

Law Offices
FULTON, HUBBARD & HUBBARD

ERNEST N. FULTON
(1883-1962)
ELMER E. HUBBARD
(1913-1995)
REGINA RAPIER BECKMAN
Of Counsel
LARRY D. RAIKES
Of Counsel

117 East Stephen Foster Avenue
Post Office Box 88
Bardstown, Kentucky 40004-0088

Telephone
(502) 348-6457
Facsimile
(502) 348-8748

JOHN DOUGLAS HUBBARD
JASON P. FLOYD

Email
jdh@bardstown.com
jfloyd@bardstown.com

January 12, 2009

RECEIVED

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PUBLIC SERVICE
COMMISSION

HAND DELIVERED

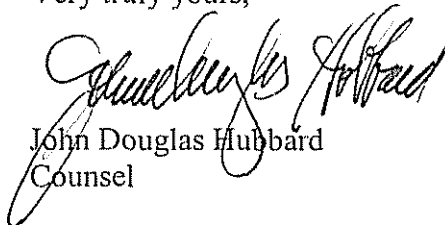
Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: PSC Case No. 2008-00422

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and five copies of the responses of Salt River Electric Cooperative Corporation to the Commission Staff's Initial Data Request, dated December 19, 2008.

Very truly yours,


John Douglas Hubbard
Counsel

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

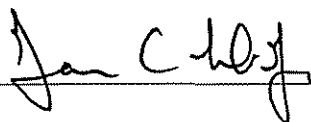
IN THE MATTER OF:

APPLICATION OF SALT RIVER ELECTRIC)	
COOPERATIVE CORP. TO PASS-THROUGH AN)	CASE NO.
INCREASE OF ITS WHOLESALE POWER)	2008-00422
SUPPLIER PURSUANT TO KRS 278.455(2))	

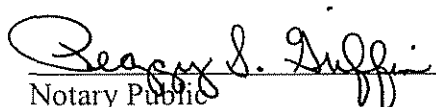
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of Salt River Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 12th day of January, 2009


 Notary Public

My Commission expires:

December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF SALT RIVER ELECTRIC)	
COOPERATIVE CORP. TO PASS-THROUGH AN)	CASE NO.
INCREASE OF ITS WHOLESALE POWER)	2008-00422
SUPPLIER PURSUANT TO KRS 278.455(2))	

CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of Salt River Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 9th day of January, 2009.

Beggy S. Duffin
 Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SALT RIVER ELECTRIC)	
COOPERATIVE CORP. TO PASS-THROUGH AN)	CASE NO.
INCREASE OF ITS WHOLESALE POWER)	2008-00422
SUPPLIER PURSUANT TO KRS 278.455(2))	

**RESPONSES TO COMMISSION STAFF'S INITIAL DATA REQUEST
TO SALT RIVER ELECTRIC COOPERATIVE CORPORATION
DATED DECEMBER 19, 2008**

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SALT RIVER ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00422

INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08

REQUEST 1

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: Salt River Electric Cooperative Corporation

Request 1. Provide the workpapers, spreadsheets, etc. which show the calculation of the increase, by individual wholesale rate schedule, in Salt River's cost of power from East Kentucky Power Cooperative, Inc. that Salt River is proposing to flow through to its customers. Include a brief narrative description of the data being provided.

Response 1. Please see pages 2 and 3 of this response. EKPC multiplied the projected wholesale billing units for all members for the test year by the EKPC existing rates to determine revenue before the rate increase. The revenue increase was then proportioned to EKPC rate classes in order to develop proposed rates. After the proposed wholesale rates were developed, the new rates were applied to the same projected billing units proportionally among all rate classes. These rates were then applied to the projected wholesale billing units of each member system, in order to determine their proportionate share of EKPC's revenue requirements.

Please note that the wholesale increase on pages 2 and 3 totals \$6,056,713, and is higher than the retail increase of \$6,055,886 as filed in the pass-through application dated October 31, 2008 (Exhibit 3, Page 1 of 8). This slight under recovery is a result of rounding.

EKFC
Salt River
Rate E
Option 2

Description	Current Rate		Pro Rata	
	Billing Units	Rate	Rate	Calculated Billings
Metering Point Charge				
All Customers	348	\$ 125.00	\$ 138.00	\$ 48,024.00
Substation charges				
Substation 1,000 - 2,999 kVa	12	\$ 944.00	\$ 1,041.00	\$ 12,492.00
Substation 3,000 - 7,499 kVa	36	\$ 2,373.00	\$ 2,617.00	\$ 94,212.00
Substation 7,500 - 14,999 kVa	240	\$ 2,855.00	\$ 3,149.00	\$ 755,760.00
Substation > 15,000 kVa	60	\$ 4,605.00	\$ 5,079.00	\$ 304,740.00
	348	\$ 1,058,256.00		\$ 1,167,204.00
Demand Charge				
All Kw	2,322,020	\$ 5.22	\$ 5.76	\$ 13,374,835.20
Energy Charge				
On-Peak (April - July)	188,905,787	\$ 0.042470		
Off-Peak (April - July)	135,469,029	\$ 0.034904		
On-Peak (Aug - March)	361,453,731	\$ 0.042470	\$ 0.046844	\$ 25,781,041.26
Off-Peak (Aug - March)	362,914,480	\$ 0.034904	\$ 0.038499	\$ 19,187,266.71
	1,048,743,027	\$ 40,769,346.73		\$ 44,968,307.97
FAC		\$ 0.007604		\$ 7,974,641.98
ES		13.62%		\$ 8,439,863.06
Power Factor				\$ -
Total Billings		\$ 70,406,552.16		\$ 75,972,876.21
Increase/(Decrease)				\$ 5,566,324.05
Percent Change				7.91%

EKPC
Salt River
Rate B

Description	Billing Units	Current Rate		Description	Billing Units	Pro Rata	
		Rate	Calculated Billings			Rate	Calculated Billings
Demand Charge				Demand Charge			
Base kW	189,509	\$ 6.22	\$ 1,178,745.98	Base kW	189,509	\$ 6.86	\$ 1,300,031.74
Excess kW	1,033	\$ 8.65	\$ 8,935.45	Excess kW	1,033	\$ 9.54	\$ 9,854.82
Interruptible kW	-	(3.15)	\$ -	Interruptible kW	-	\$ -	\$ -
Buy-Through \$	-		\$ -	Buy-Through \$	-	\$ -	\$ -
Energy Charge				Energy Charge			
All kWh	106,843,906 kWh	\$ 0.033455	\$ 3,574,462.88	All kWh	106,843,906 kWh	\$ 0.036901	\$ 3,942,646.98
	106,843,906		\$ 4,762,144.31				\$ 5,252,533.54
FAC		\$ 0.007604	\$ 812,441.06	FAC		\$	\$ 812,441.06
ES		13.62%	\$ 759,258.53	ES		\$	\$ 759,258.53
Total Billings			\$ 6,333,843.89	Total Billings			\$ 6,824,233.12
				Increase/(Decrease)			\$ 490,389.23
				Percent Change			7.74%

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SALT RIVER ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00422
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 2

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: Salt River Electric Cooperative Corporation

Request 2. Refer to Exhibit 1 of the application, page 17 of 29. The energy charge for Schedule LLP-3-C1 is shown as "\$.0.4827" on this page. Did Salt River intend to show this amount as \$.04827?

Response 2. Yes, the energy charge for Schedule LLP-3-C1 should be \$.04827. Please see page 2 of this response for the correction.

SALT RIVER ELECTRIC

Name of Issuing Corporation

P.S.C. No.

11

PSC Request 2

2nd Original Sheet No.

Page 2 of 2

Canceling P.S.C. No. 11

1st Original Sheet No.

CLASSIFICATION OF SERVICE

LARGE POWER 500 KW - 999 KW

SCHEDULE LLP-3-C1

APPLICABLE

In all territory served.

AVAILABILITY

Applicable to contracts with contract demands of 500 KW - 999 with a monthly energy usage equal to or greater than 400 hours per KW of contract demand. These contracts will be between the Cooperative Association and the consumer subject to approval of East Kentucky Power Cooperative.

RATES PER MONTH

CONSUMER CHARGE \$930.58

I

DEMAND CHARGE \$ 5.98 per KW of contract demand

I

ENERGY DEMAND \$.04827 per KWH

I

DETERMINATION OF BILLING DEMAND

The billing demand (kilowatt demand) shall be the greater of (a) or (b) listed below:

(a) The contract demand.

(b) The ultimate consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing -</u>
<u>EST</u>	
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

Date of Issue: March 14, 2008

Date Effective: June 1, 2008

Issued By Larry Hicks

Title: President & CEO

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. _____ Dated: _____

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SALT RIVER ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00422

INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08

REQUEST 3

RESPONSIBLE PERSON: James C. Lamb, Jr./Ann F. Wood

COMPANY: Salt River Electric Cooperative Corporation

Request 3. Refer to Exhibit 3 of the application. The billing analysis shows various rate schedules with escalation percentages applied to the billing determinants. Explain the need for the escalation percentages and provide workpapers, spreadsheets, etc. for the calculation of the percentages, as well as a narrative explanation of how the percentages were determined.

Response 3. Since EKPC is using a forecasted test period, the increase is calculated based on projected billing determinants. In order to appropriately match retail rates to the forecasted test year used for wholesale rates, an escalation factor was used. The escalated data was applied to Residential and Small Commercial classes only due to the wide variance and unpredictable nature of the Large Commercial/Industrial class.

The Attachment shows the escalation percentages calculated by the Resource Planning Department of EKPC and the supporting calculations.

EKPC prepares a load forecast by working jointly with its member systems in preparing their individual load forecasts. Factors considered in preparing the forecasts include national, regional, and local economic performance, appliance saturations and

efficiencies, population and housing trends, service area industrial development, electric price, household income, and weather. Each member system reviews the preliminary forecast for reasonability.

The general steps followed by EKPC in developing its load forecast are summarized as follows:

EKPC subscribes to Global Insight, Inc., in order to analyze regional economic performance. Global Insight provides EKPC projections for population, employment, and income as well as other variables.

EKPC prepares a preliminary forecast for each of its member systems for each classification using monthly data as reported on the Rural Utilities Services (RUS) Form 7, which contains publicly available retail sales data for member systems. These include: residential, seasonal, small commercial, public buildings, large commercial, and other. EKPC's sales to member systems are then determined by adding distribution losses to total retail sales. Seasonal peak demands are determined by applying peak factors for heating, cooling, and water heating to energy.

The supplementary spreadsheets in the Attachment contain the data resulting from the above-described process. The growth rates for energy sales, winter peak demand, and customers are based upon the monthly forecasts for the test period.

Escalation - Salt River

Escalation - MWH - Energy	
Time Period	MWH Sales
May 2008 to April 2009	1,038,932
May 2009 to April 2010	1,078,345
Percent change	3.8%

Escalation - MW - Demand	
Time Period	
Winter 2009-2010	265.2
Winter 2010-2011	271.2
Percent change	2.3%

Escalation - Customers - Residential	
Time Period	Average Annual Customers
2009	44,106
2010	44,957
Percent change	1.9%

Escalation - Customers - Small Commercial	
Time Period	Average Annual Customers
2009	2,710
2010	2,788
Percent change	2.9%

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SALT RIVER ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00422

INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08

REQUEST 4

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: Salt River Electric Cooperative Corporation

Request 4. Refer to Exhibit 3 of the application. The billing analysis does not include an analysis of the following rate schedules: Farm and Home TOD A, Farm and Home TOD B, Farm and Home Taxable TOD A, Farm and Home Taxable TOD B, CL, LLP-3- B1, LLP-3-C1, LLP-4-C:1, LPR-1, LPR-1-B1, LPR-1-C1, LPR-1-C2, LPR-1-B3, LPR-1-C3, and LPR-INT. Are there any customers taking service under these rates? If yes, explain why they are not included in the billing analysis and provide an updated analysis.

Response 4. At this time, there are no customers being served on the above-mentioned rate schedules. These rates were increased by the same percentage as those rate classes with active customers.

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SALT RIVER ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00422

INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08

REQUEST 5

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: Salt River Electric Cooperative Corporation

Request 5. Refer to Exhibit 3 of the application, page 7 of 8. The energy charge for Schedule LPR-1-B2 is shown as \$.03932. Explain why this amount differs from the .03952 shown in the tariff provided in Exhibit 1 and the public notice provided in Exhibit 5.

Response 5. It appears that all documents were filed with the energy rate of \$0.03932. Copies of the pages as filed are attached.

FORM FOR FILING RATE SCHEDULES
Salt River Electric

FOR ENTIRE TERRITORY SERVED

P.S.C. KY. NO. 11
2nd Original Sheet No. 96
Canceling PSC NO. 11
1st Original Sheet No. 96

CLASSIFICATION OF SERVICE

LARGE POWER 5,000 KW - 9,999 KW

SCHEDULE LPR-1-B2

APPLICABLE

In all territory served.

AVAILABILITY

Applicable to contracts with contract demands of 5,000 KW - 9,999 KW with a monthly energy usage equal to or greater than 400 hours per KW of contract demand and who are served by a dedicated feeder(s) from a substation, and metered no more than one span from the substation, and also own the distribution facilities past the meter location. These contracts will be between the Cooperative Association and the consumer subject to approval of East Kentucky Power Cooperative.

RATES PER MONTH

<u>CONSUMER CHARGE</u>	\$3306.25	I
<u>DEMAND CHARGE</u>	\$5.98 per KW of contract demand	I
	\$8.67 per KW for all billing demand in excess of contract demand.	I
<u>ENERGY CHARGE</u>	\$.03932 per KWH	I

DETERMINATION OF BILLING DEMAND

The billing demand shall be the greater of (a) or (b) listed below:

(a) The contract demand.

(b) The ultimate consumer's highest demand during the current month. The consumer's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month (and adjusted for power factor as provided herein):

<u>Months</u>	<u>Hours Applicable for Demand Billing-EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

Date of Issue: October 31, 2008

Date Effective: December 1, 2008

Issued by: _____

Title: President and CEO

Issued by authority of an order of the Public Service Commission of

Kentucky in Case No.

DATED

EXHIBIT 3
Page 7 of 8

Salt River Electric
Billing Analysis
for the 12 months ended June 30, 2008

Schedule LPR-3
Large Power 3000 kW and Over
Rate 36

	Existing			Proposed			\$ Increase	% Increase		
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate			Annualized Revenues	% of Total
Customer Charge	12	\$861.73	10,341	1.16%	12	\$930.58	11,167	1.16%	826	7.99%
Demand Charge	32,298	\$8.46	279,527	31.27%	33,041	\$9.14	301,995	31.28%	22,468	8.04%
Energy charge per kWh	14,810,193	\$0.039290	604,004	67.57%	15,372,980	\$0.04243	652,276	67.56%	48,271	7.99%
Total from base rates			<u>893,872</u>	<u>100.00%</u>			<u>965,437</u>	<u>100.00%</u>	<u>71,565</u>	<u>8.01%</u>
Fuel adjustment			98,094				98,094		-	0.00%
Environmental surcharge			55,547				55,547		-	0.00%
Total revenues			<u>\$ 1,047,513</u>				<u>\$ 1,119,078</u>		<u>\$ 71,565</u>	<u>6.83%</u>
Average Bill			\$ 87,293				\$ 93,257		\$ 5,963.77	6.83%

Schedule LPR-1-B2
Large Power 5,000 kW - 9,999 kW
Rate 25

	Existing			Proposed			\$ Increase	% Increase		
	Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate			Annualized Revenues	% of Total
Customer Charge	12	\$3,061.63	\$36,740	1.82%	12	\$3,306.25	\$39,675	1.82%	2,935	7.99%
Demand Charge	68,500	\$5.54	388,221	19.25%	70,076	\$5.98	419,054	19.24%	30,833	7.94%
Excess Demand Charge	6,011	\$8.03	49,376	2.45%	6,149	\$8.67	53,312	2.45%	3,935	7.97%
Energy charge per kWh	40,810,454	\$0.036410	1,542,373	76.48%	42,361,251	\$0.03932	1,665,644	76.49%	123,271	7.99%
Total from base rates			<u>2,016,710</u>	<u>100.00%</u>			<u>2,177,686</u>	<u>100.00%</u>	<u>160,975</u>	<u>7.98%</u>
Fuel adjustment			252,785				252,785		-	0.00%
Environmental surcharge			132,058				132,058		-	0.00%
Total revenues			<u>\$2,401,553</u>				<u>\$2,562,529</u>		<u>160,975</u>	<u>6.70%</u>
Average Bill			\$ 200,129				\$ 213,544		\$ 13,414.62	6.70%

EXHIBIT 5
Page 4 of 4

<u>Schedule</u>	<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
LPR-1-B2	Large Power 5000 – 9999 kW		
	Customer Charge / Mo	\$3,061.63	\$3,306.25
	Contract Demand Charge	\$5.54	\$5.98
	Excess Demand Charge	\$8.03	\$8.67
	Energy Charge / kWh	\$0.03641	\$0.03932
LPR-1-C2	Large Power 5000 – 9999 kW		
	Customer Charge / Mo	\$3,061.63	\$3,306.25
	Demand / kW	\$5.54	\$5.98
	Energy Charge / kWh	\$0.03641	\$0.03932
LPR-1-B3	Large Power – 10,000 kW and Over		
	Customer Charge / Mo	\$4,859.57	\$5,247.85
	Contract Demand /kW	\$5.54	\$5.98
	Excess Demand / kW	\$8.03	\$8.67
	Energy Charge / kWh	\$0.03610	\$0.03898
LPR-1-C3	Large Power – 10,000 kW and Over		
	Customer Charge / Mo	\$4,859.57	\$5,247.85
	Demand / kW	\$5.54	\$5.98
	Energy Charge / kWh	\$0.03610	\$0.03898
LPR-INT	Interruptible Service Rider - Credit		
	10-Minute Interruption, 200 Hours	\$2.70	\$2.97
	10-Minute Interruption, 300 Hours	\$3.15	\$3.47
	10-Minute Interruption, 400 Hours	\$3.60	\$3.97
	60-Minute Interruption, 200 Hours	\$2.25	\$2.48
	60-Minute Interruption, 300 Hours	\$2.70	\$2.97
	60-Minute Interruption, 400 Hours	\$3.15	\$3.47

The rates contained in this notice are the rates proposed by Salt River Electric Cooperative Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Salt River Electric at the following address:

Salt River Electric Cooperative Corporation
111 West Brashear Avenue, P.O. Box 609
Bardstown, KY 40004-1615
(502) 348-1993

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.