,197	$2,686,497	8.46%
Sep-05	10.68%	0.51%	10.17%	$2,238,944		$2,238,944	$2,032,680	$206,724		$206,724	$2,933,567		$2,933,567	$2,729,606	7.69%
Oct-05	10.06%	0.51%	9.55%	$1,890,058		$1,890,058	$2,068,830	$197,573		$197,573	$2,555,222		$2,555,222	$2,766,295	7.24%
Nov-05	11.27%	0.51%	10.76%	$2,056,347		$2,056,347	$2,107,407	$226,757		$226,757	$2,938,157		$2,938,157	$2,816,888	8.20%
Dec-05	6.15%	0.51%	5.64%	$2,544,111		$2,544,111	$2,128,927	$120,071		$120,071	$3,213,498		$3,213,498	$2,836,669	4.26%
Jan-06	8.44%	0.51%	7.93%	$2,547,950		$2,547,950	$2,128,562	*$168,795*		*$168,795*	*$3,341,368*		*$3,341,368*	$2,839,237	*5.95%*
Feb-06	9.26%	0.51%	8.75%	$2,306,753		$2,306,753	$2,135,611	$186,866		$186,866	$3,272,667		$3,272,667	$2,859,548	6.58%
Mar-06	9.59%	0.51%	9.08%	$2,106,900		$2,106,900	$2,139,034	$194,224		$194,224	$2,754,015		$2,754,015	$2,859,982	6.79%
Apr-06	9.41%	0.51%	8.90%	$1,649,440		$1,649,440	$2,145,531	$190,952		$190,952	$2,283,429		$2,283,429	$2,857,843	6.68%
May-06	10.20%	0.51%	9.69%	$1,881,371		$1,881,371	$2,163,336	$209,627		$209,627	$2,504,881		$2,504,881	$2,879,043	7.34%
Jun-06	10.79%	0.51%	10.28%	$2,117,051		$2,117,051	$2,173,602	$223,446		$223,446	$2,778,286		$2,778,286	$2,891,163	7.76%
Jul-06	13.47%	0.51%	12.96%	$2,294,366		$2,294,366	$2,169,670	$281,189		$281,189	$3,009,593		$3,009,593	$2,897,240	9.73%
Aug-06	13.00%	0.51%	12.49%	$2,431,639		$2,431,639	$2,172,078	$271,292		$271,292	$3,109,808		$3,109,808	$2,891,208	9.36%
Sep-06	11.80%	0.51%	11.29%	$1,832,155		$1,832,155	$2,138,178	$241,400		$241,400	$2,585,444		$2,585,444	$2,862,197	8.35%
Oct-06	10.44%	0.51%	9.93%	$1,943,839		$1,943,839	$2,142,660	$212,766		$212,766	$2,599,733		$2,599,733	$2,865,907	7.43%
Nov-06	10.02%	0.51%	9.51%	$1,896,587		$1,896,587	$2,129,347	$202,501		$202,501	$2,662,743		$2,662,743	$2,842,955	7.07%
Dec-06	8.85%	0.51%	8.34%	$2,291,001		$2,291,001	$2,108,254	$175,828		$175,828	$2,984,785		$2,984,785	$2,823,896	6.18%
Jan-07	9.88%	0.51%	9.37%	$2,608,081		$2,608,081	$2,113,265	$198,013	($1,846)	$196,167	$3,462,710		$3,462,710	$2,834,008	6.95%
Feb-07	9.55%	0.51%	9.04%	$2,708,504		$2,708,504	$2,146,745	$194,066	($1,846)	$192,220	$3,398,055		$3,398,055	$2,844,457	6.78%
Mar-07	9.83%	0.51%	9.32%	$2,322,455		$2,322,455	$2,164,707	$201,751	($1,846)	$199,905	$3,099,522		$3,099,522	$2,873,249	7.03%
Apr-07	7.34%	0.51%	6.83%	$1,998,718		$1,998,718	$2,193,814	$149,837	($1,846)	$147,991	$2,637,765		$2,637,765	$2,902,777	5.15%
May-07	9.23%	0.51%	8.72%	$2,422,972		$2,422,972	$2,238,947	$195,236	($1,846)	$193,390	$3,186,883		$3,186,883	$2,959,610	6.66%
Jun-07	9.47%	0.51%	8.96%	$2,253,351		$2,253,351	$2,250,306	$201,627	($1,846)	$199,781	$2,912,398		$2,912,398	$2,970,786	6.75%
Jul-07	10.80%	0.51%	10.29%	$2,399,171		$2,399,171	$2,259,039	$232,455		$232,455	$3,412,780		$3,412,780	$3,004,385	7.62%
Aug-07	11.05%	0.51%	10.54%	$2,804,546		$2,804,546	$2,290,115	$241,378		$241,378	$3,809,801		$3,809,801	$3,062,718	8.03%
Sep-07	10.09%	0.51%	9.58%	$2,532,325		$2,532,325	$2,348,463	$224,983		$224,983	$3,225,831		$3,225,831	$3,116,084	7.35%
Oct-07	9.05%	0.51%	8.54%	$2,049,176		$2,049,176	$2,357,241	$201,308		$201,308	$2,858,882		$2,858,882	$3,137,679	6.46%
Nov-07	8.24%	0.51%	7.73%	$2,187,417		$2,187,417	$2,381,476	$184,088		$184,088	$3,067,429		$3,067,429	$3,171,403	5.87%
Dec-07	8.04%	0.51%	7.53%	$2,361,710		$2,361,710	$2,387,369	$179,769		$179,769	$3,326,866		$3,326,866	$3,199,910	5.67%
Jan-08	6.80%	0.51%	6.29%	$3,225,182		$3,225,182	$2,438,794	$153,400		$153,400	$3,691,533		$3,691,533	$3,218,979	4.79%
Feb-08	6.87%	0.51%	6.36%	$2,885,403		$2,885,403	$2,453,536	$156,045		$156,045	$3,608,826		$3,608,826	$3,236,543	4.85%
Mar-08	6.49%	0.51%	5.98%	$2,507,191		$2,507,191	$2,468,930	$147,642		$147,642	$3,033,960		$3,033,960	$3,231,079	4.56%
Apr-08	6.11%	0.51%	5.60%	$2,163,918		$2,163,918	$2,482,697	$139,031		$139,031					4.30%

Note:
Farmers Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.

KIUC Request 5
Attachment
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East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Fleming Mason RECC

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Fleming Mason	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Fleming Mason	EKPC 12-months Ended Average Monthly Revenue from Sales to Fleming Mason	Fleming Mason Revenue Requirement	Amortization of (Over)/Under Recovery	Fleming Mason Net Revenue Revenue Requirement	Fleming Mason Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Fleming Mason Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Fleming Mason Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$4,155,436	$307,135	$3,848,301	$3,970,631	$229,105		$229,105	$5,261,673	$307,135	$4,954,538	$4,706,938	4.96%
Jul-05	6.21%	0.51%	5.70%	$4,230,926	$61,488	$4,169,438	$4,016,127	$228,919		$228,919	$4,767,126	$61,488	$4,705,638	$4,749,386	4.89%
Aug-05	11.69%	0.51%	11.18%	$4,176,622	$1,285	$4,175,337	$4,057,117	$452,443		$452,443	$4,793,989	$1,285	$4,792,704	$4,795,183	9.53%
Sep-05	10.68%	0.51%	10.17%	$4,441,062	$63,773	$4,377,289	$4,124,479	$419,460		$419,460	$5,037,851	$63,773	$4,974,078	$4,867,739	8.75%
Oct-05	10.06%	0.51%	9.55%	$4,383,057	$120,773	$4,262,284	$4,210,137	$402,068		$402,068	$5,174,336	$120,773	$5,053,563	$4,957,336	8.26%
Nov-05	11.27%	0.51%	10.76%	$4,860,288	$208,180	$4,652,108	$4,300,876	$462,774		$462,774	$5,708,997	$208,180	$5,500,817	$5,050,451	9.34%
Dec-05	6.15%	0.51%	5.64%	$5,546,306	$279,702	$5,266,604	$4,370,784	$246,512		$246,512	$6,561,885	$279,702	$6,282,183	$5,164,046	4.88%
Jan-06	8.44%	0.51%	7.93%	$5,685,823	$264,369	$5,421,454	$4,397,086	$348,689		$348,689	$6,327,920	$264,369	$6,063,551	$5,211,036	6.75%
Feb-06	9.26%	0.51%	8.75%	$4,716,769	$120,137	$4,596,632	$4,399,555	$384,961		$384,961	$5,887,377	$120,137	$5,767,240	$5,241,229	7.39%
Mar-06	9.59%	0.51%	9.08%	$4,806,490	$189,531	$4,616,959	$4,410,310	$400,456		$400,456	$5,740,825	$189,531	$5,551,294	$5,225,351	7.64%
Apr-06	9.41%	0.51%	8.90%	$4,000,096	$158,998	$3,841,098	$4,416,877	$393,102		$393,102	$4,904,012	$158,998	$4,745,014	$5,234,041	7.52%
May-06	10.20%	0.51%	9.69%	$4,518,239	$277,752	$4,240,487	$4,455,666	$431,754		$431,754	$5,092,367	$277,752	$4,814,615	$5,267,103	8.25%
Jun-06	10.79%	0.51%	10.28%	$4,361,316	$216,985	$4,144,331	$4,480,335	$460,578		$460,578	$5,080,629	$216,985	$4,863,644	$5,259,528	8.74%
Jul-06	13.47%	0.51%	12.96%	$4,525,238	$177,846	$4,347,392	$4,495,165	$582,573		$582,573	$5,501,097	$177,846	$5,323,251	$5,310,996	11.08%
Aug-06	13.00%	0.51%	12.49%	$4,577,329	$216,320	$4,361,009	$4,510,637	$563,379		$563,379	$5,271,970	$216,320	$5,055,650	$5,332,908	10.61%
Sep-06	11.80%	0.51%	11.29%	$3,898,185	$53,541	$3,844,644	$4,466,250	$504,240		$504,240	$4,620,898	$53,541	$4,567,357	$5,299,015	9.46%
Oct-06	10.44%	0.51%	9.93%	$4,088,496	$39,363	$4,049,133	$4,448,488	$441,735		$441,735	$4,814,645	$39,363	$4,775,282	$5,275,825	8.34%
Nov-06	10.02%	0.51%	9.51%	$4,021,967	$127,523	$3,894,444	$4,385,349	$417,047		$417,047	$5,152,802	$127,523	$5,025,279	$5,236,197	7.90%
Dec-06	8.85%	0.51%	8.34%	$4,637,197	$57,821	$4,579,376	$4,328,080	$360,962		$360,962	$5,283,645	$57,821	$5,225,824	$5,148,167	6.89%
Jan-07	9.88%	0.51%	9.37%	$5,116,911	$123,163	$4,993,748	$4,292,438	$402,201	$52,681	$454,882	$5,752,819	$123,163	$5,629,656	$5,112,009	8.84%
Feb-07	9.55%	0.51%	9.04%	$5,227,552	$129,183	$5,098,369	$4,334,249	$391,816	$52,681	$444,497	$6,242,638	$129,183	$6,113,455	$5,140,877	8.70%
Mar-07	9.83%	0.51%	9.32%	$5,665,505	$274,867	$5,390,638	$4,398,722	$409,961	$52,681	$462,642	$6,343,022	$274,867	$6,068,155	$5,183,949	9.00%
Apr-07	7.34%	0.51%	6.83%	$4,704,488	$213,614	$4,490,874	$4,452,870	$304,131	$52,681	$356,812	$5,735,953	$213,614	$5,522,339	$5,248,726	6.88%
May-07	9.23%	0.51%	8.72%	$5,620,224	$308,105	$5,312,119	$4,542,173	$396,077	$52,681	$448,758	$5,924,142	$308,105	$5,616,037	$5,315,511	8.55%
Jun-07	9.47%	0.51%	8.96%	$4,792,864	$362,434	$4,430,430	$4,566,015	$409,115	$52,681	$461,796	$6,309,229	$362,434	$5,946,795	$5,405,773	8.69%
Jul-07	10.80%	0.51%	10.29%	$4,937,964	$319,297	$4,618,667	$4,588,621	$472,169		$472,169	$5,756,549	$319,297	$5,437,252	$5,415,273	8.73%
Aug-07	11.05%	0.51%	10.54%	$4,838,970	$193,231	$4,645,739	$4,612,348	$486,142		$486,142	$5,788,379	$193,231	$5,595,148	$5,460,232	8.98%
Sep-07	10.09%	0.51%	9.58%	$5,092,187	$114,212	$4,977,975	$4,706,793	$450,911		$450,911	$5,493,214	$114,212	$5,379,002	$5,527,869	8.26%
Oct-07	9.05%	0.51%	8.54%	$4,787,092	$156,017	$4,631,075	$4,755,288	$406,102		$406,102	$5,800,979	$156,017	$5,644,962	$5,600,342	7.35%
Nov-07	8.24%	0.51%	7.73%	$4,834,621	$327,640	$4,506,981	$4,806,333	$371,530		$371,530	$5,643,525	$327,640	$5,315,885	$5,624,559	6.63%
Dec-07	8.04%	0.51%	7.53%	$5,725,830	$335,880	$5,389,950	$4,873,880	$367,003		$367,003	$6,686,940	$335,880	$6,351,060	$5,718,329	6.53%
Jan-08	6.80%	0.51%	6.29%	$6,700,501	$318,987	$6,381,514	$4,989,528	$313,841		$313,841	$7,588,607	$318,987	$7,269,620	$5,854,993	5.49%
Feb-08	6.87%	0.51%	6.36%	$6,282,153	$364,069	$5,918,084	$5,057,837	$321,678		$321,678	$7,739,497	$364,069	$7,375,428	$5,960,140	5.49%
Mar-08	6.49%	0.51%	5.98%	$5,985,055	$344,648	$5,640,407	$5,078,651	$303,703		$303,703	$7,325,776	$344,648	$6,981,128	$6,036,221	5.10%
Apr-08	6.11%	0.51%	5.60%	$5,466,942	$416,290	$5,050,652	$5,125,299	$287,017		$287,017					4.75%

Notes:
Fleming Mason Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Grayson RECC

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Grayson	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Grayson	EKPC 12-months Ended Average Monthly Revenue from Sales to Grayson	Grayson Revenue Requirement	Amortization of (Over)/Under Recovery	Grayson Net Revenue Revenue Requirement	Grayson Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Grayson Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Grayson Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$926,563		$926,563	$1,026,265	$59,216		$59,216	$1,605,525		$1,605,525	$ 1,625,804	3.67%
Jul-05	6.21%	0.51%	5.70%	$1,218,829		$1,218,829	$1,045,583	$59,598		$59,598	$1,912,380		$1,912,380	$ 1,662,948	3.69%
Aug-05	11.69%	0.51%	11.18%	$1,214,360		$1,214,360	$1,068,806	$119,159		$119,159	$1,614,164		$1,614,164	$ 1,677,851	7.17%
Sep-05	10.68%	0.51%	10.17%	$1,083,917		$1,083,917	$1,086,279	$110,475		$110,475	$1,486,728		$1,486,728	$ 1,693,121	6.58%
Oct-05	10.06%	0.51%	9.55%	$1,029,775		$1,029,775	$1,106,176	$105,640		$105,640	$1,773,790		$1,773,790	$ 1,724,757	6.24%
Nov-05	11.27%	0.51%	10.76%	$1,218,519		$1,218,519	$1,131,080	$121,704		$121,704	$2,170,203		$2,170,203	$ 1,760,131	7.06%
Dec-05	6.15%	0.51%	5.64%	$1,553,760		$1,553,760	$1,149,225	$64,816		$64,816	$2,085,984		$2,085,984	$ 1,767,663	3.68%
Jan-06	8.44%	0.51%	7.93%	$1,403,955		$1,403,955	$1,146,502	$90,918		$90,918	$2,303,563		$2,303,563	$ 1,774,398	5.14%
Feb-06	9.26%	0.51%	8.75%	$1,347,210		$1,347,210	$1,155,657	$101,120		$101,120	$1,726,580		$1,726,580	$ 1,755,591	5.70%
Mar-06	9.59%	0.51%	9.08%	$1,210,215		$1,210,215	$1,156,399	$105,001		$105,001	$1,668,667		$1,668,667	$ 1,766,820	5.98%
Apr-06	9.41%	0.51%	8.90%	$879,178		$879,178	$1,158,461	$103,103		$103,103	$1,318,585		$1,318,585	$ 1,759,205	5.84%
May-06	10.20%	0.51%	9.69%	$960,321		$960,321	$1,170,550	$113,426		$113,426	$1,516,267		$1,516,267	$ 1,765,203	6.45%
Jun-06	10.79%	0.51%	10.28%	$1,048,117		$1,048,117	$1,180,680	$121,374		$121,374	$1,727,739		$1,727,739	$ 1,775,388	6.88%
Jul-06	13.47%	0.51%	12.96%	$1,176,338		$1,176,338	$1,177,139	$152,557		$152,557	$1,838,526		$1,838,526	$ 1,769,233	8.59%
Aug-06	13.00%	0.51%	12.49%	$1,220,749		$1,220,749	$1,177,671	$147,091		$147,091	$1,501,094		$1,501,094	$ 1,759,811	8.31%
Sep-06	11.80%	0.51%	11.29%	$878,107		$878,107	$1,160,520	$131,023		$131,023	$1,431,641		$1,431,641	$ 1,755,220	7.45%
Oct-06	10.44%	0.51%	9.93%	$1,016,869		$1,016,869	$1,159,445	$115,133		$115,133	$1,706,481		$1,706,481	$ 1,749,611	6.56%
Nov-06	10.02%	0.51%	9.51%	$1,056,931		$1,056,931	$1,145,979	$108,983		$108,983	$1,858,305		$1,858,305	$ 1,723,619	6.23%
Dec-06	8.85%	0.51%	8.34%	$1,339,047		$1,339,047	$1,128,086	$94,082		$94,082	$1,992,962		$1,992,962	$ 1,715,868	5.46%
Jan-07	9.88%	0.51%	9.37%	$1,447,980		$1,447,980	$1,131,755	$106,045	$2,016	$108,061	$2,682,066		$2,682,066	$ 1,747,409	6.30%
Feb-07	9.55%	0.51%	9.04%	$1,646,500		$1,646,500	$1,156,696	$104,565	$2,016	$106,581	$1,875,585		$1,875,585	$ 1,759,827	6.10%
Mar-07	9.83%	0.51%	9.32%	$1,340,335		$1,340,335	$1,167,539	$108,815	$2,016	$110,831	$1,885,852		$1,885,852	$ 1,777,925	6.30%
Apr-07	7.34%	0.51%	6.83%	$1,121,552		$1,121,552	$1,187,737	$81,122	$2,016	$83,138	$1,406,690		$1,406,690	$ 1,785,267	4.68%
May-07	9.23%	0.51%	8.72%	$1,245,271		$1,245,271	$1,211,483	$105,641	$2,016	$107,657	$1,946,792		$1,946,792	$ 1,821,144	6.03%
Jun-07	9.47%	0.51%	8.96%	$1,089,575		$1,089,575	$1,214,938	$108,858	$2,016	$110,874	$1,693,760		$1,693,760	$ 1,818,313	6.09%
Jul-07	10.80%	0.51%	10.29%	$1,178,967		$1,178,967	$1,215,157	$125,040		$125,040	$1,882,191		$1,882,191	$ 1,821,952	6.88%
Aug-07	11.05%	0.51%	10.54%	$1,352,417		$1,352,417	$1,226,129	$129,234		$129,234	$1,711,686		$1,711,686	$ 1,839,501	7.09%
Sep-07	10.09%	0.51%	9.58%	$1,233,230		$1,233,230	$1,255,723	$120,298		$120,298	$1,675,379		$1,675,379	$ 1,859,812	6.54%
Oct-07	9.05%	0.51%	8.54%	$1,049,106		$1,049,106	$1,258,409	$107,468		$107,468	$1,789,987		$1,789,987	$ 1,866,771	5.76%
Nov-07	8.24%	0.51%	7.73%	$1,238,496		$1,238,496	$1,273,540	$98,445		$98,445	$2,025,821		$2,025,821	$ 1,880,731	5.27%
Dec-07	8.04%	0.51%	7.53%	$1,464,837		$1,464,837	$1,284,022	$96,687		$96,687	$2,341,664		$2,341,664	$ 1,909,789	5.14%
Jan-08	6.80%	0.51%	6.29%	$1,863,806		$1,863,806	$1,318,674	$82,945		$82,945	$2,630,106		$2,630,106	$ 1,905,459	4.34%
Feb-08	6.87%	0.51%	6.36%	$1,643,350		$1,643,350	$1,318,412	$83,851		$83,851	$2,259,175		$2,259,175	$ 1,937,425	4.40%
Mar-08	6.49%	0.51%	5.98%	$1,454,660		$1,454,660	$1,327,939	$79,411		$79,411	$1,812,671		$1,812,671	$ 1,931,327	4.10%
Apr-08	6.11%	0.51%	5.60%	$1,113,440		$1,113,440	$1,327,263	$74,327		$74,327					3.85%

Notes:
Grayson Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Inter County ECC

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Inter County	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Inter County	EKPC 12-months Ended Average Monthly Revenue from Sales to Inter County	Inter County Revenue Requirement	Amortization of (Over)/Under Recovery	Inter County Net Revenue Revenue Requirement	Inter County Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Inter County Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Inter County Pass Through Mechanism Factor
			Col (1) - Col. (2)			Col (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$1,653,021		$1,653,021	$1,698,110	$97,981		$97,981	$2,485,014		$2,485,014	$2,524,131	3.92%
Jul-05	6.21%	0.51%	5.70%	$1,983,789		$1,983,789	$1,728,240	$98,510		$98,510	$2,670,851		$2,670,851	$2,548,858	3.92%
Aug-05	11.69%	0.51%	11.18%	$2,027,746		$2,027,746	$1,772,369	$197,608		$197,608	$2,758,177		$2,758,177	$2,602,436	7.75%
Sep-05	10.68%	0.51%	10.17%	$1,838,885		$1,838,885	$1,808,408	$183,915		$183,915	$2,663,747		$2,663,747	$2,644,812	7.07%
Oct-05	10.06%	0.51%	9.55%	$1,654,886		$1,654,886	$1,848,994	$176,579		$176,579	$2,565,886		$2,565,886	$2,697,822	6.68%
Nov-05	11.27%	0.51%	10.76%	$1,959,834		$1,959,834	$1,892,411	$203,623		$203,623	$2,699,460		$2,699,460	$2,738,837	7.55%
Dec-05	6.15%	0.51%	5.64%	$2,688,712		$2,688,712	$1,924,525	$108,543		$108,543	$3,759,455		$3,759,455	$2,805,521	3.96%
Jan-06	8.44%	0.51%	7.93%	$2,493,279		$2,493,279	$1,925,458	$152,689		$152,689	$3,149,782		$3,149,782	$2,815,770	5.44%
Feb-06	9.26%	0.51%	8.75%	$2,383,554		$2,383,554	$1,950,011	$170,626		$170,626	$3,448,351		$3,448,351	$2,827,007	6.06%
Mar-06	9.59%	0.51%	9.08%	$2,042,113		$2,042,113	$1,955,049	$177,518		$177,518	$2,956,674		$2,956,674	$2,799,911	6.28%
Apr-06	9.41%	0.51%	8.90%	$1,430,139		$1,430,139	$1,957,791	$174,243		$174,243	$2,440,530		$2,440,530	$2,805,776	6.22%
May-06	10.20%	0.51%	9.69%	$1,621,161		$1,621,161	$1,981,427	$192,000		$192,000	$2,118,206		$2,118,206	$2,809,678	6.84%
Jun-06	10.79%	0.51%	10.28%	$1,802,026		$1,802,026	$1,993,844	$204,967		$204,967	$2,474,631		$2,474,631	$2,808,813	7.30%
Jul-06	13.47%	0.51%	12.96%	$2,026,896		$2,026,896	$1,997,436	$258,868		$258,868	$2,821,694		$2,821,694	$2,821,383	9.22%
Aug-06	13.00%	0.51%	12.49%	$2,089,003		$2,089,003	$2,002,541	$250,117		$250,117	$2,933,181		$2,933,181	$2,835,966	8.87%
Sep-06	11.80%	0.51%	11.29%	$1,469,438		$1,469,438	$1,971,753	$222,611		$222,611	$2,308,299		$2,308,299	$2,606,346	7.85%
Oct-06	10.44%	0.51%	9.93%	$1,714,108		$1,714,108	$1,976,689	$196,285		$196,285	$2,216,546		$2,216,546	$2,777,234	6.99%
Nov-06	10.02%	0.51%	9.51%	$1,798,659		$1,798,659	$1,963,257	$186,706		$186,706	$2,794,762		$2,794,762	$2,785,176	6.72%
Dec-06	8.85%	0.51%	8.34%	$2,353,265		$2,353,265	$1,935,303	$161,404		$161,404	$2,999,150		$2,999,150	$2,721,817	5.80%
Jan-07	9.88%	0.51%	9.37%	$2,647,229		$2,647,229	$1,948,133	$182,540	$0	$182,540	$3,131,016		$3,131,016	$2,720,253	6.71%
Feb-07	9.55%	0.51%	9.04%	$2,899,619		$2,899,619	$1,991,138	$179,999	$0	$179,999	$4,195,948		$4,195,948	$2,782,553	6.62%
Mar-07	9.83%	0.51%	9.32%	$2,200,117		$2,200,117	$2,004,305	$186,801	$0	$186,801	$2,930,811		$2,930,811	$2,780,398	6.71%
Apr-07	7.34%	0.51%	6.83%	$1,937,502		$1,937,502	$2,046,585	$139,782	$0	$139,782	$2,772,314		$2,772,314	$2,808,047	5.03%
May-07	9.23%	0.51%	8.72%	$2,035,675		$2,035,675	$2,081,128	$181,474	$0	$181,474	$2,275,749		$2,275,749	$2,821,175	6.46%
Jun-07	9.47%	0.51%	8.96%	$1,874,499		$1,874,499	$2,087,168	$187,010	$0	$187,010	$3,080,881		$3,080,881	$2,871,696	6.63%
Jul-07	10.80%	0.51%	10.29%	$2,034,576		$2,034,576	$2,087,808	$214,835		$214,835	$3,227,517		$3,227,517	$2,905,515	7.48%
Aug-07	11.05%	0.51%	10.54%	$2,358,326		$2,358,326	$2,110,251	$222,420		$222,420	$3,661,145		$3,661,145	$2,966,178	7.66%
Sep-07	10.09%	0.51%	9.58%	$2,097,128		$2,097,128	$2,162,559	$207,173		$207,173	$3,075,580		$3,075,580	$3,030,118	6.98%
Oct-07	9.05%	0.51%	8.54%	$1,703,184		$1,703,184	$2,161,648	$184,605		$184,605	$2,840,041		$2,840,041	$3,082,076	6.09%
Nov-07	8.24%	0.51%	7.73%	$2,005,339		$2,005,339	$2,178,872	$168,427		$168,427	$2,955,223		$2,955,223	$3,095,448	5.46%
Dec-07	8.04%	0.51%	7.53%	$2,376,083		$2,376,083	$2,180,773	$164,212		$164,212	$3,664,446		$3,664,446	$3,150,889	5.30%
Jan-08	6.80%	0.51%	6.29%	$3,299,836		$3,299,836	$2,235,157	$140,591		$140,591	$4,229,117		$4,229,117	$3,242,398	4.46%
Feb-08	6.87%	0.51%	6.36%	$2,904,563		$2,904,563	$2,235,569	$142,182		$142,182	$4,660,508		$4,660,508	$3,281,111	4.39%
Mar-08	6.49%	0.51%	5.98%	$2,458,584		$2,458,584	$2,257,108	$134,975		$134,975	$4,079,537		$4,079,537	$3,376,838	4.11%
Apr-08	6.11%	0.51%	5.60%	$1,902,097		$1,902,097	$2,254,158	$126,233		$126,233					3.74%

Notes:
Inter County Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Jackson Energy Cooperative

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Jackson	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Jackson	EKPC 12-months Ended Average Monthly Revenue from Sales to Jackson	Jackson Revenue Requirement	Amortization of (Over)/Under Recovery	Jackson Net Revenue Revenue *Requirement*	Jackson Total Monthly Retail *Revenues*	On-Peak Retail Revenue Adjustment	Jackson Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Jackson Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$3,404,981		$3,404,981	$3,661,066	$211,244		$211,244	$6,391,995		*$6,391,995*	*$5,683,935*	3.77%
Jul-05	6.21%	0.51%	5.70%	$4,113,723		$4,113,723	$3,715,980	$211,811		$211,811	$7,014,336		$7,014,336	$5,836,491	3.75%
Aug-05	11.69%	0.51%	11.18%	$4,207,257		$4,207,257	$3,796,298	$423,299		$423,299	$5,696,755		$5,696,755	$5,901,541	7.25%
Sep-05	10.68%	0.51%	10.17%	$3,872,801		$3,872,801	$3,863,520	$392,920		$392,920	$5,059,132		$5,059,132	$5,937,513	6.66%
Oct-05	10.06%	0.51%	9.55%	$3,615,961		*$3,615,961*	*$3,939,875*	*$376,258*		$376,258	$4,977,715		$4,977,715	$5,992,519	6.34%
Nov-05	11.27%	0.51%	10.76%	$4,261,568		$4,261,568	$4,030,367	$433,667		$433,667	$7,806,271		$7,806,271	$6,155,033	7.24%
Dec-05	6.15%	0.51%	5.64%	$5,648,918		$5,648,918	$4,090,354	$230,696		$230,696	$8,607,302		$8,607,302	$6,248,943	3.75%
Jan-06	8.44%	0.51%	7.93%	$5,292,865		$5,292,865	$4,093,871	$324,644		$324,644	$6,805,465		$6,805,465	$6,269,541	5.20%
Feb-06	9.26%	0.51%	8.75%	$4,919,620		$4,919,620	$4,132,579	$361,601		$361,601	$6,785,154		$6,785,154	$6,302,560	5.77%
Mar-06	9.59%	0.51%	9.08%	$4,283,696		$4,283,696	$4,136,675	$375,610		*$375,610*	*$6,395,707*		*$6,395,707*	$6,313,703	5.96%
Apr-06	9.41%	0.51%	8.90%	$3,120,235		$3,120,235	$4,140,156	$368,474		$368,474	$5,118,126		$5,118,126	$6,301,722	5.84%
May-06	10.20%	0.51%	9.69%	$3,403,235		$3,403,235	$4,178,738	$404,920		$404,920	$5,151,553		$5,151,553	$6,317,459	6.43%
Jun-06	10.79%	0.51%	10.28%	$3,711,864		$3,711,864	$4,204,312	$432,203		$432,203	$6,106,197		$6,106,197	$6,293,643	6.84%
Jul-06	13.47%	*0.51%*	12.96%	*$4,074,592*		$4,074,592	$4,201,051	$544,456		$544,456	$6,759,118		$6,759,118	$6,272,374	8.65%
Aug-06	13.00%	0.51%	12.49%	$4,242,217		$4,242,217	$4,203,964	$525,075		$525,075	$5,857,220		$5,857,220	*$6,265,747*	*8.37%*
Sep-06	11.80%	0.51%	11.29%	$3,085,685		$3,085,685	$4,138,371	$467,222		$467,222	$4,685,545		$4,685,545	$6,254,614	7.43%
Oct-06	10.44%	0.51%	9.93%	$3,634,334		$3,634,334	$4,139,902	$411,092		$411,092	$5,547,753		$5,547,753	$6,302,117	6.57%
Nov-06	10.02%	0.51%	9.51%	$3,814,830		$3,814,830	$4,102,674	$390,164		$390,164	$7,150,983		$7,150,983	$6,247,510	6.19%
Dec-06	8.85%	0.51%	8.34%	$4,902,465		$4,902,465	*$4,040,470*	*$336,975*		*$336,975*	*$7,258,149*		$7,258,149	$6,135,081	5.39%
Jan-07	9.88%	0.51%	9.37%	$5,415,751		$5,415,751	$4,050,710	$379,552	($1,085)	$378,467	$7,704,828		$7,704,828	$6,210,028	6.17%
Feb-07	9.55%	0.51%	9.04%	$5,667,977		$5,667,977	$4,113,073	$371,822	($1,085)	$370,737	$7,324,563		$7,324,563	$6,254,978	5.97%
Mar-07	9.83%	0.51%	9.32%	$4,708,312		$4,708,312	$4,148,458	$386,636	($1,085)	$385,551	$5,974,191		$5,974,191	$6,219,852	6.16%
Apr-07	7.34%	*0.51%*	6.83%	$4,051,011		$4,051,011	$4,226,023	$288,637	($1,085)	$287,552	$5,315,083		$5,315,083	$6,236,265	4.62%
May-07	9.23%	0.51%	8.72%	$4,251,816		$4,251,816	$4,296,738	$374,676	($1,085)	$373,591	$6,386,547		*$6,386,547*	*$6,339,182*	5.99%
Jun-07	9.47%	0.51%	8.96%	$3,770,942		$3,770,942	$4,301,661	$385,429	($1,085)	$384,344	$6,537,714		$6,537,714	$6,375,141	6.06%
Jul-07	10.80%	0.51%	10.29%	$4,076,257		$4,076,257	$4,301,800	$442,655		$442,655	$7,330,382		$7,330,382	$6,422,747	6.94%
Aug-07	11.05%	0.51%	10.54%	$4,781,354		$4,781,354	$4,346,728	$458,145		$458,145	$7,516,548		$7,516,548	$6,561,024	7.13%
Sep-07	10.09%	0.51%	9.58%	*$4,364,445*		*$4,364,445*	*$4,453,291*	*$426,625*		$426,625	$5,639,158		$5,639,158	$6,640,492	6.50%
Oct-07	9.05%	0.51%	8.54%	$3,585,696		$3,585,696	$4,449,238	$379,965		$379,965	$5,313,944		$5,313,944	$6,621,008	5.72%
Nov-07	8.24%	0.51%	7.73%	$4,404,491		$4,404,491	$4,498,376	$347,724		$347,724	$7,558,978		$7,558,978	$6,655,007	5.25%
Dec-07	8.04%	0.51%	7.53%	$5,065,211		$5,065,211	$4,511,939	$339,749		$339,749	$8,016,041		$8,016,041	$6,718,165	5.11%
Jan-08	6.80%	0.51%	6.29%	$6,758,073		$6,758,073	$4,623,799	$290,837		$290,837	$8,597,206		$8,597,206	$6,792,530	4.33%
Feb-08	6.87%	0.51%	6.36%	$5,886,669		$5,886,669	$4,642,023	$295,233		$295,233	*$7,769,801*		*$7,769,801*	$6,829,633	4.35%
Mar-08	6.49%	0.51%	5.98%	$5,213,645		$5,213,645	$4,684,134	$280,111		$280,111	$6,862,764		$6,862,764	$6,903,681	4.10%
Apr-08	6.11%	0.51%	5.60%	$4,076,568		$4,076,568	$4,686,264	$262,431		$262,431					3.80%

Notes:
Jackson Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Licking Valley RECC

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Licking Valley	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Licking Valley	EKPC 12-months Ended Average Monthly Revenue from Sales to Licking Valley	Licking Valley Revenue Requirement	Amortization of (Over)/Under Recovery	Licking Valley Net Revenue Revenue Requirement	Licking Valley Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Licking Valley Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Licking Valley Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$971,847		$971,847	$1,043,342	$60,201		$60,201	$1,552,904		$1,552,904	$1,585,220	3.82%
Jul-05	6.21%	0.51%	5.70%	$1,210,031		$1,210,031	$1,060,764	$60,464		$60,464	$1,598,843		$1,598,843	$1,601,898	3.84%
Aug-05	11.69%	0.51%	11.18%	$1,230,769		$1,230,769	$1,084,700	$120,938		$120,938	$1,911,749		$1,911,749	$1,641,151	7.55%
Sep-05	10.68%	0.51%	10.17%	$1,096,932		$1,096,932	$1,102,685	$112,143		$112,143	$1,498,040		$1,498,040	$1,646,459	6.83%
Oct-05	10.06%	0.51%	9.55%	$1,028,174		$1,028,174	$1,122,036	$107,154		$107,154	$1,460,444		$1,460,444	$1,663,173	6.51%
Nov-05	11.27%	0.51%	10.76%	$1,227,487		$1,227,487	$1,148,277	$123,555		$123,555	$1,672,881		$1,672,881	$1,689,527	7.43%
Dec-05	6.15%	0.51%	5.64%	$1,594,243		$1,594,243	$1,166,004	$65,763		$65,763	$2,314,478		$2,314,478	$1,736,407	3.89%
Jan-06	8.44%	0.51%	7.93%	$1,459,869		$1,459,869	$1,164,527	$92,347		$92,347	$2,012,884		$2,012,884	$1,744,092	5.32%
Feb-06	9.26%	0.51%	8.75%	$1,384,358		$1,384,358	$1,174,928	$102,806		$102,806	$2,281,876		$2,281,876	$1,744,898	5.89%
Mar-06	9.59%	0.51%	9.08%	$1,206,526		$1,206,526	$1,175,405	$106,727		$106,727	$1,748,744		$1,748,744	$1,736,314	6.12%
Apr-06	9.41%	0.51%	8.90%	$901,082		$901,082	$1,178,172	$104,857		$104,857	$1,900,001		$1,900,001	$1,776,001	6.04%
May-06	10.20%	0.51%	9.69%	$970,498		$970,498	$1,190,151	$115,326		$115,326	$1,805,037		$1,805,037	$1,813,157	6.49%
Jun-06	10.79%	0.51%	10.28%	$1,050,135		$1,050,135	$1,196,675	$123,018		$123,018	$2,089,805		$2,089,805	$1,857,898	6.78%
Jul-06	13.47%	0.51%	12.96%	$1,182,344		$1,182,344	$1,194,368	$154,790		$154,790	$1,800,653		$1,800,653	$1,874,716	8.33%
Aug-06	13.00%	0.51%	12.49%	$1,224,041		$1,224,041	$1,193,807	$149,107		$149,107	$1,390,584		$1,390,584	$1,831,286	7.95%
Sep-06	11.80%	0.51%	11.29%	$880,469		$880,469	$1,175,769	$132,744		$132,744	$1,414,943		$1,414,943	$1,824,361	7.25%
Oct-06	10.44%	0.51%	9.93%	$1,052,284		$1,052,284	$1,177,778	$116,953		$116,953	$1,703,080		$1,703,080	$1,844,581	6.41%
Nov-06	10.02%	0.51%	9.51%	$1,089,107		$1,089,107	$1,166,246	$110,910		$110,910	$2,036,849		$2,036,849	$1,874,911	6.01%
Dec-06	8.85%	0.51%	8.34%	$1,389,571		$1,389,571	$1,149,190	$95,842		$95,842	$1,883,299		$1,883,299	$1,838,980	5.11%
Jan-07	9.88%	0.51%	9.37%	$1,485,006		$1,485,006	$1,151,285	$107,875	$7,421	$115,296	$2,463,796		$2,463,796	$1,876,556	6.27%
Feb-07	9.55%	0.51%	9.04%	$1,638,090		$1,638,090	$1,172,429	$105,988	$7,421	$113,409	$1,913,561		$1,913,561	$1,845,863	6.04%
Mar-07	9.83%	0.51%	9.32%	$1,339,404		$1,339,404	$1,183,503	$110,302	$7,421	$117,723	$1,658,664		$1,658,664	$1,838,356	6.38%
Apr-07	7.34%	0.51%	6.83%	$1,150,361		$1,150,361	$1,204,276	$82,252	$7,421	$89,673	$1,492,019		$1,492,019	$1,804,357	4.88%
May-07	9.23%	0.51%	8.72%	$1,239,984		$1,239,984	$1,226,733	$106,971	$7,421	$114,392	$1,720,783		$1,720,783	$1,797,336	6.34%
Jun-07	9.47%	0.51%	8.96%	$1,107,451		$1,107,451	$1,231,509	$110,343	$7,421	$117,764	$2,097,000		$2,097,000	$1,797,936	6.55%
Jul-07	10.80%	0.51%	10.29%	$1,200,323		$1,200,323	$1,233,008	$126,876		$126,876	$1,994,779		$1,994,779	$1,814,113	7.06%
Aug-07	11.05%	0.51%	10.54%	$1,370,838		$1,370,838	$1,245,241	$131,248		$131,248	$1,727,243		$1,727,243	$1,842,168	7.23%
Sep-07	10.09%	0.51%	9.58%	$1,238,096		$1,238,096	$1,275,043	$122,149		$122,149	$1,538,193		$1,538,193	$1,852,439	6.63%
Oct-07	9.05%	0.51%	8.54%	$1,029,295		$1,029,295	$1,273,127	$108,725		$108,725	$1,790,570		$1,790,570	$1,859,730	5.87%
Nov-07	8.24%	0.51%	7.73%	$1,270,266		$1,270,266	$1,288,224	$99,580		$99,580	$1,968,155		$1,968,155	$1,854,005	5.35%
Dec-07	8.04%	0.51%	7.53%	$1,465,687		$1,465,687	$1,294,567	$97,481		$97,481	$2,449,967		$2,449,967	$1,901,227	5.26%
Jan-08	6.80%	0.51%	6.29%	$1,894,824		$1,894,824	$1,328,718	$83,576		$83,576	$2,349,067		$2,349,067	$1,891,667	4.40%
Feb-08	6.87%	0.51%	6.36%	$1,636,143		$1,636,143	$1,328,556	$84,496		$84,496	$2,117,926		$2,117,926	$1,908,697	4.47%
Mar-08	6.49%	0.51%	5.98%	$1,456,003		$1,456,003	$1,338,273	$80,029		$80,029	$1,846,645		$1,846,645	$1,924,362	4.19%
Apr-08	6.11%	0.51%	5.60%	$1,168,062		$1,168,062	$1,339,748	$75,026		$75,026					3.90%

Notes:
Licking Valley Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Nolin RECC

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Nolin	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Nolin	EKPC 12-months Ended Average Monthly Revenue from Sales to Nolin	Nolin Revenue Requirement	Amortization of (Over)/Under Recovery	Nolin Net Revenue Revenue Requirement	Nolin Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Nolin Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Nolin Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.26%	0.51%	5.77%	$2,751,085		$2,751,085	$2,658,474	$153,394		$153,394	$4,204,634		$4,204,634	$3,643,636	4.27%
Jul-05	6.21%	0.51%	5.70%	$3,257,520		$3,257,520	$2,709,120	$154,420		$154,420	$4,115,569		$4,115,569	$3,704,608	4.26%
Aug-05	11.69%	0.51%	11.18%	$3,416,272		$3,416,272	$2,780,619	$309,980		$309,980	$4,258,323		$4,258,323	$3,783,324	8.37%
Sep-05	10.68%	0.51%	10.17%	$3,216,472		$3,216,472	$2,845,434	$289,381		$289,381	$4,015,556		$4,015,556	$3,854,737	7.65%
Oct-05	10.06%	0.51%	9.55%	$2,754,344		$2,754,344	$2,909,467	$277,854		$277,854	$3,982,112		$3,982,112	$3,941,045	7.21%
Nov-05	11.27%	0.51%	10.76%	$3,012,424		$3,012,424	$2,975,215	$320,133		$320,133	$4,557,088		$4,557,088	$4,031,989	8.12%
Dec-05	6.15%	0.51%	5.64%	$3,841,026		$3,841,026	$3,029,480	$170,863		$170,863	$5,217,565		$5,217,565	$4,102,879	4.24%
Jan-06	8.44%	0.51%	7.93%	$3,732,456		$3,732,456	$3,042,351	$241,258		$241,258	$4,521,142		$4,521,142	$4,112,669	5.88%
Feb-06	9.26%	0.51%	8.75%	$3,456,180		$3,456,180	$3,074,002	$268,975		$268,975	$3,828,800		$3,828,800	$4,098,997	6.54%
Mar-06	9.59%	0.51%	9.08%	$3,173,677		$3,173,677	$3,097,982	$281,297		$281,297	$4,055,175		$4,055,175	$4,112,861	6.86%
Apr-06	9.41%	0.51%	8.90%	$2,453,806		$2,453,806	$3,118,727	$277,567		$277,567	$3,097,375		$3,097,375	$4,108,598	6.75%
May-06	10.20%	0.51%	9.69%	$2,770,672		$2,770,672	$3,152,995	$305,525		$305,525	$3,841,464		$3,841,464	$4,141,234	7.44%
Jun-06	10.79%	0.51%	10.28%	$2,985,216		$2,985,216	$3,172,505	$326,134		$326,134	$4,153,659		$4,153,659	$4,136,986	7.88%
Jul-06	13.47%	0.51%	12.96%	$3,355,427		$3,355,427	$3,180,664	$412,214		$412,214	$4,752,568		$4,752,568	$4,190,069	9.96%
Aug-06	13.00%	0.51%	12.49%	$3,554,448		$3,554,448	$3,192,179	$398,703		$398,703	$4,275,089		$4,275,089	$4,191,466	9.52%
Sep-06	11.80%	0.51%	11.29%	$2,699,616		$2,699,616	$3,149,108	$355,534		$355,534	$3,469,257		$3,469,257	$4,145,941	8.48%
Oct-06	10.44%	0.51%	9.93%	$2,835,264		$2,835,264	$3,155,851	$313,376		$313,376	$3,934,980		$3,934,980	$4,142,014	7.56%
Nov-06	10.02%	0.51%	9.51%	$2,821,106		$2,821,106	$3,139,908	$298,605		$298,605	$4,473,886		$4,473,886	$4,135,080	7.21%
Dec-06	8.85%	0.51%	8.34%	$3,571,962		$3,571,962	$3,117,486	$259,998		$259,998	$3,934,980		$3,934,980	$4,028,198	6.29%
Jan-07	9.88%	0.51%	9.37%	$3,922,632		$3,922,632	$3,133,334	$293,593	$67,973	$361,566	$4,453,054		$4,453,054	$4,022,524	8.98%
Feb-07	9.55%	0.51%	9.04%	$4,186,884		$4,186,884	$3,184,226	$288,758	$67,973	$356,731	$5,595,959		$5,595,959	$4,169,787	8.87%
Mar-07	9.83%	0.51%	9.32%	$3,639,415		$3,639,415	$3,233,037	$301,319	$67,973	$369,292	$4,543,543		$4,543,543	$4,210,484	8.86%
Apr-07	7.34%	0.51%	6.83%	$3,125,989		$3,125,989	$3,289,053	$224,642	$67,973	$292,615	$4,596,537		$4,596,537	$4,335,415	6.95%
May-07	9.23%	0.51%	8.72%	$3,741,892		$3,741,892	$3,369,988	$293,863	$67,973	$361,836	$4,409,367		$4,409,367	$4,382,740	8.35%
Jun-07	9.47%	0.51%	8.96%	$3,295,549		$3,295,549	$3,395,849	$304,268	$67,973	$372,241	$4,954,128		$4,954,128	$4,449,446	8.49%
Jul-07	10.80%	0.51%	10.29%	$3,509,090		$3,509,090	$3,408,654	$350,750		$350,750	$4,995,664		$4,995,664	$4,469,704	7.88%
Aug-07	11.05%	0.51%	10.54%	$4,056,318		$4,056,318	$3,450,476	$363,680		$363,680	$5,272,830		$5,272,830	$4,552,849	8.14%
Sep-07	10.09%	0.51%	9.58%	$3,805,216		$3,805,216	$3,542,610	$339,382		$339,382	$4,053,694		$4,053,694	$4,601,552	7.45%
Oct-07	9.05%	0.51%	8.54%	$3,130,151		$3,130,151	$3,567,184	$304,637		$304,637	$4,354,519		$4,354,519	$4,636,513	6.62%
Nov-07	8.24%	0.51%	7.73%	$3,246,384		$3,246,384	$3,602,624	$278,483		$278,483	$4,777,408		$4,777,408	$4,661,807	6.01%
Dec-07	8.04%	0.51%	7.53%	$3,685,679		$3,685,679	$3,612,100	$271,991		$271,991	$5,073,221		$5,073,221	$4,756,660	5.83%
Jan-08	6.80%	0.51%	6.29%	$4,913,617		$4,913,617	$3,694,682	$232,395		$232,395	$5,939,813		$5,939,813	$4,880,557	4.89%
Feb-08	6.87%	0.51%	6.36%	$4,390,195		$4,390,195	$3,711,625	$236,059		$236,059	$5,952,629		$5,952,629	$4,910,279	4.84%
Mar-08	6.49%	0.51%	5.98%	$3,848,374		$3,848,374	$3,729,038	$222,996		$222,996	$4,960,602		$4,960,602	$4,945,034	4.54%
Apr-08	6.11%	0.51%	5.60%	$3,230,967		$3,230,967	$3,737,786	$209,316		$209,316					4.23%

Notes:
Nolin Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Owen Electric Cooperative

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Owen	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Owen	EKPC 12-months Ended Average Monthly Revenue from Sales to Owen	Owen Revenue Requirement	Amortization of (Over)/Under Recovery	Owen Net Revenue Revenue Requirement	Owen Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Owen Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Owen Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$7,249,560		$7,249,560	$7,774,375	$448,581		$448,581	$8,747,945		$8,747,945	$ 9,586,769	4.68%
Jul-05	6.21%	0.51%	5.70%	$7,931,076		$7,931,076	$7,787,353	$443,879		$443,879	$10,438,564		$10,438,564	$ 9,626,110	4.65%
Aug-05	11.69%	0.51%	11.18%	$9,121,116		$9,121,116	$7,951,374	$886,761		$886,761	$11,351,081		$11,351,081	$ 9,836,664	9.21%
Sep-05	10.68%	0.51%	10.17%	$8,982,590		$8,982,590	$8,122,017	$826,009		$826,009	$10,681,832		$10,681,832	$ 9,961,363	8.40%
Oct-05	10.06%	0.51%	9.55%	$5,612,912		$5,612,912	$8,063,553	$770,069		$770,069	$9,270,186		$9,270,186	$ 10,023,471	7.73%
Nov-05	11.27%	0.51%	10.76%	$7,506,824		$7,506,824	$8,121,781	$873,904		$873,904	$9,133,947		$9,133,947	$ 10,071,051	8.72%
Dec-05	6.15%	0.51%	5.64%	$8,455,102		$8,455,102	$8,149,090	$459,609		$459,609	$10,598,176		$10,598,176	$ 10,156,781	4.56%
Jan-06	8.44%	0.51%	7.93%	$9,081,027		$9,081,027	$8,083,001	$640,982		$640,982	$11,927,140		$11,927,140	$ 10,214,939	6.31%
Feb-06	9.26%	0.51%	8.75%	$7,817,091		$7,817,091	$7,790,711	$681,687		$681,687	$9,798,618		$9,798,618	$ 10,118,526	6.67%
Mar-06	9.59%	0.51%	9.08%	$7,897,043		$7,897,043	$7,762,826	$704,865		$704,865	$10,198,070		$10,198,070	$ 10,082,989	6.97%
Apr-06	9.41%	0.51%	8.90%	$6,666,263		$6,666,263	$7,769,518	$691,487		$691,487	$9,378,929		$9,378,929	$ 10,012,719	6.86%
May-06	10.20%	0.51%	9.69%	$7,858,298		$7,858,298	$7,848,242	$760,495		$760,495	$8,502,230		$8,502,230	$ 10,002,226	7.60%
Jun-06	10.79%	0.51%	10.28%	$8,136,937		$8,136,937	$7,922,190	$814,401		$814,401	$9,673,681		$9,673,681	$ 10,079,371	8.14%
Jul-06	13.47%	0.51%	12.96%	$8,423,460		$8,423,460	$7,963,222	$1,032,034		$1,032,034	$10,911,105		$10,911,105	$ 10,118,750	10.24%
Aug-06	13.00%	0.51%	12.49%	$9,000,754		$9,000,754	$7,953,192	$993,354		$993,354	$11,503,221		$11,503,221	$ 10,131,428	9.82%
Sep-06	11.80%	0.51%	11.29%	$7,489,613		$7,489,613	$7,828,777	$883,869		$883,869	$9,950,603		$9,950,603	$ 10,070,492	8.72%
Oct-06	10.44%	0.51%	9.93%	$6,121,381		$6,121,381	$7,871,149	$781,605		$781,605	$7,395,090		$7,395,090	$ 9,914,234	7.76%
Nov-06	10.02%	0.51%	9.51%	$6,264,422		$6,264,422	$7,767,616	$738,700		$738,700	$8,676,089		$8,676,089	$ 9,876,079	7.45%
Dec-06	8.85%	0.51%	8.34%	$7,751,207		$7,751,207	$7,708,958	$642,927		$642,927	$9,459,202		$9,459,202	$ 9,781,165	6.51%
Jan-07	9.88%	0.51%	9.37%	$8,729,650		$8,729,650	$7,679,677	$719,586	($63,549)	$656,037	$10,704,245		$10,704,245	$ 9,679,257	6.71%
Feb-07	9.55%	0.51%	9.04%	$9,074,566		$9,074,566	$7,784,466	$703,716	($63,549)	$640,167	$11,830,491		$11,830,491	$ 9,848,580	6.61%
Mar-07	9.83%	0.51%	9.32%	$9,285,290		$9,285,290	$7,900,153	$736,294	($63,549)	$672,745	$11,118,671		$11,118,671	$ 9,925,296	6.83%
Apr-07	7.34%	0.51%	6.83%	$7,461,247		$7,461,247	$7,966,402	$544,105	($63,549)	$480,556	$9,394,892		$9,394,892	$ 9,926,627	4.84%
May-07	9.23%	0.51%	8.72%	$9,405,835		$9,405,835	$8,095,364	$705,916	($63,549)	$642,367	$10,280,356		$10,280,356	$ 10,074,804	6.47%
Jun-07	9.47%	0.51%	8.96%	$7,906,221		$7,906,221	$8,076,137	$723,622	($63,549)	$660,073	$10,633,052		$10,633,052	$ 10,154,751	6.55%
Jul-07	10.80%	0.51%	10.29%	$8,422,738		$8,422,738	$8,076,077	$831,028		$831,028	$11,994,599		$11,994,599	$ 10,245,043	8.18%
Aug-07	11.05%	0.51%	10.54%	$9,641,862		$9,641,862	$8,129,503	$856,850		$856,850	$11,237,893		$11,237,893	$ 10,222,932	8.36%
Sep-07	10.09%	0.51%	9.58%	$9,982,832		$9,982,832	$8,337,271	$798,711		$798,711	$13,108,006		$13,108,006	$ 10,486,049	7.81%
Oct-07	9.05%	0.51%	8.54%	$8,386,808		$8,386,808	$8,526,057	$728,125		$728,125	$9,886,251		$9,886,251	$ 10,693,646	6.94%
Nov-07	8.24%	0.51%	7.73%	$7,853,468		$7,853,468	$8,658,477	$669,300		$669,300	$10,137,987		$10,137,987	$ 10,815,470	6.26%
Dec-07	8.04%	0.51%	7.53%	$8,649,571		$8,649,571	$8,733,341	$657,621		$657,621	$10,776,558		$10,776,558	$ 10,925,250	6.08%
Jan-08	6.80%	0.51%	6.29%	$10,834,251		$10,834,251	$8,908,724	$560,359		$560,359	$12,689,631		$12,689,631	$ 11,090,699	5.13%
Feb-08	6.87%	0.51%	6.36%	$10,038,337		$10,038,337	$8,989,038	$571,703		$571,703	$12,624,064		$12,624,064	$ 11,156,830	5.15%
Mar-08	6.49%	0.51%	5.98%	$9,558,733		$9,558,733	$9,011,825	$538,907		$538,907	$12,481,682		$12,481,682	$ 11,270,414	4.83%
Apr-08	6.11%	0.51%	5.60%	$9,048,712		$9,048,712	$9,144,114	$512,070		$512,070					4.54%

Notes:
Owen Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Salt River RECC

For the Month Ending April 2008

Surcharge Factor Expense Month	(1) EKPC CESF %	(2) EKPC BESF %	(3) EKPC MESF %	(4) EKPC Monthly Revenues from Sales to Salt River	(5) On-peak Revenue Adjustment	(6) EKPC Net Monthly Sales to Salt River	(7) EKPC 12-months Ended Average Monthly Revenue from Sales to Salt River	(8) Salt River Revenue Requirement	(9) Amortization of (Over)/Under Recovery	(10) Salt River Net Revenue Revenue Requirement	(11) Salt River Total Monthly Retail Revenues	(12) On-Peak Retail Revenue Adjustment	(13) Salt River Net Monthly Retail Revenues	(14) 12-months ended Avg. Retail Revenues, Net	(15) Salt River Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$3,970,091		$3,970,091	$3,487,634	$201,236		$201,236	$5,993,861		$5,993,861	$4,776,669	4.30%
Jul-05	6.21%	0.51%	5.70%	$5,129,616		$5,129,616	$3,609,724	$205,754		$205,754	$6,228,291		$6,228,291	$4,895,252	4.28%
Aug-05	11.69%	0.51%	11.18%	$4,701,501		$4,701,501	$3,711,716	$413,709		$413,709	$5,643,585		$5,643,585	$5,002,021	8.45%
Sep-05	10.68%	0.51%	10.17%	$4,360,167		$4,360,167	$3,801,899	$386,653		$386,653	$5,174,474		$5,174,474	$5,076,313	7.73%
Oct-05	10.06%	0.51%	9.55%	$3,448,358		$3,448,358	$3,884,786	$370,997		$370,997	$4,413,528		$4,413,528	$5,145,218	7.31%
Nov-05	11.27%	0.51%	10.76%	$3,813,798		$3,813,798	$3,968,084	$426,966		$426,966	$5,496,429		$5,496,429	$5,241,425	8.30%
Dec-05	6.15%	0.51%	5.64%	$4,980,077		$4,980,077	$4,036,177	$227,753		$227,753	$7,046,112		$7,046,112	$5,377,828	4.35%
Jan-06	8.44%	0.51%	7.93%	$4,722,149		$4,722,149	$4,053,708	$321,459		$321,459	$6,044,042		$6,044,042	$5,445,587	5.98%
Feb-06	9.26%	0.51%	8.75%	$4,350,541		$4,350,541	$4,090,498	$357,919		$357,919	$5,317,511		$5,317,511	$5,473,764	6.57%
Mar-06	9.59%	0.51%	9.08%	$3,967,924		$3,967,924	$4,113,418	$373,498		$373,498	$5,775,623		$5,775,623	$5,509,054	6.82%
Apr-06	9.41%	0.51%	8.90%	$3,096,430		$3,096,430	$4,139,921	$368,453		$368,453	$4,697,990		$4,697,990	$5,529,925	6.69%
May-06	10.20%	0.51%	9.69%	$3,777,790		$3,777,790	$4,193,204	$406,321		$406,321	$4,594,439		$4,594,439	$5,535,490	7.35%
Jun-06	10.79%	0.51%	10.28%	$4,250,423		$4,250,423	$4,216,565	$433,463		$433,463	$5,778,189		$5,778,189	$5,517,518	7.83%
Jul-06	13.47%	0.51%	12.96%	$4,840,861		$4,840,861	$4,192,502	$543,348		$543,348	$6,640,009		$6,640,009	$5,551,828	9.85%
Aug-06	13.00%	0.51%	12.49%	$5,085,075		$5,085,075	$4,224,466	$527,636		$527,636	$6,105,528		$6,105,528	$5,590,323	9.50%
Sep-06	11.80%	0.51%	11.29%	$3,568,981		$3,568,981	$4,158,534	$469,498		$469,498	$4,963,720		$4,963,720	$5,572,760	8.40%
Oct-06	10.44%	0.51%	9.93%	$3,574,435		$3,574,435	$4,169,040	$413,986		$413,986	$4,746,044		$4,746,044	$5,600,470	7.43%
Nov-06	10.02%	0.51%	9.51%	$3,614,797		$3,614,797	$4,152,457	$394,899		$394,899	$5,497,881		$5,497,881	$5,600,591	7.05%
Dec-06	8.85%	0.51%	8.34%	$4,593,118		$4,593,118	$4,120,210	$343,626		$343,626	$6,155,338		$6,155,338	$5,526,360	6.14%
Jan-07	9.88%	0.51%	9.37%	$4,987,388		$4,987,388	$4,142,314	$388,135	($7,106)	$381,029	$6,114,110		$6,114,110	$5,532,199	6.89%
Feb-07	9.55%	0.51%	9.04%	$5,400,993		$5,400,993	$4,229,851	$382,379	($7,106)	$375,273	$6,837,080		$6,837,080	$5,658,829	6.78%
Mar-07	9.83%	0.51%	9.32%	$4,661,794		$4,661,794	$4,287,674	$399,611	($7,106)	$392,505	$5,275,809		$5,275,809	$5,617,178	6.94%
Apr-07	7.34%	0.51%	6.83%	$3,979,079		$3,979,079	$4,361,228	$297,872	($7,106)	$290,766	$5,018,393		$5,018,393	$5,643,878	5.16%
May-07	9.23%	0.51%	8.72%	$5,104,107		$5,104,107	$4,471,754	$389,937	($7,106)	$382,831	$6,218,450		$6,218,450	$5,779,213	6.78%
Jun-07	9.47%	0.51%	8.96%	$4,633,973		$4,633,973	$4,503,717	$403,533	($7,106)	$396,427	$6,737,725		$6,737,725	$5,859,174	6.86%
Jul-07	10.80%	0.51%	10.29%	$5,002,019		$5,002,019	$4,517,147	$464,814		$464,814	$7,797,950		$7,797,950	$5,955,669	7.93%
Aug-07	11.05%	0.51%	10.54%	$5,839,248		$5,839,248	$4,579,994	$482,731		$482,731	$7,612,587		$7,612,587	$6,081,257	8.11%
Sep-07	10.09%	0.51%	9.58%	$5,270,726		$5,270,726	$4,721,806	$452,349		$452,349	$6,194,015		$6,194,015	$6,183,782	7.44%
Oct-07	9.05%	0.51%	8.54%	$4,182,436		$4,182,436	$4,772,473	$407,569		$407,569	$5,152,943		$5,152,943	$6,217,690	6.59%
Nov-07	8.24%	0.51%	7.73%	$4,205,093		$4,205,093	$4,821,665	$372,715		$372,715	$6,289,429		$6,289,429	$6,283,653	5.99%
Dec-07	8.04%	0.51%	7.53%	$4,890,416		$4,890,416	$4,846,439	$364,937		$364,937	$6,926,843		$6,926,843	$6,347,945	5.81%
Jan-08	6.80%	0.51%	6.29%	$6,384,519		$6,384,519	$4,962,667	$312,164		$312,164	$7,400,455		$7,400,455	$6,455,140	4.92%
Feb-08	6.87%	0.51%	6.36%	$5,676,538		$5,676,538	$4,985,829	$317,099		$317,099	$6,894,897		$6,894,897	$6,459,958	4.91%
Mar-08	6.49%	0.51%	5.98%	$4,960,451		$4,960,451	$5,010,717	$299,641		$299,641	$6,460,099		$6,460,099	$6,558,649	4.64%
Apr-08	6.11%	0.51%	5.60%	$4,156,104		$4,156,104	$5,025,469	$281,426		$281,426					4.29%

Notes:
Salt River Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Shelby Energy Cooperative

For the Month Ending April 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Shelby	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Shelby	EKPC 12-months Ended Average Monthly Revenue from Sales to Shelby	Shelby Revenue Requirement	Amortization of (Over)/Under Recovery	Shelby Net Revenue Revenue Requirement	Shelby Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Shelby Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Shelby Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$1,705,518		$1,705,518	$1,626,735	$93,863		$93,863	$2,288,657		$2,288,657	$2,190,582	4.32%
Jul-05	6.21%	0.51%	5.70%	$1,941,167		$1,941,167	$1,654,278	$94,294		$94,294	$2,632,082		$2,632,082	$2,230,589	4.33%
Aug-05	11.69%	0.51%	11.18%	$1,865,266		$1,865,266	$1,677,631	$187,027		$187,027	$2,397,613		$2,397,613	$2,265,113	8.38%
Sep-05	10.68%	0.51%	10.17%	$2,096,710		$2,096,710	$1,725,780	$175,512		$175,512	$2,459,921		$2,459,921	$2,300,865	7.75%
Oct-05	10.06%	0.51%	9.55%	$1,657,956		$1,657,956	$1,756,719	$167,767		$167,767	$2,088,680		$2,088,680	$2,320,886	7.29%
Nov-05	11.27%	0.51%	10.76%	$1,797,587		$1,797,587	$1,790,175	$192,623		$192,623	$2,206,670		$2,206,670	$2,351,122	8.30%
Dec-05	6.15%	0.51%	5.64%	$2,203,656		$2,203,656	$1,816,614	$102,457		$102,457	$3,399,779		$3,399,779	$2,448,391	4.36%
Jan-06	8.44%	0.51%	7.93%	$2,165,946		$2,165,946	$1,819,800	$144,310		$144,310	$2,820,718		$2,820,718	$2,473,584	5.89%
Feb-06	9.26%	0.51%	8.75%	$1,941,687		$1,941,687	$1,830,019	$160,127		$160,127	$2,367,984		$2,367,984	$2,459,640	6.47%
Mar-06	9.59%	0.51%	9.08%	$1,873,556		$1,873,556	$1,839,029	$166,984		$166,984	$2,649,037		$2,649,037	$2,472,096	6.79%
Apr-06	9.41%	0.51%	8.90%	$1,478,658		$1,478,658	$1,846,410	$164,330		$164,330	$2,309,618		$2,309,618	$2,473,193	6.65%
May-06	10.20%	0.51%	9.69%	$1,718,284		$1,718,284	$1,870,499	$181,251		$181,251	$2,157,308		$2,157,308	$2,481,506	7.33%
Jun-06	10.79%	0.51%	10.28%	$1,872,673		$1,872,673	$1,884,429	$193,719		$193,719	$2,310,185		$2,310,185	$2,483,300	7.81%
Jul-06	13.47%	0.51%	12.96%	$1,962,668		$1,962,668	$1,886,221	$244,454		$244,454	$2,540,679		$2,540,679	$2,475,683	9.84%
Aug-06	13.00%	0.51%	12.49%	$2,076,014		$2,076,014	$1,903,783	$237,782		$237,782	$2,888,974		$2,888,974	$2,516,629	9.60%
Sep-06	11.80%	0.51%	11.29%	$1,554,958		$1,554,958	$1,858,637	$209,840		$209,840	$2,129,711		$2,129,711	$2,489,112	8.34%
Oct-06	10.44%	0.51%	9.93%	$1,637,409		$1,637,409	$1,856,925	$184,393		$184,393	$1,992,945		$1,992,945	$2,481,134	7.41%
Nov-06	10.02%	0.51%	9.51%	$1,605,806		$1,605,806	$1,840,943	$175,074		$175,074	$2,388,959		$2,388,959	$2,496,325	7.06%
Dec-06	8.85%	0.51%	8.34%	$1,945,674		$1,945,674	$1,819,444	$151,742		$151,742	$3,042,743		$3,042,743	$2,466,572	6.08%
Jan-07	9.88%	0.51%	9.37%	$2,144,698		$2,144,698	$1,817,674	$170,316	$22,361	$192,677	$2,641,996		$2,641,996	$2,451,678	7.81%
Feb-07	9.55%	0.51%	9.04%	$2,348,486		$2,348,486	$1,851,574	$167,382	$22,361	$189,743	$2,891,855		$2,891,855	$2,495,334	7.74%
Mar-07	9.83%	0.51%	9.32%	$2,132,274		$2,132,274	$1,873,134	$174,576	$22,361	$196,937	$2,459,203		$2,459,203	$2,479,515	7.89%
Apr-07	7.34%	0.51%	6.83%	$1,825,075		$1,825,075	$1,902,002	$129,907	$22,361	$152,268	$2,342,987		$2,342,987	$2,482,295	6.14%
May-07	9.23%	0.51%	8.72%	$2,197,325		$2,197,325	$1,941,922	$169,336	$22,361	$191,697	$2,511,383		$2,511,383	$2,511,802	7.72%
Jun-07	9.47%	0.51%	8.96%	$1,936,648		$1,936,648	$1,947,253	$174,474	$22,361	$196,835	$2,667,344		$2,667,344	$2,541,565	7.84%
Jul-07	10.80%	0.51%	10.29%	$2,029,416		$2,029,416	$1,952,815	$200,945		$200,945	$3,085,442		$3,085,442	$2,586,962	7.91%
Aug-07	11.05%	0.51%	10.54%	$2,326,578		$2,326,578	$1,973,696	$208,028		$208,028	$2,854,565		$2,854,565	$2,584,094	8.04%
Sep-07	10.09%	0.51%	9.58%	$2,257,412		$2,257,412	$2,032,233	$194,688		$194,688	$2,612,041		$2,612,041	$2,624,289	7.53%
Oct-07	9.05%	0.51%	8.54%	$1,869,061		$1,869,061	$2,051,538	$175,201		$175,201	$2,033,622		$2,033,622	$2,627,678	6.66%
Nov-07	8.24%	0.51%	7.73%	$1,891,450		$1,891,450	$2,075,341	$160,424		$160,424	$1,901,154		$1,901,154	$2,587,028	6.11%
Dec-07	8.04%	0.51%	7.53%	$2,130,698		$2,130,698	$2,090,760	$157,434		$157,434	$2,960,231		$2,960,231	$2,580,152	6.09%
Jan-08	6.80%	0.51%	6.29%	$2,764,721		$2,764,721	$2,142,429	$134,759		$134,759	$3,199,065		$3,199,065	$2,626,574	5.22%
Feb-08	6.87%	0.51%	6.36%	$2,508,044		$2,508,044	$2,155,725	$137,104		$137,104	$3,075,475		$3,075,475	$2,641,876	5.22%
Mar-08	6.49%	0.51%	5.98%	$2,259,447		$2,259,447	$2,166,323	$129,546		$129,546	$3,272,494		$3,272,494	$2,709,650	4.90%
Apr-08	6.11%	0.51%	5.60%	$1,953,811		$1,953,811	$2,177,051	$121,915		$121,915					4.50%

Notes:
Shelby Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for South Kentucky RECC

For the Month Ending April 2008

Surcharge Factor Expense Month	(1) EKPC CESF %	(2) EKPC BESF %	(3) EKPC MESF %	(4) EKPC Monthly Revenues from Sales to South Kentucky	(5) On-peak Revenue Adjustment	(6) EKPC Net Monthly Sales to South Kentucky	(7) EKPC 12-months Ended Average Monthly Revenue from Sales to South Kentucky	(8) South Kentucky Revenue Requirement	(9) Amortization of (Over)/Under Recovery	(10) South Kentucky Net Revenue Requirement	(11) South Kentucky Total Monthly Retail Revenues	(12) On-Peak Retail Revenue Adjustment	(13) South Kentucky Net Monthly Retail Revenues	(14) 12-months ended Avg. Retail Revenues, Net	(15) South Kentucky Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$4,291,337		$4,291,337	$4,412,133	$254,580		$254,580	$5,327,166		$5,327,166	$5,893,664	4.33%
Jul-05	6.21%	0.51%	5.70%	$5,106,444		$5,106,444	$4,481,781	$255,461		$255,461	$7,207,851		$7,207,851	$6,023,258	4.36%
Aug-05	11.69%	0.51%	11.18%	$5,198,830		$5,198,830	$4,584,075	$511,100		$511,100	$6,284,017		$6,284,017	$6,100,822	8.49%
Sep-05	10.68%	0.51%	10.17%	$4,848,888		$4,848,888	$4,677,574	$475,709		$475,709	$6,629,052		$6,629,052	$6,202,186	7.80%
Oct-05	10.06%	0.51%	9.55%	$4,392,753		$4,392,753	$4,777,956	$456,295		$456,295	$5,477,453		$5,477,453	$6,274,937	7.36%
Nov-05	11.27%	0.51%	10.76%	$5,038,772		$5,038,772	$4,887,669	$525,913		$525,913	$6,241,623		$6,241,623	$6,398,035	8.38%
Dec-05	6.15%	0.51%	5.64%	$6,772,568		$6,772,568	$4,962,323	$279,875		$279,875	$7,922,696		$7,922,696	$6,532,743	4.37%
Jan-06	8.44%	0.51%	7.93%	$6,332,611		$6,332,611	$4,964,058	$393,650		$393,650	$8,658,275		$8,658,275	$6,539,588	6.03%
Feb-06	9.26%	0.51%	8.75%	$5,985,592		$5,985,592	$5,023,258	$439,535		$439,535	$7,469,297		$7,469,297	$6,654,285	6.62%
Mar-06	9.59%	0.51%	9.08%	$5,125,616		$5,125,616	$5,030,231	$456,745		$456,745	$7,461,073		$7,461,073	$6,696,941	6.86%
Apr-06	9.41%	0.51%	8.90%	$3,815,953		$3,815,953	$5,045,479	$449,048		$449,048	$6,764,077		$6,764,077	$6,715,299	6.71%
May-06	10.20%	0.51%	9.69%	$4,247,351		$4,247,351	$5,096,393	$493,840		$493,840	$4,912,531		$4,912,531	$6,696,259	7.35%
Jun-06	10.79%	0.51%	10.28%	$4,715,969		$4,715,969	$5,131,779	$527,547		$527,547	$5,983,556		$5,983,556	$6,750,958	7.88%
Jul-06	13.47%	0.51%	12.96%	$5,122,304		$5,122,304	$5,133,101	$665,250		$665,250	$7,027,402		$7,027,402	$6,735,921	9.85%
Aug-06	13.00%	0.51%	12.49%	$5,291,879		$5,291,879	$5,140,855	$642,093		$642,093	$6,869,479		$6,869,479	$6,784,710	9.53%
Sep-06	11.80%	0.51%	11.29%	$3,901,364		$3,901,364	$5,061,894	$571,488		$571,488	$6,347,494		$6,347,494	$6,761,246	8.42%
Oct-06	10.44%	0.51%	9.93%	$4,466,198		$4,466,198	$5,068,015	$503,254		$503,254	$5,381,184		$5,381,184	$6,753,224	7.44%
Nov-06	10.02%	0.51%	9.51%	$4,619,160		$4,619,160	$5,033,047	$478,643		$478,643	$6,711,312		$6,711,312	$6,792,365	7.09%
Dec-06	8.85%	0.51%	8.34%	$5,842,110		$5,842,110	$4,955,509	$413,289		$413,289	$7,871,624		$7,871,624	$6,786,109	6.08%
Jan-07	9.88%	0.51%	9.37%	$6,604,710		$6,604,710	$4,978,184	$466,456	($3,942)	$462,514	$7,227,386		$7,227,386	$6,668,868	6.81%
Feb-07	9.55%	0.51%	9.04%	$6,943,218		$6,943,218	$5,057,986	$457,242	($3,942)	$453,300	$9,697,269		$9,697,269	$6,854,532	6.80%
Mar-07	9.83%	0.51%	9.32%	$5,668,769		$5,668,769	$5,103,249	$475,623	($3,942)	$471,681	$8,388,551		$8,388,551	$6,931,822	6.86%
Apr-07	7.34%	0.51%	6.83%	$4,908,572		$4,908,572	$5,194,300	$354,771	($3,942)	$350,829	$6,692,826		$6,692,826	$6,925,885	5.06%
May-07	9.23%	0.51%	8.72%	$5,395,607		$5,395,607	$5,289,988	$461,287	($3,942)	$457,345	$6,871,360		$6,871,360	$7,089,120	6.60%
Jun-07	9.47%	0.51%	8.96%	$4,846,871		$4,846,871	$5,300,897	$474,960	($3,942)	$471,018	$7,235,589		$7,235,589	$7,193,456	6.64%
Jul-07	10.80%	0.51%	10.29%	$5,259,866		$5,259,866	$5,312,360	$546,642		$546,642	$8,596,234		$8,596,234	$7,324,192	7.60%
Aug-07	11.05%	0.51%	10.54%	$6,080,471		$6,080,471	$5,378,076	$566,849		$566,849	$7,645,587		$7,645,587	$7,388,868	7.74%
Sep-07	10.09%	0.51%	9.58%	$5,516,103		$5,516,103	$5,512,638	$528,111		$528,111	$8,730,523		$8,730,523	$7,587,454	7.15%
Oct-07	9.05%	0.51%	8.54%	$4,476,345		$4,476,345	$5,513,484	$470,851		$470,851	$5,788,398		$5,788,398	$7,621,388	6.21%
Nov-07	8.24%	0.51%	7.73%	$5,233,960		$5,233,960	$5,564,717	$430,153		$430,153	$7,344,187		$7,344,187	$7,674,128	5.64%
Dec-07	8.04%	0.51%	7.53%	$5,896,092		$5,896,092	$5,569,215	$419,362		$419,362	$7,987,339		$7,987,339	$7,683,771	5.46%
Jan-08	6.80%	0.51%	6.29%	$8,238,181		$8,238,181	$5,705,338	$358,866		$358,866	$8,929,980		$8,929,980	$7,825,654	4.67%
Feb-08	6.87%	0.51%	6.36%	$7,096,656		$7,096,656	$5,718,124	$363,673		$363,673	$9,892,297		$9,892,297	$7,841,906	4.65%
Mar-08	6.49%	0.51%	5.98%	$6,281,346		$6,281,346	$5,769,173	$344,997		$344,997	$9,447,950		$9,447,950	$7,930,189	4.40%
Apr-08	6.11%	0.51%	5.60%	$5,075,500		$5,075,500	$5,783,083	$323,853		$323,853					4.08%

Notes:
South Kentucky Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

KIUC Request 5
Attachment
Page 15 of 16

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Taylor County RECC

For the Month Ending April 2008

Surcharge Factor Expense Month	(1) EKPC CESF %	(2) EKPC BESF %	(3) EKPC MESF %	(4) EKPC Monthly Revenues from Sales to Taylor County	(5) On-peak Revenues Adjustment	(6) EKPC Net Monthly Sales to Taylor County	(7) EKPC 12-months Ended Average Monthly Revenue from Sales to Taylor County	(8) Taylor County Revenue Requirement	(9) Amortization of (Over)/Under Recovery as Applicable	(10) Taylor County Net Revenue Requirement	(11) Taylor County Total Monthly Retail Revenues	(12) On-Peak Retail Revenue Adjustment	(13) Taylor County Net Monthly *Retail* Revenues	(14) 12-months ended Average Retail Revenues, Net	(15) Taylor County Pass-through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Jun-05	6.28%	0.51%	5.77%	$2,318,845	$247,426	$2,071,419	$1,925,635	$111,109		$111,109	$3,065,409	$247,426	$2,817,983	$2,625,183	4.29%
Jul-05	6.21%	0.51%	5.70%	$2,172,110	$18,070	$2,154,040	$1,939,389	$110,545		$110,545	$2,644,718	$18,070	$2,626,648	$2,631,453	4.23%
Aug-05	11.69%	0.51%	11.18%	$2,486,694	$176,706	$2,309,988	$1,986,875	$221,542		$221,542	$3,192,003	$176,706	$3,015,297	$2,677,870	8.42%
Sep-05	10.68%	0.51%	10.17%	$2,326,979	$173,895	$2,153,084	$2,026,670	$206,112		$206,112	$3,097,307	$173,895	$2,923,412	$2,722,105	7.70%
Oct-05	10.06%	0.51%	9.55%	$1,992,477	$146,963	$1,845,514	$2,067,749	$197,470		$197,470	$2,811,687	$146,963	$2,664,724	$2,770,737	7.25%
Nov-05	11.27%	0.51%	10.76%	$2,204,189	$130,627	$2,073,562	$2,105,394	$226,540		$226,540	$2,739,023	$130,627	$2,608,396	$2,807,717	8.18%
Dec-05	6.15%	0.51%	5.64%	$2,879,341	$153,262	$2,726,079	$2,133,995	$120,357		$120,357	$3,538,003	$153,262	$3,384,741	$2,867,312	4.29%
Jan-06	8.44%	0.51%	7.93%	$2,906,154	$221,878	$2,684,276	$2,139,762	$169,683		$169,683	$3,620,449	$221,878	$3,398,571	$2,886,039	5.92%
Feb-06	9.26%	0.51%	8.75%	$2,679,928	$201,152	$2,478,776	$2,162,611	$189,228		$189,228	$3,762,404	$201,152	$3,561,252	$2,913,621	6.56%
Mar-06	9.59%	0.51%	9.08%	$2,282,298	$166,012	$2,116,286	$2,164,863	$196,570		$196,570	$2,963,448	$166,012	$2,797,436	$2,894,001	6.75%
Apr-06	9.41%	0.51%	8.90%	$1,722,571	$109,020	$1,613,551	$2,165,271	$192,709		$192,709	$2,753,579	$109,020	$2,644,559	$2,901,123	6.66%
May-06	10.20%	0.51%	9.69%	$1,946,810	$106,688	$1,840,122	$2,172,225	$210,489		$210,489	$2,424,565	$106,688	$2,317,877	$2,896,741	7.26%
Jun-06	10.79%	0.51%	10.28%	$2,256,452	$138,693	$2,117,559	$2,176,070	$223,700		$223,700	$2,757,317	$138,893	$2,618,424	$2,880,111	7.72%
Jul-06	13.47%	0.51%	12.96%	$2,328,164	$67,245	$2,260,919	$2,184,976	$283,173		$283,173	$2,969,649	$67,245	$2,902,404	$2,903,091	9.83%
Aug-06	13.00%	0.51%	12.49%	$2,455,710	$120,039	$2,335,671	$2,187,117	$273,171		$273,171	$3,220,220	$120,039	$3,100,181	$2,910,165	9.41%
Sep-06	11.80%	0.51%	11.29%	$1,816,572	$88,510	$1,728,062	$2,151,698	$242,927		$242,927	$2,813,603	$88,510	$2,725,093	$2,893,638	8.35%
Oct-06	10.44%	0.51%	9.93%	$1,972,703	$104,168	$1,868,535	$2,153,617	$213,854		$213,854	$2,469,054	$104,168	$2,364,886	$2,868,652	7.39%
Nov-06	10.02%	0.51%	9.51%	$2,025,170	$112,320	$1,912,850	$2,140,224	$203,535		$203,535	$2,838,874	$112,320	$2,726,554	$2,878,498	7.10%
Dec-06	8.85%	0.51%	8.34%	$2,627,436	$121,830	$2,505,606	$2,121,851	$176,962		$176,962	$3,040,887	$121,830	$2,919,057	$2,839,691	6.15%
Jan-07	9.88%	0.51%	9.37%	$3,019,742	$211,504	$2,808,238	$2,132,181	$199,785	($1,902)	$197,883	$3,438,614	$211,504	$3,227,110	$2,825,403	6.97%
Feb-07	9.55%	0.51%	9.04%	$3,195,742	$240,696	$2,955,046	$2,171,870	$196,337	($1,902)	$194,435	$4,177,469	$240,696	$3,936,773	$2,856,696	6.88%
Mar-07	9.83%	0.51%	9.32%	$2,658,371	$226,234	$2,432,137	$2,198,191	$204,871	($1,902)	$202,969	$3,354,298	$226,234	$3,128,064	$2,884,249	7.11%
Apr-07	7.34%	0.51%	6.83%	$2,409,476	$229,016	$2,180,460	$2,245,434	$153,363	($1,902)	$151,461	$3,297,287	$229,016	$3,068,271	$2,919,558	5.25%
May-07	9.23%	0.51%	8.72%	$2,757,470	$268,777	$2,488,693	$2,299,481	$200,515	($1,902)	$198,613	$3,112,202	$268,777	$2,843,425	$2,963,354	6.80%
Jun-07	9.47%	0.51%	8.96%	$2,452,010	$223,352	$2,228,658	$2,308,740	$206,863	($1,902)	$204,961	$3,565,079	$223,352	$3,341,727	$3,023,629	6.92%
Jul-07	10.80%	0.51%	10.29%	$2,607,634	$186,678	$2,420,956	$2,322,076	$238,942		$238,942	$3,259,898	$186,678	$3,073,220	$3,037,863	7.90%
Aug-07	11.05%	0.51%	10.54%	$3,018,094	$231,909	$2,786,185	$2,359,619	$248,704		$248,704	$3,895,065	$231,909	$3,663,156	$3,084,778	8.19%
Sep-07	10.09%	0.51%	9.58%	$2,536,175	$98,664	$2,437,511	$2,418,740	$231,715		$231,715	$3,210,120	$98,664	$3,111,456	$3,116,975	7.51%
Oct-07	9.05%	0.51%	8.54%	$2,113,147	$134,354	$1,978,793	$2,427,928	$207,345		$207,345	$3,071,206	$134,354	$2,936,852	$3,164,639	6.65%
Nov-07	8.24%	0.51%	7.73%	$2,345,668	$136,037	$2,209,631	$2,452,660	$189,591		$189,591	$2,981,615	$136,037	$2,845,578	$3,174,557	5.99%
Dec-07	8.04%	0.51%	7.53%	$2,667,487	$137,902	$2,529,585	$2,454,658	$184,836		$184,836	$3,302,576	$137,902	$3,164,674	$3,195,026	5.82%
Jan-08	6.80%	0.51%	6.29%	$3,617,109	$240,330	$3,376,779	$2,502,036	$157,378		$157,378	$3,900,843	$240,330	$3,660,513	$3,231,142	4.93%
Feb-08	6.87%	0.51%	6.36%	$3,279,401	$269,091	$3,010,310	$2,506,642	$159,422		$159,422	$4,285,889	$269,091	$4,016,798	$3,237,811	4.93%
Mar-08	6.49%	0.51%	5.98%	$3,125,634	$316,629	$2,809,005	$2,538,047	$151,775		$151,775	$4,201,042	$316,629	$3,884,413	$3,300,840	4.69%
Apr-08	6.11%	0.51%	5.60%	$2,388,695	$216,894	$2,171,801	$2,537,326	$142,090		$142,090					4.30%

Note:
Taylor County Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 6
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 6. Please provide an excel spreadsheet showing the development of the allocation of the EKPC environmental surcharge among Coop members, reflecting EKPC's requested increase in the surcharge to recover the cost of new projects at issue in the current proceeding.

Response 6. Please see page 2 of this response for an excel spreadsheet showing the development of the allocation of the EKPC environmental surcharge among Coop members, reflecting EKPC's requested increase in the surcharge to recover the cost of new projects at issue in the current proceeding.

		Member System Historic % of Total Surcharge Revenues	Total 2010 Estimated Annual Cost Recovery = $64.0 M*
	Member System	(1)	(2)
1	Big Sandy	2.29%	$1,463,580
2	Blue Grass	10.43%	$6,677,846
3	Clark	3.86%	$2,471,431
4	Cumberland Valley	4.41%	$2,824,590
5	Farmers	4.31%	$2,761,324
6	Fleming-Mason	8.81%	$5,637,354
7	Grayson	2.33%	$1,488,830
8	Inter-County	3.96%	$2,534,633
9	Jackson	8.25%	$5,280,896
10	Licking Valley	2.35%	$1,507,102
11	Nolin	6.43%	$4,116,579
12	Owen	15.76%	$10,088,858
13	Salt River	8.54%	$5,462,520
14	Shelby	3.75%	$2,398,644
15	South Kentucky	10.13%	$6,485,675
16	Taylor County	4.38%	$2,800,139
	Totals	100.00%	$64,000,000

**Source: Application, Exhibit WAB-3, Page 2 of 2*

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 7
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 7. Please provide a breakdown of EKPC's environmental surcharge revenue requirements, including all new projects, between 1) fixed, demand related costs and 2) variable, energy related costs. Please show detailed itemization for the costs included in each category

Response 7. A detailed breakdown of EKPC's environmental surcharge revenue requirements, including all new projects, between fixed and variable costs is included on page 2 of this response.

Expense Year	Gross Rev Rqrmnt*	RORB FIXED	Depreciation FIXED	Tax/Insur. FIXED	O&M		Allowances VAR	Total FIXED	*Percent FIXED*	Total VARIABLE	*Percent VARIABLE*
					FIXED	VAR					
2010	$114,899,101	$42,363,300	$20,589,522	$2,049,036	$16,354,998	$16,604,722	$16,937,523	$81,356,856	*70.81%*	$33,542,245	*29.19%*

* Gross Revenue Requirements includes returns and costs associated with all assets in the current Environmental Compliance Plan and the Application for an Amendment to the Compliance Plan.
Gross Revenue Requirements excludes adjustments for off-system sales and over/under recovery.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 8
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 8. Please provide a copy of EKPC's most recently completed cost allocation study.

Response 8. EKPC's most recent cost of service study was filed in the Application to PSC Case No. 2006-00472 as Exhibit S, a copy of which is attached.

Cost of Service – Sept 2006

RATE BASE

		TOTAL	PRODUCTION STEAM	Steam Energy	Production Energy	PRODUCTION ELECTRIC	TRANSMISSION	DISTRIBUTION	SERVICES	GENERAL	OTHER	
TOTAL UTILITY PLANT	TB	1,634,353,703	28,524,425			1,114,985,897	301,266,539	120,510,451		67,245,405	1,820,987	Intang
Completed N/C 106.00	F-12	418,285,719	0			403,487,949	8,675,450	6,035,028		87,292		
CWIP		300,891,213	979,514			254,153,906	35,752,817	8,973,079		1,031,897		
ACCUM DEPR & RWIP	F-12	(804,958,155)	(10,047,727)			(601,886,895)	(124,596,410)	(28,219,847)	RWIP	(39,787,732)	(419,544)	
NET PLANT		1,548,572,480	19,456,211			1,170,740,858	221,098,396	107,298,711	0	28,576,862	1,401,443	
WORKING CAPITAL:												
FUEL STOCK	TB	37,111,263		979,124	36,132,139							
MATERIALS & SUPPLIES	F-12	34,465,292	375,285			21,300,590	350,120	12,414,177		25,120		
PREPAYMENTS	Gr-PLT	1,461,577	25,537			998,227	269,718	107,891	0	60,204	0	
CWC	OM&AG	21,754,581	244,897			16,400,973	3,760,439	506,572	841,700	0	0	
21,754,581												
RATE BASE		1,643,365,193	20,101,931	979,124	36,132,139	1,209,440,648	225,478,673	120,327,351	841,700	28,662,186	1,401,443	
		1,643,365,193										
General Plt Alloc	Gen P %	0	167,928			6,281,064	14,474,404	5,302,504	2,436,286	(28,662,186)	0	
Intangible Alloc (net less An Gr Plt		0	25,539			998,276	269,732	107,896	0		(1,401,443)	
RATE BASE w/ G P & Intang		1,643,365,193	20,295,398	979,124	36,132,139	1,216,719,988	240,222,808	125,737,751	3,277,985	0	0	
		1,643,365,193	1.23%			74.04%	14.62%	7.65%	0.20%	0.00%	0.00%	
General Plt %		100.00%	0.59%			21.91%	50.50%	18.50%	8.50%			

KIUC Request 8, Attachment, Page 1 of 9

EXHIBIT S
Page 2 of 10

EXPENSE Functionalization

	REF	Alloc	TOTAL	PRODUCTION DEMAND	PRODUCTION ENERGY	PRODUCTION STEAM Demand	PRODUCTION STEAM Energy	TRANSMISSION	DISTRIBUTION	SERVICES
PRODUCTION O&M										
FUEL	F-12		272,236,076		265,679,089		6,556,987			
O&M	F-12		99,762,773	28,509,965	69,813,892	277,554	1,161,363			
PURCHASED POWER	F-12		108,127,790	4,554,920	103,572,870					
– Off-System Fuel & PP,O&M			0		0					
SYS CONTROL & DISP (acct 556 & 557)	F-1		6,986,480	4,718,491	2,138,877 Aces fees	98,519	30,593			
TRANSMISSION O&M	F-12		23,995,021					23,995,021		
DISTRIBUTION O&M	F-12		1,938,341						1,938,341	
CONSUMER ACCTS,SALES	F-12		4,331,048							4,331,048
A & G		Lbr %	100.00%	80.72%		1.03%		13.46%	2.03%	2.75%
Salaries	920	50% labor	7,024,108.50	5,670,195	0	72,451	0	945,746	142,304	193,412
Salaries	920	50% plant	7,024,108.50	5,251,463	0	99,050	0	1,177,950	476,061	19,585
Office Supplies	921	Labor	4,215,215.00	3,402,723	0	43,478	0	567,549	85,398	116,068
Outside Services	923	Gr Plant	6,863,474.00	5,131,367	0	96,785	0	1,151,011	465,174	19,137
Property Insurance	924	Pl-Lines	0.00	0	0	0	0	0	0	0
Injuries & Damages	925	Labor	1,229,601.00	992,593	0	12,683	0	165,557	24,911	33,858
Empl Pensions & Benefits	926	Labor	3,151,849.00	2,544,323	0	32,510	0	424,374	63,854	86,788
Regulatory Commission Exp	928	Labor	1,096,371	885,043	0	11,309	0	147,619	22,212	30,189
Duplicate Charges	929	PTD,Cust ex	(407,367.00)	(29,749)	(347,391)	(296)	(6,101)	(18,893)	(1,526)	(3,410)
General Advertising	930.1	DA	1,133,528							1,133,528
Misc General	930.2	930 Alloc	5,048,757.39	2,385,012	0	25,515	0	1,202,690	716,830	718,710
Maint of Gen Plant	935	Gen Plt	643,338	140,982		3,769	0	324,886	119,018	54,684
DEPRECIATION	F-12	DA	36,764,651	26,086,542		262,800		7,042,191	3,373,118	
General Plt Depr	F-12	Gen Plt	3,772,608	826,734		22,103		1,905,167	697,932	320,672
Amortization	F-12	R/B	51,876	38,408	1,141	641	31	7,583	3,969	103
								0		
TAXES										
Property Tax		Gr Plant	(382,597)	(286,043)	0	(5,395)	0	(64,162)	(25,931)	(1,067)
PSC Assessment	F-1	Tot Exp	0	0	0	0	0	0	0	0
Payroll Tax		Labor	207,570	167,560	0	2,141	0	27,948	4,205	5,716
Income Tax	F-1	Tot Exp	0	0	0	0	0	0	0	0
Other Tax		Tot Exp	579	89	429	1	8	38	8	7
Operating Expenses (before Return)			594,815,200	90,990,618	440,858,907	1,055,616	7,742,879	39,002,274	8,105,878	7,059,028

EXHIBIT S
Page 3 of 10

KIUC Request 8, Attachment, Page 2 of 9

			TOTAL	PRODUCTION DEMAND	PRODUCTION ENERGY	PRODUCTION STEAM Demand	PRODUCTION STEAM Energy	TRANSMISSION	DISTRIBUTION	SERVICES
Operating Expenses (before Return)			594,815,200	90,990,618	440,858,907	1,055,616	7,742,879	39,002,274	8,105,878	7,059,028
RETURN (Interest) incl Tier	F-12	R/B	143,310,832	106,104,933	3,150,929	1,769,875	85,385	20,948,801	10,965,050	285,859
Net Operating Expenses			738,126,032	197,095,551	444,009,836	2,825,490	7,828,265	59,951,075	19,070,928	7,344,887
OTHER DEDUCTIONS & In	F-12	Tot Exp	752,949	115,297	557,899	1,340	9,798	49,402	10,285	8,927
TOTAL COST			738,878,981	197,210,848	444,567,735	2,826,830	7,838,063	60,000,478	19,081,214	7,353,814
Revenue Credits										
OTHER INCOME - Rev Cre	F-12	R/B	(26,661,475)	(19,739,708)	(586,197)	(329,267)	(15,885)	(3,897,304)	(2,039,932)	(53,181)
Off-sys Sales (447.11 & .20)	F-12	DA	(5,274,836)		(5,274,836)					
Other Oper Rev (451,454,456,447.13GI		R/B	(1,417,134)	(1,049,222)	(31,158)	(17,501)	(844)	(207,153)	(108,428)	(2,827)
Transmission Rev - KU	456	DA	(1,553,591)					(1,553,591)		
TOTAL COST			703,971,944	176,421,916	438,675,543	2,480,062	7,821,334	54,342,429	16,932,853	7,297,806
			703,971,944							

Allocators:

			Salaries:						
			Production	26,542,033	81.76%				
			Transm	4,371,161	13.46%				
			Distr	657,717	2.03%				
			Serv	893,936	2.75%				
				32,464,847	100.00%				
Total Expense before Taxes		594,989,648	91,109,011	440,858,478	1,058,869	7,742,872	39,038,450	8,127,596	7,054,372
Tot Exp Allocator		100.00%	15.31%	74.10%	0.18%	1.30%	6.56%	1.37%	1.19%
Labor Allocator		100.00%	80.72%	0.00%	1.03%		13.46%	2.03%	2.75%
Gross Plant Allocator		100.00%	74.76%		1.41%		16.77%	6.78%	0.28%
Gross Plant (excl Lines)		100.00%	78.06%		2.00%		10.37%	9.17%	0.39%
	GP-lines	1,449,501,566							
	Trans Sta	116,414,402							
P, T, D, & Cust Exp		100.00%	7.30%	85.28%	0.07%	1.50%	4.64%	0.37%	0.84%
		517,377,529							

Classification:

		Demand	Energy	Consumer	Direct Assign	Other
PRODUCTION	DEMAND	176,421,916				
	ENERGY		438,675,543			
	STEAM				10,301,396	
	Gallatin	1,457,679			0	
	TGP		(8,857,114)		8,857,114	
TRANSMISSION		52,884,750				
DISTRIBUTION				16,932,853		
SERVICES			7,297,806			
OTHER						0
		230,764,346	437,116,235	16,932,853	19,158,510	0
	Total	703,971,944				

Allocation:

			E	B	C	Inland Elect	Inland Steam	Gallatin	TGP	AGC	Total
	Production	KW =	20,722,563	1,355,972	782,694	325,738		1,942,343	460,875	226,002	25,816,187
	Transmission	KW =	20,722,563	1,355,972	782,694	325,738		1,942,343	460,875	226,002	25,816,187
	Energy	Kwh =	9,181,636,048	835,086,583	430,698,767	220,486,205	0	1,034,355,652	155,726,272	146,386,911	12,004,376,438
w/o TGP	Energy	Kwh =	9,181,636,048	835,086,583	430,698,767	220,486,205	0	1,034,355,652	0	146,386,911	11,848,650,166
w/ Inland	Energy	Kwh =	9,181,636,048	835,086,583	430,698,767	220,486,205	277,090,529	1,034,355,652	155,726,272	146,386,911	12,281,466,967
Avg/Exc	Production	KW %	84.93%	4.34%	2.37%	1.07%	0.00%	5.11%	1.34%	0.84%	100.00%
Avg/Exc	Transmission	KW %	88.94%	4.40%	2.41%	1.07%	0.00%	0.91%	1.40%	0.86%	100.00%
	Energy	Kwh %	76.49%	6.96%	3.59%	1.84%	0.00%	8.62%	1.30%	1.22%	100.00%
w/o TGP	Energy	Kwh %	77.49%	7.05%	3.64%	1.86%	0.00%	8.73%	0.00%	1.24%	100.00%
w/ Inland	Energy	Kwh %	74.76%	6.80%	3.51%	1.80%	2.26%	8.42%	1.27%	1.19%	100.00%

	E	B	C	Inland Elect	Inland Steam DA	Gallatin	TGP	AGC	
Production Demand	149,833,918	7,660,225	4,177,254	1,879,411	2,480,062	9,017,821	2,364,123	1,489,163	178,901,979
Transm Demand	47,036,915	2,328,326	1,274,836	567,986	0	1,938,507	739,893	455,966	54,342,429
Energy	333,070,546	30,293,375	15,623,912	7,998,298	7,821,334	37,522,006	8,857,114	5,310,292	446,496,877
Distribution	16,932,853								16,932,853
Services	5,455,646	496,219	255,927	131,016	164,651	614,627	92,535	86,985	7,297,806
Other	0	0	0	0	0	0	0	0	0
Total Cost	552,330,080	40,778,145	21,331,929	10,576,711	10,466,047	49,092,961	12,053,665	7,342,406	703,971,944

Margins

		E	B	C	Inland Elect	Inland Steam FAC & ESC Incl 456	Gallatin	TGP	AGC	
Revenue from rates		392,546,911	30,041,555	15,987,564	7,391,355	8,554,161	30,870,772	9,663,647	4,959,800	500,015,766
Other system sales revenue 456	0	0	0	0	0	0	0	0	0	0
FAC Rev		69,017,100	6,225,436	3,225,808	1,654,414	2,025,897	7,774,073		1,090,920	91,013,648
FAC Adjustment	(426,380)	(322,856)	(29,364)	(15,145)	(7,753)	(9,743)	(36,371)	0	(5,147)	(426,380)
ESC Rev		45,374,578	3,510,413	1,855,339	877,398	1,010,404	3,731,222	538,537	594,834	57,492,725
ESC Adjustment	490,633	383,168	30,104	15,949	7,508	8,781	32,073	8,028	5,022	490,633
Load Center Rev		10,548,494								10,548,494
Load Center Rev adj		112,059								112,059
Buy-through Rev 447.1	1,356,273	1,050,989	95,589	49,301	25,238	0	118,399	0	16,756	1,356,273
Transmission revenue 456 & 456.1	0	0	0	0	0	0	0	0	0	0
Other Operating Rev 451 & 454	0	0	0	0	0	0	0	0	0	0
Total Revenue		518,710,444	39,873,733	21,118,816	9,948,161	11,589,499	42,490,168	10,210,212	6,662,185	660,603,218
Total Cost		552,330,080	40,778,145	21,331,929	10,576,711	10,466,047	49,092,961	12,053,665	7,342,406	703,971,944
Total Margins		(33,619,636)	(904,412)	(213,113)	(628,550)	1,123,452	(6,602,793)	(1,843,454)	(680,221)	(43,368,726)
Return on Rate Rev		-8.56%	-3.01%	-1.33%	-8.50%	13.13%	-21.39%	-19.08%	-13.71%	-8.67%

FIXED & VARIABLE O&M

Sept 2006

		DALE		COOPER		SPURLOCK		Gilbert	
	Nameplate =	207,672		320,850		926,042		293,597	
	Generation (net) =		1,103,927		1,993,666		6,022,167 Net Gen		1,399,044
							6,319,404 Net Equiv		
ACCT		FIXED	VARIABLE	FIXED	VARIABLE	FIXED	VARIABLE	FIXED	VARIABLE
500	Oper Sup&Engr	668,943	1,437,801	676,917	1,454,940	414,950	891,878	474,966	1,020,874
501	Fuel		31,835,578		46,855,109		149,540,469		18,603,955
502	Steam	983,539	741,581	711,953	634,752	1,234,053	2,402,825	421,426	762,618
505	Electric	635,880	394,429	720,858	390,525	848,184	748,895	421,229	254,180
506	Misc Steam	945,993		1,715,570		3,028,201		4,032,238	
509	Environmental		4,989,402		8,972,705		15,043,291		
510	Maint Sup&Engr	9,732	34,614	61,683	219,378	199,038	707,893	99,519	353,946
511	Maint-structures lab	249,063		526,602		1,044,163		5,734	
512	Maint-boiler		5,764,905		3,392,859		6,749,053		8,151,032
513	Maint-electric		2,989,852		769,505		596,374		1,058,032
514	Maint-misc	2,855		68,286		4,365		2,183	
	TOTAL O&M	3,496,006	48,188,161	4,481,868	62,689,772	6,772,955	176,680,678	5,457,296	30,204,638
	Fuel		31,835,578		46,855,109		149,540,469		18,603,955
	O&M	3,496,006	16,352,583	4,481,868	15,834,663	6,772,955	27,140,209	5,457,296	11,600,683
	Fuel / mwh		28.84		23.50		24.83 Net Gen		13.30
	Fixed / kw	16.83		13.97		7.31	23.66 Net Equiv	18.59	
	Var O&M / mwh		14.81		7.94		4.51 Net Gen		8.29
							4.29 Net Equiv		
	Steam related						26,486,362		10,501,986
	$/mwh						4.19 divided by Net Equiv		
	Electric related						653,848		1,098,697
	$/mwh						0.11 divided by Net Gen		

Labor Allocation for Acct 500 & 510

	Total 500-507		275,905,310	
	Fuel (501)	246,835,110		
500	Fuel-labor	2,855,171	243,979,940	(Fuel only)
	Labor 501-507		10,137,091	31.75%
	Material		21,788,280	68.25%
510	Total 510-514		33,060,666	
	Labor 511-514		7,255,611	21.95%
	Material		25,805,055	78.05%

Net Gen	6,022,167	4.30	25,894,407	Electr customers
Net Equiv	6,319,404	0.00		
Inland St	297,237	4.19	1,245,802	Steam customer
	Total $$ recovered		27,140,209	

	626,000		4,800		12,000		2,097,364			
		191,286		0		79,649		9,390,695	Net Gen	
								9,687,932	Net Equiv	
	C T		DIESEL		Landfill Gas		TOTAL			
Acct	FIXED	VARIABLE	FIXED	VARIABLE	FIXED	VARIABLE	FIXED	VARIABLE		
546	331417.94		0		124250.03		2,691,445	4,805,494		
547		25092102.82		1221.48		307641.88	0	272,236,077		
548	1869871.24				256471.88		5,477,314	4,541,776		
549	1058002.33		5333.88		109596.95		3,799,083	1,788,029		
550							9,722,002	0		
509 Allowa		47116					0	29,052,514		
551	155722.5				79965.3		605,660	1,315,830		
552	61843.79				1710		1,889,118	0		
							0	24,057,848		
553	3853323.98		11790.96		615566.84		4,480,682	5,413,763		
554	44525.22						122,214	0		
	7,374,707	25,139,219	17,125	1,221	1,187,561	307,642	28,787,518	343,211,331		
		25,092,103		1,221		307,642		272,236,077		
	7,374,707	47,116	17,125	0	1,187,561	0	28,787,518	70,975,255		
								99,762,773		
		131.18		ERR		3.86		28.99	Net Gen	
	11.78		3.57		98.96		13.73	28.10	Net Equiv	
		0.25		ERR		0.00		7.56	Net Gen	
								7.33	Net Equiv	

Gr Total	371,998,849
Total Books	388,430,049
Diff	(16,431,200)

STEAM PLANT

Acct	Sept 2006 Spurlock 1&2	Unit 3 Gilbert	Total Spur Plant	No 314,315 Spur 1&2 only STEAM
31040	448,256		448,256	448,256
31043	3,161,858		3,161,858	3,161,858
31140	2,797,267		2,797,267	2,797,267
31141	1,191,532		1,191,532	1,191,532
31142	34,571,845		34,571,845	34,571,845
31143	10,792,450	21,769,023	32,561,473	10,792,450
31240	9,120,891		9,120,891	9,120,891
31241	129,111,926		129,111,926	129,111,926
31242	233,653,558		233,653,558	233,653,558
31243	73,237,311	328,906,300	402,143,610	73,237,311
31441	4,765,287		4,765,287	
31442	52,399,963	40,669,592	93,069,556	
31541	3,777,872		3,777,872	
31542	21,208,896		21,208,896	
31543	6,655,832	8,025,733	14,681,564	
31640	2,685,980		2,685,980	2,685,980
31643	188,118		188,118	188,118
CB 31000	1,495,521		1,495,521	1,495,521
CB 31100	23,239,152		23,239,152	23,239,152
CB 31200	46,125,516		46,125,516	46,125,516
CB 31400	28,291,367		28,291,367	
CB 31500	6,959,770		6,959,770	
CB 31600	182,563		182,563	182,563
TOTAL	696,062,729		1,095,433,377	572,003,742
Steam-related Plant (Spur 1&2)		% of Tot Plt	52.22%	
		% of Sp1&2 F	82.18%	
INLAND STEAM PLANT		2.60%	28,524,425	28,524,425 check figure

KW Capacity

	KW		% capacity	Capacity %		Boiler Plt only % Alloc
INLAND ST	42,387	avg capa	4.99%	4.10%	of Spur 1&2 steam only	52.22%
Tot Spur cap	850,000					2.60% of Total Spur Plt incl Gilbert

KWh ENERGY ALLOC

	KWh	% Alloc	
INLAND ST	277,090,529	4.38%	of Spur 1&2 steam only
Tot Spur Eng	6,319,403,707		
	7,718,448,000	3.59%	of Total Spur Plt Incl Gilbert

Average & Excess Allocation Factors:

AVERAGE & EXCESS:
Transmission

	NCP PEAK KW	KWH	AVG DEMAND	EXCESS	ADJUSTED EXCESS	ALLOC DEMAND	ALLOC PERCENT
E	2,225,286	9,181,636,048	1,048,132	1,177,154	1,263,479	2311610	88.94%
B	113,120	835,086,583	95,330	17,790	19,095	114425	4.40%
C	61,730	430,698,767	49,167	12,563	13,485	62651	2.41%
Inland Elect	27,726	220,486,205	25,170	2,556	2,744	27913	1.07%
Inland Steam		0	0	0	0	0	0.00%
Gallatin	23,104	139,548,160	15,930	7,174	7,700	23630	0.91%
TGP	35,092	155,726,272	17,777	17,315	18,585	36362	1.40%
AGC	22,019	146,386,911	16,711	5,308	5,697	22408	0.86%
	2,508,077	11,109,568,946	1,268,216	1,239,861	1,330,784	2,599,000	100.00%
				Dec =	2,599,000		

AVERAGE & EXCESS:
Production

	NCP PEAK KW	KWH	AVG DEMAND	EXCESS	ADJUSTED EXCESS	ALLOC DEMAND	ALLOC PERCENT
E	2,225,286	9,181,636,048	1,048,132	1,177,154	1,159,181	2207313	84.93%
B	113,120	835,086,583	95,330	17,790	17,519	112848	4.34%
C	61,730	430,698,767	49,167	12,563	12,372	61538	2.37%
Inland Elect	27,726	220,486,205	25,170	2,556	2,517	27687	1.07%
Inland Steam		0	0	0	0	0	0.00%
Gallatin	171,246	1,034,355,652	118,077	15,000	14,771	132848	5.11%
TGP	35,092	155,726,272	17,777	17,315	17,051	34828	1.34%
AGC	22,019	146,386,911	16,711	5,308	5,227	21938	0.84%
	2,656,219	12,004,376,438	1,370,363	1,247,688	1,228,637	2,599,000	100.00%
					2,599,000		

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 9
RESPONSIBLE PERSON: **David G. Eames**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 9. Please provide a copy of all computations of TIER and DSC used in the tests under the Company's RUS loan covenant and all other credit agreements for each calendar year 2006 and 2007 and for the 12 months ending each month January 2008 through April 2008.

Response 9. All computations of TIER and DSC used in the tests under East Kentucky's RUS loan covenant and all other credit agreements for each calendar year 2006 and 2007 and for the 12 months ending each month January 2008 through April 2008 are provided on page 2 of this response.

for 2006

Tier					
	Net Margins	$11,173,989			
	Interest on Long Term Debt	$84,634,106			
		$95,808,095	/	$84,634,106	= 1.13

DSC		
	Depreciation	$39,384,187
	Interest on L-T Debt	$84,634,106
	Net Margins	$11,173,989
	Interest + Principal	$138,141,727
	DSC	0.98

for 2007--RUS

Tier					
	Net Margins	$41,920,486			
	Interest on Long Term Debt	$102,943,597			
		$144,864,082	/	$102,943,597	= 1.41

DSC		
	Depreciation	$40,562,780
	Interest on L-T Debt	$102,943,597
	Net Margins	$41,920,486
	Interest + Principal	$160,863,802
	DSC	1.15

for 2007--Credit Facility

Tier					
	Net Margins	$8,792,160			
	Interest on Long Term Debt	$102,943,597			
		$111,735,756	/	$102,943,597	= 1.09

DSC		
	Depreciation	$40,562,780
	Interest on L-T Debt	$102,943,597
	Net Margins	$8,792,160
	Interest + Principal	$160,863,802
	DSC	0.95

for 12 months ending January 2008

Tier					
	Net Margins	$46,849,545			
	Interest on Long Term Debt	$103,712,008			
		$150,561,553	/	$103,712,008	1.45

DSC		
	Depreciation	$40,643,730
	Interest on L-T Debt	$103,712,008
	Net Margins	$46,849,545
	Interest + Principal	$162,012,720
		1.18

for 12 months ending February 2008

Tier					
	Net Margins	$58,782,997			
	Interest on Long Term Debt	$104,592,641			
		$163,375,638	/	$104,592,641	1.56

DSC		
	Depreciation	$40,716,659
	Interest on L-T Debt	$104,592,641
	Net Margins	$58,782,997
	Interest + Principal	$163,268,536
		1.25

for 12 months ending March 2008

Tier					
	Net Margins	$42,339,779			
	Interest on Long Term Debt	$105,089,043			
		$147,428,822	/	$105,089,043	1.40

DSC		
	Depreciation	$40,794,011
	Interest on L-T Debt	$105,089,043
	Net Margins	$42,339,779
	Interest + Principal	$164,362,830
		1.15

for 12 months ending April 2008

Tier					
	Net Margins	$46,241,418			
	Interest on Long Term Debt	$105,316,905			
		$151,558,323	/	$105,316,905	1.44

DSC		
	Depreciation	$40,911,536
	Interest on L-T Debt	$105,316,905
	Net Margins	$46,241,418
	Interest + Principal	$164,986,847
		1.17

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 10
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 10. Refer to page 5 of the Company's response to KIUC 1-5 and the $2.473 million for fixed O&M and $2.683 million for variable O&M for the Spurlock 1 scrubber.

Request 10a. Please provide all support for these projected amounts.

Response 10a. The support for Spurlock 1 scrubber fixed and variable O&M costs is provided on pages 2 through 4. Note that this analysis is for 2010, the first full year of operation for the Spurlock 1 scrubber.

Request 10b. Please confirm that these amounts are incremental and that other costs are not reduced. If this is not the case, then please describe all costs that are reduced and provide a quantification of the amounts included base rates for the twelve months ending September 30, 2006.

Response 10b. These are incremental costs that are not included in base rates.

EAST KENTUCKY POWER COOPERATIVE
SPURLOCK #1 SCRUBBER
FIXED AND VARIABLE O & M
YEAR 2010

I. Derivation of Fixed O & M ($2.473 Million)

(1) Spurlock 1 Capacity (kW)		(2) Spurlock 1 Scrubber Fixed O & M Rate ($/kW)	(3) Spurlock 1 Scrubber Fixed O & M ($)
(1)		(2)	(Col. 1 * Col. 2)
325,000	(a)	7.61	$2,473,250

(a) Spurlock 1 Scrubber Fixed O & M Rate ($/kW)

Labor - $55,000 *1.55 for benefits * 8 employees =	$682,000
Maintenance - (See page 3 of 4)	1,687,000
Total Fixed Dollars	$2,369,000

$2,369,000 / 325,000 kW = 7.28 $/kW (2007$ - See page 4 of 4)

II. Derivation of Variable O & M ($2.683 Million)
(Based on generation projections from the production costing model)

(1) Spurlock 1 Generation (MWh)		(2) Spurlock 1 Scrubber Variable O & M Rate ($/MWh)	(3) Spurlock 1 Scrubber Variable O & M ($)
(1)		(2)	(Col. 1 * Col. 2)
2,293,446	(b)	1.17	$2,683,332

(b) Spurlock 1 Scrubber Variable O & M Rate ($/MWh) - See pages 3 and 4.

Spurlock 1 - 2008 Financial Forecast

Scrubber Only

1. Average Heat Rate	10,000	Btu/kwH
2. SO2 Removal Rate	98.00	%
3. Lbs Reagent/Lb SO2 in gas	1.99	lbs. Limestone / lbs. SO2 Removed
4. SO2 Produced	2	*(%S) / 100 = lbs. SO2 Produced / lb. Coal Fired
5. Process Plant Lime Consumption	0	lbs. Process Lime Used / ton Dry Sludge
6. Recycle Pumps Required per Absorber	3	per Absorber
7. Number of Absorbers	1	Absorbers
8. **Average Spurlock Unit 1 Load**	**325**	**MW**
9. Process Plant Hours of Operation	24	Hrs.
10		
11. Coal Burned in Unit 1 is based on the heat rate and mw produced.		
12. FGD Energy Consumption	9000	kW
13. **Plant Factor**	**0.95**	
14. Operational hours per year	8,760	hours
15. Labor (16 people, $55,000, Benefits 1.55)	$682,000.00	per year
16. Reagent Costs (Lime/Limestone)	$12.00	per ton
17. Current Price for SO2 Allowances	$1,203.00	per ton SO2
18. Process Lime Costs	$0.00	per ton
19. Scrubber Landfill Costs	$3.50	per ton
20. Maintenance	$1,667,000.00	per year
21. Capacity Cost for MW	*$0.00*	*per year*
22. CAAA Allowances Spurlock Unit 1	16,554	year 2009
23. PRB Capital Expenditure	$50,000,000	
24. Scrubber Capital Expenditure (per J. Brandt 7/15/04)	$115,000,000	
25. Capacity Replacement Cost	$190.000	/kW
26. Carrying Cost (20 years)	11.124	%
27. Ash Penalty for Boiler Maintenance	$0.162	/ % Ash / ton of Coal
28. Ash Landfill Cost	$3.500	per ton of Ash
29. Annual payment for PRB Capital Expenditure (30 year)	$5,562,000	
30. Annual payment for Scrubber Capital Expenditure (20 year)	$12,792,600	
31. Annual Btu requirements for Unit 1 based on Heat Rate and Output	27,046,500	mmBtu/Y

Coal Suppliers		Coal Del. Price ($/mmBtu)	Coal Del. Cost ($/Y)	Coal (T/Y)	Coal (Btu/lb.)	Sulfur (%)	Ash (%)	Boiler Maint ($/Y)	SO2 Produced (T/Y)	SO2 Not Scrubbed (T/Y)	Allowance ($)	Limestone (T/Y)	Limestone ($/Y)	Dry Product (T/Y)	Ash Landfill ($/Y)	Landfill Cost ($/Y)	FGD Energy Cost ($/Y)	O&M + Capital + *Allowance* + Landfill + Energy + Boiler Maint ($/Y)	Cost ($/mmBtu)	Total Cost Fuel + FGD ($/Y)
CAPP	Pike	2.360	$63,816,598	1,126,938	12,000	0.74	11.00	$2,008,203	15,845	15,845	$19,061,224	0	$0	0	433,871	$0	$0	$21,503,297	$0.795	$85,319,895
CAPP	Pike	2.109	$57,038,926	1,126,938	12,000	0.98	11.00	$2,008,203	20,984	20,984	$25,243,242	0	$0	0	433,871	$0	$0	$27,685,316	$1.024	$84,724,242
CAPP	Pike	1.970	$53,275,923	1,126,938	12,000	1.35	11.00	$2,008,203	28,906	28,906	$34,773,854	0	$0	0	433,871	$0	$0	$37,215,928	$1.376	$90,491,851
CAPP	Pike	1.862	$50,352,204	1,126,938	12,000	1.72	11.00	$2,008,203	36,828	36,828	$44,304,466	0	$0	0	433,871	$0	$0	$46,746,540	$1.728	$97,098,743
CAPP	Pike	1.561	$42,228,159	1,126,938	12,000	2.77	11.00	$2,008,203	59,311	1,186	$1,427,016	118,028	$1,416,340	155,483	433,871	$625,619	*$1,710,000*	$22,782,849	*$0.842*	*$65,011,009*
CAPP	Raw	1.846	$49,930,900	1,454,113	9,300	1.05	32.00	$7,538,121	29,010	580	$697,970	57,729	$692,748	76,049	1,628,606	$306,095	$1,710,000	$27,735,141	$1.025	$77,666,041
PRB	S Gil.	1.642	$44,398,444	1,536,733	8,800	0.36	5.00	$1,244,754	10,511	10,511	$12,645,038	0	$0	0	268,928	$0	$1,710,000	$31,030,320	$1.147	$75,428,764
ILB-WK	Green R	1.617	$43,741,910	1,175,935	11,500	3.54	10.00	$1,905,014	79,093	1,582	$1,902,987	157,396	$1,886,750	207,343	411,577	$834,557	$1,710,000	$23,814,485	$0.881	$67,556,394
ILB-WK	Green R	1.510	$40,842,664	1,287,929	10,500	3.77	20.00	$4,172,889	92,254	1,845	$2,219,639	183,586	$2,203,033	241,845	901,550	$973,425	$1,710,000	$27,342,136	$1.011	$68,184,800
NAP-WV	Pitts	1.461	$39,523,509	1,081,860	12,500	3.85	10.00	$1,752,613	79,138	1,583	$1,904,062	157,485	**$1,889,817**	207,460	378,651	**$835,028**	$1,710,000	$23,631,771	$0.874	$63,155,280
NAP-WV	Pitts-Raw	1.333	$36,057,009	1,423,500	9,500	3.65	30.00	$6,918,210	98,720	1,974	$2,375,197	196,452	$2,357,427	258,794	1,494,675	$1,041,645	$1,710,000	$31,058,753	$1.148	$67,115,763
NAP-OH	OH Strip	1.345	$36,387,658	1,081,660	12,500	3.75	12.00	$2,103,136	77,083	1,542	$1,854,606	153,394	$1,840,731	202,072	454,381	$813,339	$1,710,000	$23,937,792	$0.885	$60,325,450
NAP-PA	*Pitts*	*1.731*	*$46,827,090*	*1,040,250*	*13,000*	*2.53*	*8.00*	*$1,348,164*	*50,005*	*1,000*	*$1,203,116*	*99,510*	*$1,194,115*	*131,088*	*291,270*	*$527,628*	*$1,710,000*	*$21,435,893*	*$0.793*	*$68,262,983*
Petcoke	Gulf	1.215	$32,865,063	945,682	14,300	5.13	1.00	$153,200	92,176	1,844	$2,217,745	183,429	$2,201,153	241,638	33,099	$972,594	$1,710,000	$22,449,392	$0.830	$55,314,455
3/4 CAPP	1/4 NAP-OH	1.944	$52,578,396	1,138,800	11,875	3.04	11.00	$2,029,342	65,777	1,316	$1,582,597	130,896	$1,570,757	172,435	438,438	$694,049	$1,710,000	$23,186,783	$0.857	$75,765,179
20% NAP-OH	20% Petcoke	1.856	$50,198,304	1,094,114	12,360	3.51	9.00	$1,595,218	72,966	1,459	$1,755,573	145,203	$1,742,439	191,282	344,646	$769,908	$1,710,000	$23,079,385	$0.853	$73,277,689

	($/Y)	MW inc D-Rate	# Hrs/Yr	Est. Load Factor	Spurlock 1 Variable O & M Rate ($/MWh)	
Limestone	$1,889,817					
Landfill Cost	835,028					
Total Est Cost	$2,724,845	315	8,760	0.88	**$1.12**	**(2007$)** *** See page 4 for escalation**

EAST KENTUCKY POWER COOPERATIVE
SPURLOCK 1 SCRUBBER O & M

(a) O & M Escalation 1.5%

	Fixed O & M ($/kW)	VariableO & M ($/MWh)
2007	$ 7.28	$ 1.12
2008	$ 7.39	$ 1.14
2009	$ 7.50	$ 1.15
2010	$ 7.61	$ 1.17
2011	$ 7.73	$ 1.19
2012	$ 7.84	$ 1.21
2013	$ 7.96	$ 1.22
2014	$ 8.08	$ 1.24
2015	$ 8.20	$ 1.26
2016	$ 8.32	$ 1.28
2017	$ 8.45	$ 1.30
2018	$ 8.58	$ 1.32
2019	$ 8.70	$ 1.34
2020	$ 8.83	$ 1.36
2021	$ 8.97	$ 1.38
2022	$ 9.10	$ 1.40
2023	$ 9.24	$ 1.42
2024	$ 9.38	$ 1.44
2025	$ 9.52	$ 1.46
2026	$ 9.66	$ 1.49
2027	$ 9.81	$ 1.51

(a) The 1.5% O & M escalation rate is based on estimates for 2007 - 2018 from Global Insight - The Power Planner

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 11
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 11. Refer to page 5 of the Company's response to KIUC 1-5 and the $4.006 million for fixed O&M and $3.805 million for the variable O&M for the Spurlock 2 scrubber. Please provide all support for these amounts.

Response 11. The support for Spurlock 2 scrubber fixed and variable O&M costs is provided on pages 2 through 4. As indicated in Response 10, 2010 was used in this analysis as this is the first full year of operation for both scrubbers.

EAST KENTUCKY POWER COOPERATIVE
SPURLOCK #2 SCRUBBER
FIXED AND VARIABLE O & M
YEAR 2010

I. Derivation of Fixed O & M ($4.006 Million)

(1) Spurlock 2 Capacity (kW)		(2) Spurlock 2 Scrubber Fixed O & M Rate ($/kW)	(3) Spurlock 2 Scrubber Fixed O & M ($)
(1)		(2)	(Col. 1 * Col. 2)
525,000	(a)	7.63	$4,005,750

(a) Spurlock 2 Scrubber Fixed O & M Rate ($/kW)

Labor - $55,000 *1.55 for benefits * 8 employees =	$682,000
Maintenance - (See page 3 of 4)	3,167,815
Total Fixed Dollars	$3,849,815

$3,849,815 / 525,000 kW = 7.30 $/kW (2007$ - See page 4 of 4)

II. Derivation of Variable O & M ($3.805 Million)
(Based on generation projections from the production costing model)

(1) Spurlock 2 Generation (MWh)		(2) Spurlock 2 Scrubber Variable O & M Rate ($/MWh)	(3) Spurlock 2 Scrubber Variable O & M ($)
(1)		(2)	(Col. 1 * Col. 2)
3,805,021	(b)	1.00	$3,805,021

(b) Spurlock 2 Scrubber Variable O & M Rate ($/MWh) - See pages 3 and 4.

Spurlock 2 - 2008 Financial Forecast

Scrubber Only

1. Average Heat Rate	10,000	Btu/kwH
2. SO2 Removal Rate	98.00	%
3. Lbs Reagent/Lb SO2 in gas	1.99	lbs. Limestone / lbs. SO2 Removed
4. SO2 Produced	2	*(%S) / 100 = lbs. SO2 Produced / lb. Coal Fired
5. Process Plant Lime Consumption	0	lbs. Process Lime Used / ton Dry Sludge
6. Recycle Pumps Required per Absorber	3	per Absorber
7. Number of Absorbers	1	Absorbers
8. Average Spurlock Unit 2 Load	**525**	**MW**
9. Process Plant Hours of Operation	24	Hrs.
10		
11. Coal Burned in Unit 1 is based on the heat rate and mw produced.		
12. FGD Energy Consumption	13500	kW
13. Plant Factor	**0.81**	
14. Operational hours per year	8,760	hours
15. Labor (25 people, $55,000, Benefits 1.55)	$1,108,250.00	per year
16. Reagent Costs (Lime/Limestone)	**$12.00**	**per ton**
17. Current Price for SO2 Allowances	$1,000.00	per ton SO2
18. Process Lime Costs	$0.00	per ton
19. Scrubber Landfill Costs	$3.50	per ton
20. Maintenance	$3,167,615.00	per year
21. Capacity Cost for MW	$0.00	per year
22. CAAA Allowances Spurlock Unit 1	16,554	year 2009
23. PRB Capital Expenditure	$50,000,000	
24. Scrubber Capital Expenditure (per J. Brandt 7/15/04)	$175,000,000	
25. Capacity Replacement Cost	$190.000	/kW
26. Carrying Cost (20 years)	11.124	%
27. Ash Penalty for Boiler Maintenance	$0.162	/ % Ash / ton of Coal
28. Ash Landfill Cost	$3.500	per ton of Ash
29. Annual payment for PRB Capital Expenditure (30 year)	$5,562,000	
30. Annual payment for Scrubber Capital Expenditure (20 year)	$19,467,000	
31. Annual Btu requirements for Unit 1 based on Heat Rate and Output	37,251,900	mmBtu/Y

Coal Suppliers		Coal Del. Price ($/mmBtu)	Coal Del. Cost ($/Y)	Coal (T/Y)	Coal (Btu/lb.)	Sulfur (%)	Ash (%)	Boiler Maint ($/Y)	SO2 Produced (T/Y)	SO2 Not Scrubbed (T/Y)	Allowance ($)	Limestone (T/Y)	Limestone ($/Y)	Dry Product (T/Y)	Ash Landfill ($/Y)	Landfill Cost ($/Y)	FGD Energy Cost ($/Y)	O&M + Capital + Allowance + Landfill + Energy + Boiler Maint ($/Y)	Cost ($/mmBtu)	Total Cost Fuel + FGD ($/Y)
CAPP	Pike	2.360	$87,896,383	1,552,163	12,000	0.74	11.00	$2,765,954	21,823	21,823	$21,823,405	0	$0	0	597,583	$0	$0	$25,186,941	$0.676	$113,083,323
CAPP	Pike	2.109	$78,561,306	1,552,163	12,000	0.98	11.00	$2,765,954	28,901	28,901	$28,901,266	0	$0	0	597,583	$0	$0	$32,264,802	$0.866	$110,826,108
CAPP	Pike	1.970	$73,378,417	1,552,163	12,000	1.35	11.00	$2,765,954	39,813	39,813	$39,812,968	0	$0	0	597,583	$0	$0	$43,176,504	$1.159	$116,554,921
CAPP	Pike	1.862	$69,351,497	1,552,163	12,000	1.72	11.00	$2,765,954	50,725	50,725	$50,724,671	0	$0	0	597,583	$0	$0	$54,088,207	$1.452	$123,439,704
CAPP	Pike	1.561	$58,162,023	1,552,163	12,000	2.77	11.00	$2,765,954	81,690	1,634	$1,633,806	162,564	$1,950,765	214,151	597,583	$861,958	$2,565,000	$34,118,130	$0.916	$92,280,153
CAPP	Raw	1.846	$68,771,224	2,002,790	9,300	1.05	32.00	$10,382,465	39,956	799	$799,113	79,512	$954,141	104,744	2,243,125	$421,594	$2,565,000	$41,108,504	$1.104	$109,879,727
CAPP	Raw	1.846	$68,771,224	2,002,790	9,300	1.05	32.00	$1,714,434	14,477	14,477	$14,477,443	0	$0	0	370,402	$0	$2,565,000	$42,870,344	$1.151	$104,021,562
PRB	S Gil.	1.642	$61,151,218	2,116,585	8,800	0.36	5.00	$2,623,829	108,938	2,179	$2,178,750	216,786	$2,601,428	285,580	566,877	$1,149,458	$2,565,000	$35,428,408	$0.951	$95,675,362
ILB-WK	Green R	1.617	$60,246,954	1,619,648	11,500	3.54	10.00	$5,747,436	127,064	2,541	$2,541,289	252,858	$3,034,299	333,099	1,241,730	$1,340,725	$2,565,000	$40,213,545	$1.080	$96,467,287
ILB-WK	Green R	1.510	$56,253,742	1,773,900	10,500	3.77	20.00	$2,413,923	108,999	2,180	$2,179,981	216,908	**$2,602,898**	285,741	521,527	**$1,150,168**	$2,565,000	$35,176,501	$0.944	$89,613,334
NAP-WV	Pitts	1.461	$54,436,833	1,490,076	12,500	3.85	10.00	$9,528,644	135,969	2,719	$2,719,389	270,579	$3,246,950	356,444	2,058,658	$1,434,687	$2,565,000	$45,296,392	$1.216	$94,958,718
NAP-WV	Pitts-Raw	1.333	$49,682,326	1,960,626	9,500	3.65	30.00	$2,896,708	106,168	2,123	$2,123,358	211,274	$2,535,290	278,319	625,832	$1,120,235	$2,565,000	$35,609,488	$0.956	$85,727,225
NAP-OH	OH Strip	1.345	$50,117,737	1,490,076	12,500	3.75	12.00	$1,856,864	68,873	1,377	$1,377,461	137,057	$1,644,688	180,551	401,174	$726,716	$2,565,000	$32,314,968	$0.867	$96,811,228
NAP-PA	Pitts	1.731	$64,496,259	1,432,765	13,000	2.53	8.00	$211,007	126,956	2,539	$2,539,121	252,643	$3,031,710	332,815	45,588	$1,339,561	$2,565,000	$33,475,073	$0.899	$78,741,042
Petcoke	Gulf	1.215	$45,265,969	1,302,514	14,300	5.13	1.00	$2,795,069	90,597	1,812	$1,811,932	180,287	$2,163,447	237,499	603,873	$955,934	$2,565,000	$34,638,320	$0.930	$107,056,014
3/4 CAPP	1/4 NAP-OH	1.944	$72,417,694	1,568,501	11,875	3.04	11.00	$2,197,139	100,499	2,010	$2,009,975	199,993	$2,399,910	263,457	474,690	$1,060,416	$2,565,000	$34,450,196	$0.925	$103,589,722
20% NAP-OH	20% Petcoke	1.856	$69,139,526	1,506,954	12,360	3.51	9.00													

	($/Y)	MW Inc. D-Rate	# Hrs/Yr	Est. Load Factor	Spurlock 2 Variable O & M Rate ($/MWh)	
Limestone	$2,602,898					
Landfill Cost	1,150,108					
Total Est Cost	$3,753,005	507	8,760	0.88	$0.96	(2007$) * See page 4 for escalation

EAST KENTUCKY POWER COOPERATIVE
SPURLOCK 2 SCRUBBER O & M

(a) O & M Escalation 1.5%

	Fixed O & M ($/kW)	VariableO & M ($/MWh)
2007	$ 7.30	$ 0.96
2008	$ 7.41	$ 0.97
2009	$ 7.52	$ 0.99
2010	$ 7.63	$ 1.00
2011	$ 7.75	$ 1.02
2012	$ 7.86	$ 1.03
2013	$ 7.98	$ 1.05
2014	$ 8.10	$ 1.07
2015	$ 8.22	$ 1.08
2016	$ 8.35	$ 1.10
2017	$ 8.47	$ 1.11
2018	$ 8.60	$ 1.13
2019	$ 8.73	$ 1.15
2020	$ 8.86	$ 1.17
2021	$ 8.99	$ 1.18
2022	$ 9.13	$ 1.20
2023	$ 9.26	$ 1.22
2024	$ 9.40	$ 1.24
2025	$ 9.54	$ 1.26
2026	$ 9.69	$ 1.27
2027	$ 9.83	$ 1.29

(a) The 1.5% O & M escalation rate is based on estimates for 2007 - 2018 from Global Insight - The Power Planner

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 12
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 12. Refer to the Company's response to KIUC 1-7. Please respond to the question that was asked.

Response 12. Please see Response 13 for clarification.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 13
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 13. Please refer to page 4 lines 12 -18 of Ms. Wood's Direct Testimony. Assume that $1,000 of CWIP, net of AFUDC, is included in the environmental surcharge and the interest rate is 0.5 percent per month for both return on rate base in the environmental surcharge and for AFUDC purposes.

Request 13a. Confirm that it is the Company's position that the environmental surcharge should include a return on the CWIP of $5.00 for the month.

Response 13a. Based on the assumption that $1,000 is the monthly charge to CWIP net of AFUDC, it is East Kentucky's position that the environmental surcharge would include a return on CWIP of $5.00 for that month.

Request 13b. Confirm that it is the Company's position that it also will record $5 in AFUDC for the month. If this is not the Company's position, then please describe the Company's position in detail and all reasons in support of the Company's position.

Response 13b. Based on the assumption that this is the first month of construction, meaning no AFUDC is included in the previous month's balance, EKPC would record $5 in AFUDC for the month for accounting purposes.

Request 13c. If it is the Company's position that it also will record $5 in AFUDC for the month, please explain why this does not provide the Company double recovery of the same carrying cost on the same CWIP, one through a current recovery pursuant to the environmental surcharge and one through a deferred recovery by adding the AFUDC to the cost of the plant and subsequently recovering it through depreciation, interest and TIER margin over the life of the asset?

Request 13d. Please explain specifically how the Company proposes to compute AFUDC on CWIP that is included in the environmental surcharge given Ms. Wood's statement that "*This change will allow EKPC to apply the rate of return to the proper* CWIP balance during the period of construction." What is the proper CWIP balance? Is it only the AFUDC that is not included in the environmental surcharge or something else? Please explain and provide an illustration of the proposed methodology.

Response 13c,d. EKPC proposes to exclude all AFUDC from plant in service for environmental surcharge purposes. The proper CWIP balance is defined as CWIP net of AFUDC. An illustration follows.

Pollution Control Project A will be capitalized on October 1, 2008. The total CWIP balance is $1,000,000. The total AFUDC is $50,000, leaving a net CWIP of $950,000. Plant in service, for environmental surcharge purposes, will be $950,000. Depreciation expense and return will be based on the $950,000 capital cost. This will eliminate any potential double-recovery. For accounting purposes, Pollution Control Project A will be recorded in plant in service at $1,000,000. Also for accounting purposes, $50,000 in AFUDC has been recorded on the income statement during the construction period.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 14
RESPONSIBLE PERSON: **Craig M. Johnson/Ann F. Wood/James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 14. Refer to the Company's response to KIUC 1-8, which requested the support for the $0.008 million amount of Spurlock 2 O&M expense presently included in base rates, and page 5 of the Company's response to KIUC 1-5, which provides the projected fixed and variable O&M expense for the new Spurlock 2 scrubber.

Request 14a. The Company's quantification of the Spurlock 2 scrubber O&M expense presently included in base rates at $0.008 million for the existing scrubber appears to be substantially understated. The sum of the projected fixed plus variable O&M expense for the new Spurlock 2 scrubber is $7.8 million (see response to KIUC 1-5). Please explain this difference.

Response 14a. The Spurlock 2 scrubber that is included in base rates was built in 1982. It was operational for approximately two years. After that time, burning compliance coal was more economical than burning non-compliance coal and running the scrubber. The existing scrubber has been maintained with minimal effort and no upgrades for over 20 years. The fixed and variable O&M expense for the new scrubber as outlined in KIUC 1-5 assumes full operations; therefore, these expenses will be substantially higher.

Request 14b. If the Company's previous quantification of $0.008 million was in error, then please provide the correct quantification for the twelve months ending September 30, 2006 by FERC account and subaccount.

Response 14b. East Kentucky's previous quantification of the $8,000 is correct. Please see the response to 14a.

Request 14c. Please provide the number of employees and the related labor and payroll tax expenses associated with the existing Spurlock 2 scrubber for the twelve months ending September 30, 2006 and each month thereafter for which actual information is available. Provide the expense information by account and subaccount.

Response 14c. There are no employees specifically designated for operations and maintenance of the existing Spurlock 2 scrubber. As discussed in response to 14a, maintaining the existing Spurlock 2 scrubber has been minimal. Labor and payroll tax expense associated with the existing Spurlock 2 scrubber for the twelve months ending September 30, 2006 through April 2008, the last month data is available, is outlined on page 6 of this response.

Request 14d. Please confirm that the Company presently uses calcium oxide (lime) as the reagent feed material for the existing Spurlock 2 scrubber. Please provide the lime expense for the twelve months ending September 30, 2006 and each month thereafter for which actual information is available.

Response 14d. Please see the response to 14a. Lime expense for the twelve months ending September 30, 2006 through April 30, 2008, the last month data is available, is zero. The scrubber has not been operational since 1984.

Request 14e. Please confirm that the Company incurs O&M expenses in addition to labor and lime to operate and maintain the existing Spurlock 2 scrubber. Please provide the amounts for each of these O&M expenses for the twelve months ending September 30,2006 by account and subaccount.

Response 14e. Please see page 7 of this response.

Request 14f. Please confirm that the new Spurlock 2 scrubber will reduce or eliminate the need to purchase SO2 allowances for the emissions from that unit.

Response 14f. EKPC confirms that the new Spurlock 2 scrubber will reduce the need to purchase SO2 allowances for the emissions from that unit. Please see Response 14g.

Request 14g. If the new Spurlock 2 scrubber will reduce or eliminate the need to purchase SO2 allowances, please provide the annual reduction in the number of SO2 allowances compared to the twelve months ending September 30, 2006. Provide all assumptions, including the number of SO2 allowances used for the unit during the twelve months ending September 30, 2006.

Response 14g. Please see pages 8 and 9 of this response. Page 8 reflects an excerpt from EKPC's production costing model used in EKPC's 2008 Twenty-Year Financial Forecast. This model shows that Spurlock 2 will emit approximately 2,485 Tons of SO2 in 2010. As indicated in Response 10, 2010 was used in this analysis as this is the first full year of operation of both scrubbers. Page 9 of this response shows that Spurlock 2 emitted 22,374 tons of SO2 during the twelve months ending September 30, 2006. This reduces the Spurlock 2 SO2 emissions by 19,889 Tons, or approximately 88.9 percent.

Request 14h. Please provide the dollar amount of the SO2 allowance expense for Spurlock 2 for the twelve months ending September 30, 2006 by account and subaccount. In addition, please provide the weighted average cost of those allowances per allowance, starting with the beginning balance, the allowances granted by the US EPA, purchases and ending balance for each month during that twelve-month period.

Response 14h. The requested SO2 information is provided on page 9 of this response.

Request 14i. Please provide the projected savings in SO2 allowances compared to the twelve months ending September 30, 2006. Provide both the number of allowances and the dollar amount of savings. Provide and use the twelve months ending September 30, 2006 as the base amount for computing the savings in the number of allowances and the dollar amount.

Response 14i. Based on EKPC's 2010 projected SO2 emissions for Spurlock 2 as shown in Response 14g, we show an estimated reduction of 19,889 Tons of SO2. Assuming the average cost of SO2 in 2010 is equal to the test year ended September 30, 2006, the average price per Ton would be $402.52 as shown on page 9 of this response. This would convert to a savings of approximately $8 million.

A long-term forecast provided by Energy Venture Analysis, Inc., dated April 2008 and shown on page 10 of this response, shows SO2 prices projected to be $613 per Ton in 2010. Based on this projection, savings would convert to approximately $12.2 million.

Request 14j. Please confirm that the Company includes no O&M expenses associated with the existing Spurlock 2 scrubber in the environmental surcharge. If this is not the case, then please provide the amount of O&M expenses included by the

Company in its environmental surcharge filings for the existing Spurlock 2 scrubber for the twelve months ending September 30,2006 by account and subaccount.

Response 14j. East Kentucky includes neither O&M expenses nor any other expenses associated with the existing Spurlock 2 scrubber in the environmental surcharge.

Total Payroll and Payroll Taxes for the Test Year Ending September 30, 2006

Acct	Department	Prod	Proj	Journal Date	GL Journal ID	Journal Line Description	Monetary Amount	Account Description
51243	007	1800	03500	2005-12-31	AL00000001	BENEFITS ALLOCATION - TAXES	$15	Maint of Boiler Plant Scrubber
51243	400	1100		2005-12-31	YEPRACCRL	Payroll Accrual True Up	30	Maint of Boiler Plant Scrubber
51243	400	1000	03500	2005-12-31	PR00011265	Payroll	223	Maint of Boiler Plant Scrubber
						Total December 2005	**$268**	
51243	007	1800	03500	2006-01-31	AL00000001	BENEFITS ALLOCATION - TAXES	$40	Maint of Boiler Plant Scrubber
51243	400	1100		2006-01-31	YEPRACCRL	Payroll Accrual True Up	-30	Maint of Boiler Plant Scrubber
51243	400	1100	03500	2006-01-31	PR00011605	Payroll	59	Maint of Boiler Plant Scrubber
51243	400	1000	03500	2006-01-31	PR00011605	Payroll	84	Maint of Boiler Plant Scrubber
51243	400	1400	03500	2006-01-31	PR00011480	Payroll	360	Maint of Boiler Plant Scrubber
						Total January 2006	**$512**	
51243	400	1100	03500	2006-02-28	PR00011711	Payroll	-$59	Maint of Boiler Plant Scrubber
						Total February 2006	**-$59**	

Total Payroll and Payroll Taxes for October 2006 through April 2008

Acct	Department	Prod	Proj	Journal Date	GL Journal ID	Journal Line Description	Monetary Amount	Account Description
51243	007	1800	03500	2006-10-31	AL00000001	BENEFITS ALLOCATION - TAXES	$7	Maint of Boiler Plant Scrubber
51243	400	1400	03500	2006-10-31	PR00012957	Payroll	42	Maint of Boiler Plant Scrubber
51243	400	1000	03500	2006-10-31	PR00012957	Payroll	56	Maint of Boiler Plant Scrubber
51243	400	1100	03500	2006-10-31	PR00012957	Payroll	67	Maint of Boiler Plant Scrubber
						Total October 2006	**$172**	
51243	400	1100	03500	2006-11-30	PR00013060	Payroll	-$67	Maint of Boiler Plant Scrubber
						Total November 2006	**-$67**	
51243	007	1800	03500	2007-02-28	AL00000001	BENEFITS ALLOCATION - TAXES	$119	Maint of Boiler Plant Scrubber
51243	400	1400	03500	2007-02-28	PR00013550	Payroll	390	Maint of Boiler Plant Scrubber
51243	400	1000	03500	2007-02-28	PR00013550	Payroll	1,095	Maint of Boiler Plant Scrubber
						Total February 2007	**$1,605**	
51243	007	1800	03500	2007-07-31	AL00000001	BENEFITS ALLOCATION - TAXES	$26	Maint of Boiler Plant Scrubber
51243	400	1100	03500	2007-07-31	PR00014242	Payroll	83	Maint of Boiler Plant Scrubber
51243	400	1000	03500	2007-07-31	PR00014242	Payroll	119	Maint of Boiler Plant Scrubber
51243	400	1400	03500	2007-07-31	PR00014242	Payroll	227	Maint of Boiler Plant Scrubber
						Total July 2007	**$454**	
51243	400	1100	03500	2007-08-31	PR00014324	Payroll	-$83	Maint of Boiler Plant Scrubber
						Total August 2007	**-$83**	
51243	007	1800	03500	2007-10-31	AL00000001	BENEFITS ALLOCATION - TAXES	$4	Maint of Boiler Plant Scrubber
51243	400	1400	03500	2007-10-31	PR00014591	Payroll	59	Maint of Boiler Plant Scrubber
						Total October 2007	**$63**	

Test Year Ending September 30, 2006 Scrubber Expenses Excluding Payroll and Payroll Taxes

Acct	Department	Prod	Proj	Journal Date	GL Journal ID	Journal Line Description	Monetary Amount	Account Description
50243	007			2005-12-31	0000011475	YE adjust for remain bills	-$64,884	Steam Expenses Scrubbers
50243	007			2006-04-30	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-03-31	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-02-28	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-08-31	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-01-31	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-05-31	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-07-31	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-06-30	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2006-09-30	RC05	Property Tax Allocation	33,818	Steam Expenses Scrubbers
50243	007			2005-10-31	RC05	Property Tax Allocation	35,863	Steam Expenses Scrubbers
50243	007			2005-11-30	RC05	Property Tax Allocation	35,863	Steam Expenses Scrubbers
50243	009	7403		2006-03-31	PROPPPINS	Prepaid Property Insurance	2,089	Steam Expenses Scrubbers
50243	009	7403		2006-04-30	PROPPPINS	Prepaid Property Insurance	2,779	Steam Expenses Scrubbers
50243	009	7403		2006-05-31	PROPPPINS	Prepaid Property Insurance	3,570	Steam Expenses Scrubbers
50243	009	7403		2006-06-30	PROPPPINS	Prepaid Property Insurance	4,415	Steam Expenses Scrubbers
50243	009	7403		2006-07-31	PROPPPINS	Prepaid Property Insurance	5,411	Steam Expenses Scrubbers
50243	009	7403		2006-08-31	PROPPPINS	Prepaid Property Insurance	6,417	Steam Expenses Scrubbers
50243	009	7403		2006-02-28	PROPPPINS	Prepaid Property Insurance	7,308	Steam Expenses Scrubbers
50243	009	7403		2005-10-31	PROPPPINS	Prepaid Property Insurance	7,332	Steam Expenses Scrubbers
50243	009	7403		2005-11-30	PROPPPINS	Prepaid Property Insurance	7,373	Steam Expenses Scrubbers
50243	009	7403		2006-01-31	PROPPPINS	Prepaid Property Insurance	7,390	Steam Expenses Scrubbers
50243	009	7403		2005-12-31	PROPPPINS	Prepaid Property Insurance	7,439	Steam Expenses Scrubbers
50243	009	7403		2006-09-30	PROPPPINS	Prepaid Property Insurance	7,743	Steam Expenses Scrubbers
						Total Operations Expenses	**$380,471**	
51243	010	1800	03500	2005-12-31	AL00000003	BENEFITS ALLOCATION - LBR HRS	-$28	Maint of Boiler Plant Scrubber
51243	010	1800	03500	2006-01-31	AL00000003	BENEFITS ALLOCATION - LBR HRS	17	Maint of Boiler Plant Scrubber
51243	010	1800	03500	2005-12-31	AL00000002	BENEFITS ALLOCATION - LABOR $	17	Maint of Boiler Plant Scrubber
51243	010	1800	03500	2006-01-31	AL00000002	BENEFITS ALLOCATION - LABOR $	27	Maint of Boiler Plant Scrubber
51243	400	3000	03500	2006-06-30	MR00012334	Material	23	Maint of Boiler Plant Scrubber
51243	400	3000	03500	2005-12-31	MR00011280	Material	32	Maint of Boiler Plant Scrubber
51243	400	3000	03500	2006-04-30	MR00012054	Material	41	Maint of Boiler Plant Scrubber
51343	400	3000	03703	2005-12-31	AP00011378	Accounts Payable Accruals	3,186	Maint of Electric Plant Scrubb
51343	400	3000	03703	2005-12-31	AP00011428	Accounts Payable Accruals	3,424	Maint of Electric Plant Scrubb
						Total Maintenance Expenses	**$6,738**	

2008 Twenty-Year Financial Forecast and Equity Development Plan
Emissions and Cost Allocation

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SO2 Tons																		
Dale	8,871	9,802	8,941	8,517	8,763	8,812	8,774	7,878	8,148	8,584	9,044	9,516	9,407	8,672	9,132	9,546	10,238	10,582
Cooper	20,772	23,100	15,568	8,552	8,496	8,509	8,428	8,193	8,268	8,413	8,693	8,841	8,875	8,602	8,681	8,883	9,094	9,278
Spurlock 1	1,515	1,547	1,526	1,508	1,517	1,521	1,515	1,494	1,502	1,506	1,520	1,531	1,521	1,506	1,508	1,516	1,518	1,527
Spurlock 2	2,485	2,531	2,471	2,449	2,461	2,457	2,462	2,425	2,430	2,437	2,458	2,455	2,456	2,428	2,437	2,433	2,443	2,453
FB's	3,078	3,150	3,467	3,644	3,660	3,674	3,793	4,043	4,087	4,121	4,144	4,154	4,383	4,948	5,040	5,051	5,084	5,103
Landfill Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CC's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CT's	1	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3
Total	36,723	40,133	31,975	24,671	24,899	24,976	24,974	24,035	24,436	25,063	25,861	26,499	26,646	26,159	26,801	27,433	28,379	28,945

KIUC 14h

East Kentucky Power Cooperative, Inc.

SO_2 Emission Allowances - Monthly Expense

For the Period 10/1/05 through 9/30/06

		Total Acquired or Sold			Total Used			Total Balance			Spurlock 2 (included in account 50940)		
		Quantity	Price	Cost	Quantity	Price	Cost	Quantity	Price	Cost	Quantity	Price	Cost
Sep	2005			BEGINNING BALANCE				8,232	$392.32	$ 3,229,717			
Oct	2005	7,500.0	$ 320.55	$ 2,404,100	(6,577.4)	$358.10	$ (2,355,399)	9,155	358.10	3,278,418	(1,936.7)	$358.10	$ (693,542)
Nov	2005	2,500.0	1,295.50	3,238,750	(5,697.0)	559.18	(3,185,636)	5,958	559.18	3,331,532	(1,933.0)	559.18	(1,080,891)
Dec	2005	19,957.0	3.63	72,500	(6,432.9)	131.35	(844,992)	19,482	131.35	2,559,039	(2,030.8)	131.35	(266,754)
Jan	2006	50,064.0	302.44	15,141,250.00 *	(7,627.1)	254.51	(1,941,189)	61,919	254.51	15,759,101	(1,971.6)	254.51	(501,796)
Feb	2006	12,500.0	1,170.50	14,631,250.00	(5,626.3)	408.37	(2,297,606)	68,793	408.37	28,092,745	(1,769.0)	408.37	(722,404)
Mar	2006	0.0	-	-	(6,006.2)	408.37	(2,452,745)	62,786	408.37	25,640,000	(1,641.4)	408.37	(670,297)
Apr	2006	0.0	-	-	(5,866.5)	408.37	(2,395,696)	56,920	408.37	23,244,305	(1,675.9)	408.37	(684,385)
May	2006	13,500.0	629.97	8,504,566.58	(5,450.3)	450.85	(2,457,273)	64,970	450.85	29,291,598	(1,949.2)	450.85	(878,799)
Jun	2006	7,500.0	568.83	4,266,250.00	(5,642.8)	463.06	(2,612,962)	66,827	463.06	30,944,887	(1,782.3)	463.06	(825,314)
Jul	2006	0.0	-	-	(6,374.9)	463.06	(2,951,969)	60,452	463.06	27,992,918	(1,952.9)	463.06	(904,312)
Aug	2006	0.0	-	-	(6,630.9)	463.06	(3,070,512)	53,821	463.06	24,922,406	(1,997.6)	463.06	(925,011)
Sep	2006	10,000.0	645.73	6,457,250.00	(4,938.3)	491.68	(2,428,075)	58,883	491.68	28,951,580	(1,734.2)	491.68	(852,676)
					(72,870.6)		$ (28,994,053)				(22,374.6)		$ (9,006,180)

Avg Price Per Ton YE 9/30/06 402.518

* January 2006 Total Acquired includes 40,064 Tons of allowances granted by the USEPA.

2008 EVA forecast

Long Term Emission Allowance Forecast

	SO2 Forecast ($/Ton emitted)									Ozone Season NOx Forecast ($/Ton)										Annual NOx Forecast ($/Ton)									
	Constant 2008$			Nominal $						Constant 2008$			Nominal $							Constant 2008$				Nominal $					
Year	Low	Probable	High	Low	Probable	High				Low	Probable	High	Low	Probable	High					Low	Probable	High		Low	Probable	High			
2000	$ 160	$ 168	$ 175	$ 134	$ 141	$ 147				$ 665	$ 801	$ 895	$ 558	$ 672	$ 751														
2001	$ 203	$ 216	$ 228	$ 175	$ 186	$ 196				$ 1,185	$ 1,357	$ 1,581	$ 1,019	$ 1,166	$ 1,342														
2002	$ 169	$ 174	$ 184	$ 147	$ 152	$ 161				$ 830	$ 890	$ 964	$ 726	$ 776	$ 843														
2003	$ 184	$ 197	$ 204	$ 165	$ 176	$ 182				$ 4,464	$ 5,151	$ 5,749	$ 3,988	$ 4,602	$ 5,135														
2004	$ 442	$ 481	$ 533	$ 406	$ 442	$ 490				$ 2,282	$ 2,434	$ 2,730	$ 2,096	$ 2,236	$ 2,508														
2005	$ 873	$ 958	$ 1,026	$ 826	$ 906	$ 973				$ 2,649	$ 2,940	$ 3,175	$ 2,507	$ 2,783	$ 3,005														
2006	$ 705	$ 753	$ 864	$ 667	$ 733	$ 841				$ 1,632	$ 1,905	$ 2,086	$ 1,590	$ 1,856	$ 2,032														
2007	$ 466	$ 521	$ 584	$ 466	$ 521	$ 584				$ 703	$ 790	$ 918	$ 703	$ 790	$ 918														
2008	$ 386	$ 467	$ 544	$ 395	$ 476	$ 557				$ 480	$ 614	$ 855	$ 491	$ 628	$ 874														
2009	$ 363	$ 500	$ 680	$ 379	$ 522	$ 709				$ 346	$ 433	$ 2,232	$ 315	$ 452	$ 2,084	$ 1,612	$ 2,480	$ 3,100		$ 1,683	$ 2,589	$ 3,236							
2010	$ 297	$ 576	$ 704	$ 316	$ 613	$ 749				$ 272	$ 340	$ 2,331	$ 220	$ 361	$ 1,978	$ 1,684	$ 2,590	$ 2,991		$ 1,790	$ 2,754	$ 3,181							
2011	$ 368	$ 625	$ 884	$ 398	$ 677	$ 958				$ 245	$ 306	$ 2,371	$ 265	$ 331	$ 2,570	$ 1,713	$ 2,635	$ 3,074		$ 1,858	$ 2,855	$ 3,331							
2012	$ 369	$ 640	$ 924	$ 407	$ 706	$ 1,019				$ 220	$ 275	$ 2,493	$ 243	$ 304	$ 2,751	$ 1,800	$ 2,770	$ 3,264		$ 1,987	$ 3,057	$ 3,602							
2013	$ 370	$ 655	$ 964	$ 416	$ 736	$ 1,084				$ 200	$ 248	$ 2,468	$ 225	$ 278	$ 2,774	$ 1,646	$ 2,743	$ 3,264		$ 1,849	$ 3,082	$ 3,668							
2014	$ 326	$ 590	$ 916	$ 373	$ 674	$ 1,048				$ 200	$ 223	$ 2,542	$ 229	$ 255	$ 2,908	$ 1,553	$ 2,624	$ 3,394		$ 1,777	$ 3,231	$ 3,884							
2015	$ 409	$ 755	$ 1,156	$ 477	$ 880	$ 1,347				$ 200	$ 201	$ 2,545	$ 233	$ 234	$ 2,965	$ 1,414	$ 2,828	$ 3,433		$ 1,647	$ 3,295	$ 4,000							
2016	$ 361	$ 680	$ 1,098	$ 428	$ 806	$ 1,303				$ 200	$ 200	$ 2,486	$ 237	$ 237	$ 2,949	$ 1,243	$ 2,763	$ 3,387		$ 1,475	$ 3,277	$ 4,018							
2017	$ 393	$ 755	$ 1,203	$ 475	$ 912	$ 1,453				$ 200	$ 200	$ 2,469	$ 242	$ 242	$ 2,982	$ 1,098	$ 2,744	$ 3,398		$ 1,325	$ 3,313	$ 4,103							
2018	$ 347	$ 680	$ 1,143	$ 426	$ 835	$ 1,405				$ 190	$ 200	$ 2,472	$ 234	$ 246	$ 3,039	$ 1,099	$ 2,747	$ 3,436		$ 1,351	$ 3,376	$ 4,223							
2019	$ 408	$ 815	$ 1,351	$ 510	$ 1,020	$ 1,691				$ 171	$ 200	$ 2,435	$ 214	$ 250	$ 3,049	$ 1,082	$ 2,706	$ 3,418		$ 1,355	$ 3,387	$ 4,279							
2020	$ 404	$ 825	$ 1,395	$ 516	$ 1,052	$ 1,779				$ 160	$ 200	$ 2,418	$ 204	$ 255	$ 3,084	$ 1,075	$ 2,687	$ 3,428		$ 1,370	$ 3,426	$ 4,371							
2021	$ 420	$ 875	$ 1,509	$ 546	$ 1,137	$ 1,961				$ 160	$ 200	$ 2,382	$ 208	$ 260	$ 3,094	$ 1,059	$ 2,646	$ 3,545		$ 1,375	$ 3,438	$ 4,606							
2022	$ 431	$ 915	$ 1,610	$ 570	$ 1,211	$ 2,130				$ 160	$ 200	$ 2,365	$ 212	$ 265	$ 3,129	$ 1,051	$ 2,628	$ 3,625		$ 1,391	$ 3,477	$ 4,798							
2023	$ 434	$ 940	$ 1,687	$ 585	$ 1,267	$ 2,273				$ 160	$ 200	$ 2,311	$ 216	$ 270	$ 3,114	$ 1,027	$ 2,568	$ 3,649		$ 1,384	$ 3,461	$ 4,918							
2024	$ 432	$ 955	$ 1,748	$ 593	$ 1,311	$ 2,400				$ 160	$ 200	$ 2,276	$ 220	$ 275	$ 3,125	$ 1,012	$ 2,529	$ 3,702		$ 1,389	$ 3,472	$ 5,083							
2025	$ 423	$ 955	$ 1,783	$ 592	$ 1,335	$ 2,493				$ 160	$ 200	$ 2,332	$ 224	$ 280	$ 3,260	$ 1,036	$ 2,591	$ 3,830		$ 1,449	$ 3,623	$ 5,356							
2026	$ 423	$ 975	$ 1,857	$ 603	$ 1,388	$ 2,644				$ 160	$ 200	$ 2,314	$ 228	$ 285	$ 3,295	$ 1,029	$ 2,572	$ 3,840		$ 1,465	$ 3,662	$ 5,468							
2027	$ 436	$ 1,025	$ 1,991	$ 632	$ 1,486	$ 2,886				$ 160	$ 200	$ 2,652	$ 232	$ 290	$ 3,844	$ 1,178	$ 2,946	$ 4,444		$ 1,708	$ 4,271	$ 6,442							
2028	$ 448	$ 1,075	$ 2,130	$ 662	$ 1,586	$ 3,143				$ 160	$ 200	$ 2,297	$ 236	$ 295	$ 3,390	$ 1,014	$ 2,552	$ 3,999		$ 1,496	$ 3,766	$ 5,902							
2029	$ 435	$ 1,065	$ 2,152	$ 654	$ 1,600	$ 3,233				$ 160	$ 200	$ 2,229	$ 240	$ 300	$ 3,348	$ 934	$ 2,476	$ 3,810		$ 1,404	$ 3,720	$ 5,724							
2030	$ 427	$ 1,065	$ 2,195	$ 652	$ 1,628	$ 3,357				$ 160	$ 200	$ 2,262	$ 245	$ 306	$ 3,458	$ 901	$ 2,513	$ 3,905		$ 1,378	$ 3,843	$ 5,971							

These forecasts assumes future climate change legislation of a cap & trade program with a $10/ton safety valve escalating at a 5% real rate.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 15
RESPONSIBLE PERSON: **Craig M. Johnson**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 15. Refer to the Company's response to KIUC 1-9. Please provide a copy of all studies, e-mails, or other documents that address in any respect savings, particularly in O&M expenses, resulting from the new Spurlock 2 scrubber compared to the continued operation of the existing Spurlock 2 scrubber.

Response 15. A cost analysis is included on page 2 of this response. The Board Agenda and Resolution relating to the new Spurlock 2 scrubber are included on pages 3 through 10.

SPECIFIC CASE INPUTS	Units	Case 1 Refurbished Thiosorbic Disposable Note 1 N/A	Case 2 Refurbished Limestone Disposable No Acid	Case 3 New Limestone Disposable No Acid
Capital Costs (2004 dollars)				
Demolition	$1,000	400	400	4,750
Turnkey Scrubber Proposal	$1,000	58,608	78,782	92,373
Reagent Unloading and Handling	$1,000	500	19,000	19,000
Gypsum Handling, Storage and Loading	$1,000	500	500	500
Additional Water Treatment Facilities	$1,000	400	400	400
Electrical Upgrades - WFGD Support	$1,000	2,550	2,550	2,550
BOP Engineering - WFGD Support	$1,000	incl.	incl.	incl.
Wet ESP (SO3 reduction)	$1,000	33,600	33,600	29,100
Owner's Costs	$1,000	1,931	2,705	2,973
Contingency	$1,000	7,590	11,280	11,260
Landfill Development Costs (Note 2)	$1,000	698	698	698
Total Capital Costs		106,777	149,925	163,604
Operations & Maintenance Inputs				
Reagent Stoichiometric Ratio		1.01	1.08	1.08
Sulfate Conversion	%	100.00%	100.00%	100.00%
By-Product Moisture Content	%	15.00%	15.00%	15.00%
O&M Personel/shift		5	5	4
FGD Power Consumption	kWh/hr	7,350	8,775	9,775
Booster Fan Power Consumption	kWh/hr	4,781	4,781	2,869
Reactant Molecular Weights	lb/lbmole	56	100	100
Organic Acid Consumption	lb/hr	0	0	0
Repair/Maintenance	$1,000	2,577.60	2,577.60	1,331.60

Notes:
1) Sulfate byproduct resulting from forced oxidation process
2) Present Value for anticipated $1.325M expenditure expected in 2015 discounted by 10%.

Projected Costs		1	2	3	4	5 etc
		2007	2008	2009	2010	2011
Case 1	Refurbished; Thiosorbic Lime; Forced Oxidation (ex-situ); Disposable Gypsum					
Projected Operating Costs ($1,000)						
	O&M Labor	$1,306	$1,358	$1,412	$1,469	$1,527
	FGD Power	$1,548	$1,594	$1,642	$1,691	$1,742
	Booster Fan Power	$1,007	$1,037	$1,068	$1,100	$1,133
	Reagent	$7,607	$7,911	$8,228	$8,557	$8,899
	Organic Acid	$0	$0	$0	$0	$0
	By-product	$1,224	$1,272	$1,323	$1,376	$1,431
	Repair/Maintenance	2,899	$3,015	$3,136	$3,261	$3,392
	Taxes and Insurance	850	$867	$884	$902	$920
	Total Annual O&M Costs	$16,440	$17,055	$17,694	$18,356	$19,045
	Present Worth O&M Costs	$13,803	$13,509	$13,222	$12,941	$12,666
	Total Present Worth O&M Costs =	$309,206				
	$/T SO2 Removed	0.142	0.147	0.153	0.158	0.164
100.00%	Debt Financed					
	Debt Service Payment	$8,735	$8,735	$8,735	$8,735	$8,735
	Present Worth Debt Service	$7,334	$6,919	$6,527	$6,158	$5,809
	Total Present Worth Debt Service =	$107,007				
	Initial Equity Investment =	$0				
	Total Present Worth Costs =	$416,212				
Case 2	Refurbished; Limestone; Forced Oxidation; Disposable Gypsum; Without Organic Acid					
Projected Operating Costs ($1,000)						
	O&M Labor	$1,306	$1,358	$1,412	$1,469	$1,527
	FGD Power	$1,848	$1,903	$1,960	$2,019	$2,080
	Booster Fan Power	$1,007	$1,037	$1,068	$1,100	$1,133
	Reagent	$2,389	$2,485	$2,584	$2,687	$2,795
	Organic Acid	$0	$0	$0	$0	$0
	By-product	$1,307	$1,360	$1,414	$1,471	$1,529
	Repair/Maintenance	2,899	$3,015	$3,136	$3,261	$3,392
	Taxes and Insurance	1,193	$1,217	$1,241	$1,266	$1,292
	Total Annual O&M Costs	$11,950	$12,375	$12,816	$13,274	$13,748
	Present Worth O&M Costs	$10,033	$9,802	$9,577	$9,358	$9,143
	Total Present Worth O&M Costs =	$220,133				
	$/T SO2 Removed	0.103	0.107	0.111	0.114	0.119
100.00%	Debt Financed					
	Debt Service Payment	$12,264	$12,264	$12,264	$12,264	$12,264
	Present Worth Debt Service	$10,297	$9,715	$9,165	$8,646	$8,157
	Total Present Worth Debt Service =	$150,248				
	Initial Equity Investment =	$0				
	Total Present Worth Costs =	$370,381				
Case 3	New; Limestone; Forced Oxidation; Disposable Gypsum; Without Organic Acid					
Projected Operating Costs ($1,000)						
	O&M Labor	$1,645	$1,066	$1,130	$1,175	$1,222
	FGD Power	$2,059	$2,120	$2,184	$2,249	$2,317
	Booster Fan Power	$604	$622	$641	$660	$680
	Reagent	$2,389	$2,485	$2,584	$2,687	$2,795
	Organic Acid	$0	$0	$0	$0	$0
	By-product	$1,307	$1,360	$1,414	$1,471	$1,529
	Repair/Maintenance	1,498	$1,558	$1,620	$1,685	$1,752
	Taxes and Insurance	1,302	$1,328	$1,355	$1,382	$1,409
	Total Annual O&M Costs	$10,204	$10,559	$10,928	$11,309	$11,705
	Present Worth O&M Costs	$8,567	$8,364	$8,166	$7,973	$7,784
	Total Present Worth O&M Costs =	$186,294				
	$/T SO2 Removed	0.088	0.091	0.094	0.098	0.101
100.00%	Debt Financed					
	Debt Service Payment	$13,384	$13,384	$13,384	$13,384	$13,384
	Present Worth Debt Service	$11,237	$10,601	$10,001	$9,435	$8,901
	Total Present Worth Debt Service =	$163,957				
	Initial Equity Investment =	$0				
	Total Present Worth Costs =	$350,250				

Board Agenda Item

SEPTEMBER

TO: Fuel and Power Supply Committee and Board of Directors

FROM: Roy M. Palk

DATE: September 2, 2005

SUBJECT: Approval to Engineer, Purchase, and Construct a Limestone Scrubber at Spurlock Power Station Unit No. 2 and Permission to Request a Certificate of Public Convenience and Necessity from the Kentucky Public Service Commission for this Project and The Award of a Contract to Alstom Power, Inc. (Executive Summary)

KEY MEASURES: This action supports reliable and competitive energy.

Background

The Spurlock Power Station ("Spurlock") Unit 2 is equipped with a scrubber. This scrubber was built in 1982. It was operational for approximately two years. At that time a decision was made that burning compliance coal was more economical than burning non-compliance and operating the scrubber.

This equipment has been maintained with minimal effort and no upgrades made for over 20 years. Therefore, an extensive upgrade would be necessary to operate the existing scrubber.

Justification and Strategic Analysis

The economic evaluation of the viability of the Spurlock Unit 2 scrubber focused on a comparison of the all-in cost of operating a scrubber burning high-sulfur coal versus burning low-sulfur compliance coal (CAPP-Pike 1.2) in the non-scrubbed unit. Factors considered included projected fuel costs, scrubber capital costs, SO_2 allowance costs, maintenance costs, limestone costs, ash landfill costs, and other operating costs. Three scrubber options were analyzed: (1) a refurbished lime scrubber (2) conversion of lime tolimestone scrubber (3) a new limestone scrubber.

All three options included a wet electrostatic precipitator ("WESP"), for SO_3 reduction. The WESP is recommended for installation. Firing of high sulfur coal in boilers equipped with SCR Systems will result in the conversion of small amounts of sulfur dioxide (SO_2) to sulfur trioxide (SO_3). Sulfur trioxide is not removed in the scrubber. The result can be the emission from the chimney of a blue haze as has occurred at other utilities. Alstom predicts the formation of 70 ppm of sulfur trioxide in the Unit 2 boiler and SCR. Levels in excess of 8 ppm can be visible from the chimney. The installation of the WESP is

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required to meet opacity emission regulations.

Primarily due to reduced capital costs and lower annual maintenance costs, the new limestone scrubber option was preferred over the refurbished limestone scrubber.

The evaluation was run for a 30-year timeframe. Production's scrubber cost model was used and expanded to a multi-year analysis by the Finance Division.

In this analysis, compliance fuel without a scrubber was compared to two non-compliance fuels, ILB-WK-Green R 6.0 coal and NAP-WV-Pitts 6.0 coal. The NAP-WV-Pitts 6.0 coal is considered the baseline non-compliance fuel. A basefuel forecast was conducted through the year 2036 by Energy Ventures Analysis ("EVA").

As the data was evaluated, it became apparent that the results of the study were influenced greatly by two variables: (1) the price spread between compliance coal and non-compliance coal and (2) the cost of SO_2 emission allowances.

A new EVA forecast of SO_2 emission allowance prices was provided in February 2005. These SO_2 emission allowance prices average between $600 and $700 per ton per year. In today's market, a vintage 2005 SO_2 allowance is worth $800.

Operating a scrubber on Spurlock Unit 2 is the best option when analyzed over the 30-year study period. If it is assumed that the compliance coal versus non-compliance coal price spread moderates to the levels assumed by EVA and SO_2 emission allowance prices will be more than $600 per ton, the expected NPV savings from operating the scrubber over 30 years would be about $368 million.

Estimated Project Cost

Scrubber:	$114,497,060
Wet Precipitator:	25,209,000
Electrical Upgrade:	3,500,000
Foundations:	5,000,000
Transformers:	2,000,000
Owner's Costs:	5,000,000
Subtotal:	$155,206,060

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5% Contingency: $7,600,000

Total Estimated Project Cost: $162,806,060

To obtain bids for both a refurbished and a new scrubber, two sets of bid documents were issued to each of two bidders. Base Bid 1 included the replacement of the existing scrubber and auxiliary systems for Spurlock Unit 2 with a complete new sulfur dioxide (SO_2) scrubber, limestone preparation, storage, and pumping systems, and wet electrostatic precipitator (WESP). Base Bid 2 required that the existing scrubber system be refurbished and returned to operating condition, converted to use limestone reagent, meet new, more stringent emission guarantees, and updated to current industry design standards and operating practices.

Bids were received from Babcock & Wilcox (B&W), Barberton, Ohio and Alstom Power, Inc. (Alstom), Knoxville, Tennessee.

Alstom's Base Bid 2 to refurbish the existing scrubber was $143,516,000. This amount was approximately $16 million higher than their Base Bid 1 amount for a new flue gas cleaning system. Likewise, B&W's Base Bid 2 was over $23 million higher than their Base Bid 1. Reasons were requested from the bidders to explain the differences in costs.

Under Base Bid 1, one new absorber module would be installed to treat the total flue gas flow and replace the four existing absorbers. More equipment is required to operate the four existing absorber modules than a single new absorber. For example, the four existing absorbers would require 16 slurry recirculation pumps instead of four larger pumps for a new single absorber system. The cost of four larger capacity pumps is less than 16 smaller pumps.

Another consideration is the increased financial risk to the successful bidder. The performance of a new scrubber system can be predicted and established by design to a high degree of accuracy. Risks of not meeting emission and performance guarantees are minimal. There is significant risk involved in attempting to refurbish and upgrade the existing scrubber system, such as:

- Repair costs or need to replace equipment are difficult to evaluate
- Higher sulfur dioxide removal efficiency (98%). Height and diameter of refurbished existing absorber modules would be less than optimum to meet current design methods.
- Performance of existing equipment, if used, is questionable.

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The maintenance and operating costs would be expected to be higher with refurbished and rebuilt equipment. Maintenance costs and the potential for unit outages would be lower with new equipment.

Alstom's lump sum Base Bid 1 price was $127,673,000. The Base Bid 1 amount from B&W was $135,892,794. Commercial and technical exceptions and clarifications were negotiated successfully. Estimates were provided for the maximum escalation applicable to materials and labor subject to escalation.

The engineer's estimate for Base Bid 1 was $148 million. The Alstom evaluated price is the lowest at $135,882,910. B&W's evaluated price is $142,635,194. The evaluated price includes the alternates recommended for acceptance.

Several alternates were specified in the bid documents. The following alternates are recommended for acceptance:

- Produce wallboard quality gypsum: Additional expenditures for dewatering equipment, cake washing system, larger mills, larger reaction tank, and other items totaling $4,746,000 will produce a gypsum product that is suitable for sale to wallboard manufacturers. Otherwise, the waste material will need to be landfilled.

- Stebbins tile lined reagent feed tank: The use of tile to line the reagent (limestone) feed tank will result in a tank impervious to corrosion and wear for this severe service. The tile will have a significantly longer life than the trowel apply vinyl ester coating specified in the base bid. The cost of this option is $380,000.

- Owner provided storage warehouse: The bidder will give a credit of $133,000, if EKPC provides the storage building for critical components during construction

This project supports EKPC's key measure of supplying reliable and competitive energy.

Recommendation

EKPC management recommends the approval of a new limestone scrubber at a capital cost of $ $162,806,060. It is further recommended that approval be given to make application to the Kentucky Public Service Commission for the Certificate of Public Convenience and Necessity for this project. General funds should be used to fund this project, to be reimbursed from loan funds, should they become available.

EKPC management also recommends the award of a contract to Alstom Power, Inc. to engineer, provide, and construct a limestone scrubber at Spurlock Power Station for Unit 2 at a cost of $139,706,060, which includes an estimated labor and material escalation of $6

Board Agenda Item

million during the project.

JB:dp

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, September 13, 2005, at 1:55 p. m., EDT, the following business was transacted:

Spurlock No. 2 Limestone Scrubber and Wet Precipitator

After review and discussion of the applicable information, a motion was made by Jimmy Longmire, seconded by E. A. Gilbert, and, there being no further discussion, passed to approved the following:

Whereas, The Spurlock Power Station ("Spurlock") Unit 2 is equipped with a scrubber built in 1982;

Whereas, In 1984, an economic decision was made to burn compliance fuel and not operate the scrubber;

Whereas, This equipment has been maintained with minimal effort and no upgrades made for over twenty years, therefore, an extensive upgrade would be necessary to operate the existing scrubber;

Whereas, An economic evaluation of the viability of the Spurlock Unit 2 scrubber focused on a comparison of the all-in cost of operating a scrubber burning high-sulfur coal versus burning low-sulfur compliance coal in the non-scrubbed unit;

Whereas, Factors included were projected fuel costs, scrubber capital costs, SO_2 allowance costs, maintenance costs, limestone costs, ash landfill costs, and other operating costs;

Whereas, Three scrubber options were analyzed: (1) a refurbished lime scrubber (2) conversion of lime to limestone scrubber, (3) a new limestone scrubber;

Whereas, All three options included a wet electrostatic precipitator for SO_2 reduction and primarily due to reduced estimated annual operation and maintenance costs, the new limestone scrubber option is preferred over the refurbished limestone scrubber;

Whereas, To obtain bids for both a refurbished and a new scrubber, two sets of bid documents were issued to each of two bidders;

Whereas, Bids were received from Babcock & Wilcox (B&W), Barberton, Ohio and Alstom Power, Inc. (Alstom), Knoxville, Tennessee;

Whereas, Both bids for a refurbished scrubber were significantly higher than for a new scrubber and the bidders were asked to explain this;

Whereas, A primary reason for a higher cost for providing a refurbished scrubber is that the existing scrubber has significantly more pieces of equipment than a new scrubber and this would mean more supporting equipment as well;

Whereas, Evaluating existing equipment and the ability for this equipment to be capable of meeting the performance guarantees is extremely difficult;

Whereas, The operating and maintenance (O&M) costs would be expected to be higher with refurbished and rebuilt equipment, with O&M costs and potential for outages lower with the new equipment;

Whereas, As the new scrubber proposals were significantly lower in cost and risk than the refurbished, it was decided to only evaluate the bids for the new scrubber;

Whereas, Alstom's bid was evaluated the lowest at $135,882,910, with B&W's bid evaluated at $142,635,194, and the engineer's estimate was $148 million;

Whereas, The evaluated bids include the following recommended alternates:

- Produce wallboard quality gypsum: $4,746,000
- Stebbins tile lined reagent feed tank: $380,000
- Owner provided storage warehouse: ($133,000)

Whereas, The Fuel and Power Supply Committee and EKPC management recommend the award of a contract to Alstom to engineer, provide, and construct a new limestone scrubber, with a wet precipitator, at a cost of $139,706,060;

Whereas, This project is included in the 2005 –2007 Budget and Work Plan and should be funded with general funds, to be reimbursed with loan funds, should they become available;

Whereas, This project supports EKPC's key measure of supplying reliable and competitive energy; and

Whereas, The Fuel and Power Supply Committee and EKPC management recommend the approval to engineer, provide, and construct a new limestone scrubber at a cost of $ $162,806,060 (excluding interest during construction) and the approval to request a Certificate of Public Convenience and Necessity from the Kentucky Public Service Commission; now, therefore, be it

Resolved, That the EKPC Board hereby approves a new limestone scrubber, with a wet precipitator, at a cost of $162,806,060, and approves the request to the Kentucky Public Service Commission for a Certificate of Public Convenience and Necessity, and

authorizes the EKPC President and Chief Executive Officer or his designee to execute all documents required to submit the application for the certificate;

Resolved, That approval is hereby given for the use of general funds for this project, subject to reimbursement from loan funds, when and if such funds become available; and

Resolved, That the EKPC Board also approves the award of a contract to Alstom Power, Inc. to engineer, provide, and construct a new limestone scrubber, with a wet precipitator, on Unit 2 at Spurlock Power Station for $139,706,060, and authorizes the EKPC President and Chief Executive Officer or his designee to execute all documents required to award this contract.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 16
RESPONSIBLE PERSON: **Craig M. Johnson**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 16. Please identify, describe, and quantify each O&M expense savings as the result of each new environmental project for which the Company seeks approval. Provide and use the twelve months ending September 30, 2006 as the base amount for computing savings. Provide all assumptions, data, and computations, including electronic spreadsheets with cell formulas intact.

Response 16. EKPC will not have any O&M expense savings as a result of each new environmental project, as these are all new projects. As indicated in Responses 1 and 2 of Commission Staff's First Data Request, project Nos. 5, 7, 8, and 10 are new projects required by the terms of the Consent Decrees. As indicated in Mr. Johnson's testimony, project Nos. 3, 4, and 6 are new projects that, although not required by the Consent Decrees, will enable EKPC to comply with the terms of the Consent Decrees. Project No. 9 is also a new project.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00115
RESPONSES TO KIUC SECOND SET OF DATA REQUESTS

KIUC'S SECOND SET OF DATA REQUESTS DATED 05/29/08
REQUEST 17
RESPONSIBLE PERSON: **Craig M. Johnson**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 17. Refer to NOX reduction projects 5 (Dale) and 6 (Spurlock 1) on Exhibit DGE-1. For these two NOX reduction projects, please provide the projected savings in NOX allowances compared to the twelve months ending September 30, 2006. Provide both the number of allowances and the dollar amount of savings. Provide and use the twelve months ending September 30, 2006 as the base amount for computing the savings in the number of allowances and the dollar amount.

Response 17. As indicated in Response 1a of Commission Staff's First Data Request, the NOX reduction project (Project 5) at Dale Station was required by the Consent Decree. The decision to install low NOX burners at Dale Station was driven by the Consent Decree, not by projected NOX allowance savings.

As indicated in the Responses 1b and 2a of Commission Staff's First Data Request, the new low NOX burners (Project 6) at Spurlock Station are estimated to reduce emissions out of the boiler by 20 percent. For the twelve months ending September 30, 2006, the quantity and dollars relating to NOX emissions on Spurlock 1 are estimated to be 507.5 tons and $393,490, respectively. A 20 percent emissions savings would equate to dollar savings of approximately $75,000.