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January 12, 2009

RECEIVED

Jeff Derouen, Esq., Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

JAN 12 2009

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

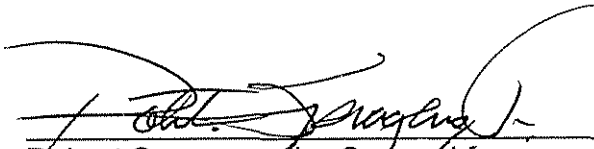
Re: Taylor County RECC
PSC Case No. 2008-00425

Please find enclosed the original and requisite copies of Taylor County's Response to the Commission Staff's initial data request dated December 19, 2008.

With kind regards, I remain,

Very truly yours,

SPRAGENS & HIGDON, P.S.C.


Robert Spragens, Jr., Counsel for
Taylor County Rural Electric
Cooperative Corporation

RS,JR:js
Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

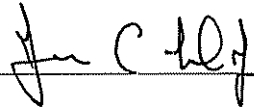
IN THE MATTER OF:

APPLICATION OF TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2008-00425
TO KRS 278.455(2))	

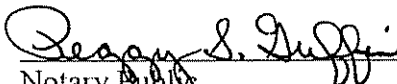
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of Taylor County Rural 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 TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2008-00425
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 Taylor County Rural 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 D. Giffin
 Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS)	2008-00425
WHOLESALE POWER SUPPLIER PURSUANT)	
TO KRS 278.455(2))	

**RESPONSES TO COMMISSION STAFF'S INITIAL DATA REQUEST
TO TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
DATED DECEMBER 19, 2008**

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TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00425
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 1

RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **Taylor County Rural Electric Cooperative Corporation**

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

Response 1. Please see pages 2 through 5 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.

The wholesale increase on pages 2 through 5 totals \$2,739,702, which is slightly higher than the retail increase of \$2,738,303 that was included in the pass-through application dated October 31, 2008 (Exhibit 3, Page 1 of 5). The difference represents a slight under recovery as a result of rounding.

EKPC
Taylor County
Rate E
Option 2

Description	Billing Units	Current Rate		Description	Billing Units	Pro Rata	
		Rate	Calculated Billings			Rate	Calculated Billings
Metering Point Charge				Metering Point Charge			
All Customers	168	\$ 125.00	\$ 21,000.00	All Customers	168	\$ 138.00	\$ 23,184.00
Substation charges				Substation charges			
Substation 1,000 - 2,999 kVa	-	\$ 944.00	\$ -	Substation 1,000 - 2,999 kVa	-	\$ 1,041.00	\$ -
Substation 3,000 - 7,499 kVa	12	\$ 2,373.00	\$ 28,476.00	Substation 3,000 - 7,499 kVa	12	\$ 2,617.00	\$ 31,404.00
Substation 7,500 - 14,999 kVa	144	\$ 2,855.00	\$ 411,120.00	Substation 7,500 - 14,999 kVa	144	\$ 3,149.00	\$ 453,456.00
Substation > 15,000 kVa	12	\$ 4,605.00	\$ 55,260.00	Substation > 15,000 kVa	12	\$ 5,079.00	\$ 60,948.00
	168		\$ 494,856.00				
Demand Charge				Demand Charge			
All Kw	1,124,740	\$ 5.22	\$ 5,871,142.80	All Kw	1,124,740	\$ 5.76	\$ 6,478,502.40
Energy Charge				Energy Charge			
On-Peak (April - July)	84,425,319	\$ 0.042470	\$ 3,585,543.30	On-Peak (April - July)	254,725,158	\$ 0.046844	\$ 11,932,345.30
Off-Peak (April - July)	62,338,515	\$ 0.034904	\$ 2,175,867.02	Off-Peak (April - July)	232,238,811	\$ 0.038499	\$ 8,940,961.98
On-Peak (Aug - March)	170,289,839	\$ 0.042470	\$ 7,232,634.16	Off-Peak (Aug - March)	486,963,969	\$ 0.038499	\$ 18,724,240.92
Off-Peak (Aug - March)	169,900,196	\$ 0.034904	\$ 5,930,196.44				
	486,963,969		\$ 18,924,240.92				
FAC		\$ 0.007604	\$ 3,702,874.02	FAC		\$ 3,702,874.02	
ES		13.62%	\$ 3,951,722.29	ES		\$ 3,951,722.29	
Total Billings			\$ 32,965,836.03	Total Billings			\$ 35,575,398.00
				Increase/(Decrease)			\$ 2,609,561.97
				Percent Change			7.92%

EKPC
Taylor County
Rate B

Description	Billing Units	Current Rate		Billing Units	Pro Rate	
		Rate	Calculated Billings		Rate	Calculated Billings
Demand Charge						
Base kW	16,922	\$ 6.22	\$ 105,254.84	16,922	\$ 6.86	\$ 116,084.92
Excess kW	176	8.65	1,522.40	176	9.54	1,679.04
Buy-Through \$			\$ -			\$ -
Energy Charge						
All kWh	8,416,388	\$ 0.033455	\$ 281,570.26	8,416,388	\$ 0.036901	\$ 310,573.13
	8,416,388		\$ 388,347.50			\$ 428,337.09
FAC		\$ 0.007604	\$ 63,998.21			\$ 63,998.21
ES		13.62%	\$ 61,609.49			\$ 61,609.49
Total Billings			<u>\$ 513,955.20</u>			<u>\$ 553,944.79</u>
Increase/(Decrease)						\$ 39,989.59
Percent Change						7.78%

EKPC
Taylor County
Rate C

Description	Current Rate			Pro Rata		
	Billing Units	Rate	Calculated Billings	Billing Units	Rate	Calculated Billings
Demand Charge						
Billing kW	32,176	\$ 6.22	\$ 200,134.72	32,176	\$ 6.86	\$ 220,727.36
Energy Charge						
All kWh	20,184,372	\$ 0.033455	\$ 675,268.17	20,184,372	\$ 0.036901	\$ 744,823.51
	20,184,372		\$ 875,402.89			\$ 965,550.87
FAC		\$ 0.007604	\$ 153,481.96			\$ 153,481.96
ES		13.62%	\$ 140,134.12			\$ 140,134.12
Total Billings			\$ 1,169,018.97	Total Billings		\$ 1,259,166.95
				Increase/(Decrease)		\$ 90,147.99
				Percent Change		7.71%

EKPC
Taylor County
Pumping Station

Description	Billing Units	Current Rate		Description	Billing Units	Pro Rata	
		Rate	Calculated Billings			Rate	Calculated Billings
Demand Charge Billing kW	161,742	\$ 1.75	\$ 283,048.50	Demand Charge Billing kW	161,742	\$ 1.75	\$ 283,048.50
Energy Charge				Energy Charge			
Off-Peak kWh	34,858,689	\$ 0.040350	\$ 1,406,704.62	Off-Peak kWh	34,858,689	\$ 0.040350	\$ 1,406,704.62
	34,858,689		\$ 1,689,753.12				\$ 1,689,753.12
FAC		\$ 0.007604		FAC			\$ -
ES		13.62%	\$ 230,144.37	ES			\$ 230,144.37
Total Billings			<u>\$ 1,919,897.49</u>	Total Billings			<u>\$ 1,919,897.49</u>
				Increase/(Decrease)			\$ -
				Percent Change			0.00%

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TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00425

INITIAL DATA REQUEST RESPONSE

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

REQUEST 2

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 2. Refer to Exhibit 1 of the application, page 2 of 13. The energy charge for Schedule GP, General Purpose Service, is shown as \$.07515 per kWh. Did Taylor County intend to show this amount as \$.07518? If no, explain why this amount differs from the rate shown in Exhibit 3, page 2 of 5, and the public notice provided in Exhibit 5, page 1 of 2.

Response 2. The energy charge for Schedule GP, General Purpose Service should be shown as \$0.07518. The corrected tariff page is included on page 2 of this response.

EXHIBIT 1
Page 2 of 13

FOR ALL TERRITORY SERVED

P.S.C. KY No.

Sheet No. 41

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

Cancelling P.S.C. No.

Sheet No.

=====
CLASSIFICATION OF SERVICE
=====

SCHEDULE GP - GENERAL PURPOSE SERVICE
=====

APPLICABILITY

Applicable to small commercial, churches, community centers, industrial, public buildings, and three-phase farm service, including lighting, heating and power, subject to the established rules and regulations of the Seller.

CHARACTER OF SERVICE

Single-phase or three-phase, 60 cycles, at available secondary voltages.

MONTHLY RATE

PART I (For demands less than 50 KVA)

Demand Charge: None

Energy:

Customer Charge \$7.88 per meter per month I
All KWH per month 0.07518 Per KWH I

Minimum Monthly Charges:

\$7.88 where 3 KVA or less of transformer capacity is required. I
Each consumer who requires more than 3 KVA of transformer capacity shall pay, in addition to the above minimum, \$.86 for each additional KVA or fraction thereof required. Where the minimum charge is increased in accordance with the terms of this section, additional energy therefore may be taken in accordance with the terms of the foregoing schedule.

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DATE OF ISSUE October 31, 2008 EFFECTIVE December 1, 2008

PO Box 100

ISSUED BY _____ Manager, Campbellsville, KY 42719

(Name of Officer) (Title) (Address)

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TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00425

INITIAL DATA REQUEST RESPONSE

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

REQUEST 3

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 3. Refer to Item 3 of the application, page 1 of 5. The SL Street Lighting Service rates are increasing by only 5.02% while the other rate classes are increasing by approximately 7.9%. Explain how this difference in the allocation of the wholesale cost increase is in accordance with KRS 278.455(2).

Response 3. Taylor County's tariff includes a fixture charge plus a kWh per light times the GP-1 Rate. The fixture charge is based on the cost of the units; the fixture charge should remain cost-based. Therefore, the energy charge was increased but not the fixture charge

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TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00425

INITIAL DATA REQUEST RESPONSE

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

REQUEST 4

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

COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 4. 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 4. 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 - Taylor County

Escalation - MWH - Energy	
Time Period	MWH Sales
May 2008 to April 2009	549,705
May 2009 to April 2010	562,423
Percent change	2.3%

Escalation - MW - Demand	
Time Period	
Winter 2009 - 2010	145.0
Winter 2010 - 2011	146.9
Percent change	1.3%

Escalation - Customers - Residential	
Time Period	Average Annual Customers
2009	22,504
2010	22,755
Percent change	1.1%

Escalation - Customers - Small Commercial	
Time Period	Average Annual Customers
2009	2,834
2010	2,892
Percent change	2.0%

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TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00425
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 5

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: Taylor County Rural Electric Cooperative Corporation

Request 5. Refer to Exhibit 3 of the application, page 4 of 5, the Special Contract - Tennessee Gas section at the bottom of the page.

a. The proposed energy charge is shown as .05628. As the billing analysis shows no change in revenue for this rate, should it have been shown as \$.07437? If no, explain.

b. The billing data for this section has been omitted. If Taylor County is proposing to change this rate, provide the billing data.

Response 5. a. The billing analysis should show the energy rate at \$0.07437. This is actually an average energy charge for 12-months ended June 30, 2008 based on the Cinergy Index as prescribed by the contract.

b. Since there was no escalation of the actual billing data applied to derive the billing determinants, the billing determinants are the same as the actual billing data and were initially included in that column only.

Please see page 2 of this response to correct the original Page 4 of Exhibit 3 for responses a and b of this request.

Taylor County RECC
Billing Analysis
for the 12 months ended June 30, 2008

Special Contract
Tennessee Gas

	Actual Billing Data	Escalation %	Existing			Proposed			\$ Increase	% Increase		
			Billing Determinants	Current Rate	Annualized Revenues	% of Total	Billing Determinants	Proposed Rate			Annualized Revenues	% of Total
Customer Charge	12		12	\$2/MWH	\$146,349	2.49%	12	\$2/MWH	\$146,349	2.49%	-	0.00%
Demand Charge	165,258		165,258	\$1.75	\$281,531	4.80%	165,258	\$1.75	\$281,531	4.80%	-	0.00%
Energy charge per kWh	73,174,568		73,174,568	\$0.07437	5,441,904	92.71%	73,174,568	\$0.07437	5,441,904	92.71%	-	0.00%
Total from base rates					<u>5,869,784</u>	100.00%			<u>5,869,784</u>	100.00%	-	0.00%
Fuel adjustment					-			-	-		-	0.00%
Environmental surcharge					<u>233,015</u>			<u>233,015</u>	<u>233,015</u>		-	0.00%
					<u>\$ 6,102,799</u>			<u>\$ 6,102,799</u>	<u>\$ 6,102,799</u>		<u>\$ -</u>	0.00%
					\$ 508,567			\$ 508,567	\$ 508,567		\$ -	0.00%