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PUBLIC SERVICE
COMMISSION

September 24, 2009

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: PSC Case No. 2009-00317

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission's Appendix B Requests, contained in the Commission's Order dated August 18, 2009, and the Prepared Testimony of Ann F. Wood on Behalf of EKPC in this case.

Very truly yours,



Roger R. Cowden

Enclosures

RECEIVED
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PUBLIC SERVICE
COMMISSION

**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)
TWO-YEAR BILLING PERIOD ENDING)
JUNE 30, 2009, AND THE PASS-THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)**

**CASE NO.
2009-00317**

**RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED AUGUST 18, 2009**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

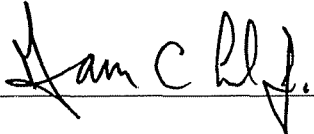
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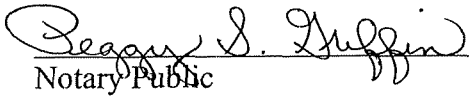
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff First Data Requests contained in Appendix B in the above-referenced case dated August 18, 2009, 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 21st day of September, 2009.


Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

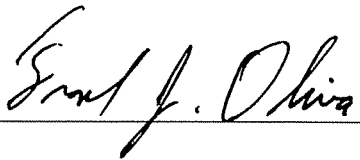
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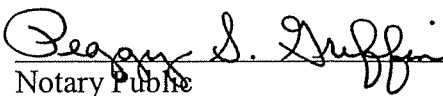
CERTIFICATE

STATE OF KENTUCKY)
))
COUNTY OF CLARK)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff First Data Requests contained in Appendix B in the above-referenced case dated August 18, 2009, 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.



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Notary Public

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CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff First Data Requests contained in Appendix B in the above-referenced case dated August 18, 2009, 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 18th day of September, 2009.

Deagay S. Duffin
Notary Public

My Commission expires: December 8, 2009

EAST KENTUCKY POWER COOPERATIVE, INC.

PUBLIC SERVICE COMMISSION REQUEST DATED 08/18/09

East Kentucky Power Cooperative, Inc. (EKPC) hereby submits responses to the data requests contained in Appendix B to the Order of the Public Service Commission ("PSC") in this case dated August 18, 2009. Each response with its associated supportive reference materials is individually tabbed.

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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DIRECT TESTIMONY OF ANN F. WOOD
ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

20 **Q. Please state your name, business address and occupation.**

21 A. My name is Ann F. Wood and my business address is East Kentucky Power
22 Cooperative (“EKPC”), 4775 Lexington Road, Winchester, Kentucky 40391. I
23 am the Manager of Regulatory Services for EKPC.

24 **Q. Please state your education and professional experience.**

25 A. I received a B.S. Degree in Accounting from Georgetown College in 1987. After
26 graduation I accepted an audit position with Coopers & Lybrand in the Lexington
27 office. My responsibilities ranged from performing detailed audit testing to
28 managing audits. In October 1995, I started working for Lexmark International,
29 Inc. as an analyst. In May 1997, I joined EKPC and held various management
30 positions in the accounting and internal auditing areas. In August 2008, I became
31 Manager of Regulatory Services at EKPC. I am a certified public accountant in
32 Kentucky.

1 **Q. Please provide a brief description of your duties at EKPC.**

2 A. As Manager of Regulatory Services, I am responsible for managing all filings
3 with the Public Service Commission (“Commission.”) I report directly to the
4 Senior Vice President of Power Supply.

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to describe how EKPC and its Member Systems
7 have applied the environmental surcharge mechanism in a reasonable manner
8 during the period under review and to discuss the EKPC’s position regarding a
9 roll-in to existing base rates. My testimony will also propose updating the rate of
10 return used in the environmental surcharge calculation, and discuss the
11 recalculation of the existing Base Environmental Surcharge Factor (“BESF”).

12 **Q. Have other EKPC representatives provided responses to data requests in this
13 proceeding?**

14 A. Yes. James C. Lamb, Jr., Senior Vice President of Power Supply, has provided
15 the emission allowance information for Response 3 of the First Data Request of
16 Commission Staff. Frank J. Oliva, Manager of Finance, has provided the debt
17 and average interest rate information for Responses 5 and 6 of the First Data
18 Request of Commission Staff.

19 **Q. Previous Commission Orders required EKPC and its Member Systems to
20 incorporate certain provisions into the calculation of the monthly
21 environmental surcharge factors. Please comment on how EKPC and the
22 Member Systems have addressed the most significant aspects of these Orders
23 during the periods under review.**

1 A. A brief description of each component of the environmental surcharge
2 calculation, applied consistently with Commission Orders, is discussed below.

- 3 • **Compliance Plan Projects**
4 EKPC's compliance plan at implementation of the environmental surcharge
5 (July 1, 2005) consisted of four authorized projects. During 2008, EKPC
6 applied for, and the Commission approved, an amendment to the compliance
7 plan. The amendment added six projects to the compliance plan. The
8 monthly environmental surcharge reports, incorporated by reference in this
9 case, show the capital costs for these projects.
- 10 • **Base/Current Method**
11 EKPC used the Base/Current method for calculating the monthly
12 environmental surcharge factor during the review periods. A base factor of
13 .51% was applied for the billing period July 2007 through October 2008. As a
14 result of the Order in Case No. 2008-00115, the base factor increased to
15 1.21% for the billing period November 2008 and thereafter.
- 16 • **Actual Emission Allowance Expense**
17 EKPC included only actual SO₂ and NO_x emission allowance expense in the
18 monthly filings.
- 19 • **Return on Emission Allowance Inventory and Limestone Inventory**
20 EKPC has included a return on all environmental surcharge assets, including
21 emission allowances purchased for current and vintage years. This is
22 addressed in Response 3 to the First Data Request of Commission Staff.
23 EKPC has also included a return on its limestone inventory.

1 • **Return on Construction Work in Process (CWIP), Net of Allowance for**
2 **Funds Used During Construction (AFUDC)**

3 EKPC has included a return on CWIP, net of AFUDC, effective November 1,
4 2008. This addition to the calculation was approved in the Order in Case No.
5 2008-00115.

6 • **Rate of Return**

7 EKPC's rate of return consists of two components: the average cost of debt
8 on its compliance plan projects and a Times Interest Earned Ratio (TIER)
9 component. For the billing periods July 2007 through July 2008, EKPC
10 applied an average cost of debt of 4.859% and a 1.15 TIER to yield a 5.59%
11 rate of return. As a result of Commission Order in Case No. 2007-00378,
12 EKPC updated its average cost of debt at 4.876% and applied a 1.35 TIER, as
13 granted in Case No. 2006-00472, which yielded a 6.58% rate of return. EKPC
14 applied this 6.58% rate of return in August 2008. Application of the rate of
15 return is reflected in Response 1 to the First Data Request of Commission
16 Staff.

17 • **Operation and Maintenance (O&M) Expenses**

18 EKPC has continued to use a 12-month rolling average for O&M expenses
19 associated with the compliance plan projects. For those instances where the
20 change in the level of O&M expense exceeded 10 percent, EKPC has
21 provided an explanation. These explanations are provided in Response 4 to
22 the First Data Request of Commission Staff.

23 • **Pass-Through Mechanism**

1 The environmental surcharge factors computed for retail customers were
2 billed by EKPC's Member Systems at approximately the same time as EKPC
3 billed the Member Systems at wholesale. The calculation of the monthly
4 factors for each Member System was provided in the monthly reports filed
5 with the Commission. EKPC and the Member Systems adhered to these and
6 all other requirements and provisions of the Commission's Orders for the
7 periods under review.

8 **Q. Were the environmental-related amounts included in the monthly surcharge**
9 **calculation based on booked costs?**

10 A. Yes. EKPC continues to use the amounts booked for the various cost categories
11 included in the surcharge calculation and these costs were actual costs and
12 incurred in a prudent manner.

13 **Q. Did EKPC incur any over and under recoveries during the periods under**
14 **review?**

15 A. Yes. As shown in Response 1 to the First Data Request of Commission Staff,
16 EKPC's cumulative over recovery was \$2,759,680 as of June 30, 2009.

17 **Q. How does EKPC intend to refund this amount?**

18 A. Consistent with the Direct Testimony in Case No. 2009-00039, which is pending
19 before the Commission, EKPC requests approval to refund this amount over a
20 two-month period, beginning with the month after Commission Order in this
21 proceeding. EKPC has discussed its reasons for its change from the six-month
22 amortization to the two-month amortization in the 2009-00039 proceeding, and
23 believes those reasons are also valid for this proceeding. Please note that the

1 cumulative over recovery as of June 30, 2009 has declined substantially from that
2 reported as of December 31, 2008 in the 2009-00039 proceeding. This reduction
3 is a result of declining monthly revenue as compared to a higher 12-month
4 average revenue.

5 **Q. Did the Member Systems incur any over or under recoveries during the**
6 **review periods?**

7 A. Yes. The over or under recovery amounts are shown in Response 2 to the First
8 Data Request of Commission Staff.

9 **Q. How will the Member Systems reflect recovery of these over or under**
10 **recovery amounts?**

11 A. EKPC proposes to amortize these amounts over a two-month period, consistent
12 with the recovery period that EKPC is proposing on the wholesale calculation in
13 Case No. 2009-00039.

14 **Q. When do EKPC and the Member Systems plan to implement this proposed**
15 **amortization period relating to over or under recovery?**

16 A. EKPC and the Member Systems plan to implement a two-month amortization
17 period in the first month following the Commission's Final Order in this
18 proceeding.

19 **Q. Does EKPC propose any other changes to its surcharge mechanism?**

20 A. Yes. EKPC proposed in Case No. 2009-00039 to implement a two-month "true-
21 up" adjustment to its surcharge mechanism. Since this proposal is still pending
22 before the Commission, EKPC again proposes that it be permitted to implement a

1 two-month “true-up” adjustment. The reasons provided in support of this
2 proposal in Case No. 2009-00039 are also valid for this proceeding.

3 **Q. When would EKPC propose that this two-month true-up adjustment become**
4 **effective?**

5 A. If the Commission has not ruled on the two-month true-up adjustment proposal in
6 Case No. 2009-00039 by the time it rules on this proceeding, EKPC proposes this
7 adjustment be included in the surcharge mechanism in the first month following
8 the Commission’s final Order in this proceeding. If the Commission approves the
9 two-month true-up adjustment proposal in Case No. 2009-00039, then the
10 proposed adjustment in this proceeding will not be necessary. If the Commission
11 does not approve the two-month true-up adjustment proposal in Case No. 2009-
12 00039, then EKPC will evaluate its options and proceed accordingly.

13 **Q. Will this proposed two-month true-up adjustment require any revisions to**
14 **the monthly surcharge reporting formats?**

15 A. Yes. Such revisions were included as testimony Exhibits AFW-1 and AFW-2 in
16 Case No. 2009-00039.

17 **Q. Will the adoption of a two-month true-up adjustment for the wholesale**
18 **surcharge billing factor impact the retail surcharge pass through**
19 **mechanism?**

20 A. Only to the extent that the wholesale surcharge billing factor will be different than
21 it would have been absent the two-month true-up adjustment.

22 **Q. Should there be a similar modification to the retail surcharge pass through**
23 **mechanism to address timing differences experienced at the retail level?**

1 A. Yes. As discussed in detail in Case No. 2009-00039, EKPC believes that the
2 retail surcharge pass through mechanism should be revised to include a similar
3 two-month true-up adjustment.

4 **Q. Will there need to be any revisions to the current retail surcharge pass**
5 **through mechanism calculations to reflect the addition of the two-month**
6 **true-up adjustment?**

7 A. No. EKPC believes that the current reporting format is sufficient, as the two-
8 month true-up adjustment can be reported in the same column currently utilized to
9 show any over or under recoveries determined in a periodic surcharge review
10 proceeding.

11 **Q. Has EKPC updated the rate of return to be used prospectively?**

12 A. Yes. As indicated in Response 6 to the First Data Request of Commission Staff,
13 EKPC recommends that the Commission approve the average debt cost of
14 4.482%. As indicated earlier in my Direct Testimony, EKPC will maintain the
15 use of a 1.35 TIER in calculating the rate of return.

16 **Q. When does EKPC propose to apply the updated average debt cost to its rate**
17 **of return calculation?**

18 A. EKPC plans to use the new average debt cost in its rate of return calculation in the
19 first month following the Commission's Final Order in this proceeding.

20 **Q. Does EKPC believe that its environmental surcharge should be rolled into its**
21 **wholesale base rates?**

22 A. No. While EKPC is providing the information related to a potential roll-in of the
23 environmental surcharge into the wholesale base rates in the response to Item 7,

1 EKPC does not believe it is appropriate at this time to roll its environmental
2 surcharge into its wholesale base rates.

3 **Q. Would you explain the reasons in support of EKPC’s position?**

4 A. Yes. EKPC would initially note that whether or not there are amounts of
5 environmental costs incorporated into wholesale base rates, the effect on EKPC,
6 the member cooperatives, and the retail ratepayers is that the total environmental
7 revenue requirement should remain the same. In addition, EKPC believes there
8 are four reasons why a roll-in of the environmental surcharge is not appropriate at
9 this time.

10 The first reason is related to the nature of the environmental costs included in the
11 environmental surcharge. Like the environmental surcharge mechanisms
12 approved for Kentucky Utilities Company, Louisville Gas and Electric Company,
13 and Kentucky Power Company (“Kentucky Power”), the environmental costs
14 included in EKPC’s revenue requirement represent both investment costs and
15 energy costs. Investment costs generally are reflected in demand charges while
16 energy costs are generally reflected in the energy charge. It should be noted that
17 this situation is different from the fuel adjustment clause proceeding, where only
18 energy costs are rolled into the energy charge in base rates. If EKPC has to roll-in
19 its environmental surcharge into its wholesale base rates, it believes the roll-in
20 will have to be allocated to both the demand and energy charges.

21 However, EKPC believes that the best time to properly allocate the different types
22 of environmental costs to the correct charge is at the time of a base rate case
23 proceeding. EKPC notes that the Commission accepted this argument in

1 Kentucky Power's 2007 environmental surcharge review. In its August 19, 2008
2 Order in Case No. 2007-00381, the Commission stated on page 6, "The
3 Commission also agrees that, due to the potential need to revise demand charges
4 to reflect the environmental capital costs, it is reasonable not to incorporate the
5 environmental surcharge into existing base rates in this case." EKPC believes the
6 same conclusion is appropriate for this case, and requests that it not be required to
7 roll-in its environmental surcharge into its wholesale base rates.

8 The second reason is related to member billing, both at wholesale and at retail.
9 EKPC and its member systems desire to segregate and overtly show the cost of
10 environmental compliance on members' bills. A base rate roll-in would remove
11 this disclosure.

12 The third reason is related to a change in the retail allocation methodology
13 currently pending before the Commission in Case No. 2009-00039. In that
14 proceeding, Fleming-Mason Energy Cooperative ("Fleming-Mason") and Owen
15 Electric Cooperative ("Owen") have proposed a revision to the retail allocation
16 methodology. Under the current retail allocation methodology, the monthly
17 environmental surcharge factor charged by EKPC is recalculated each month
18 based upon Fleming-Mason's or Owen's retail revenues. This calculation results
19 in industrial customers whose retail rates are based on EKPC's Section B or C
20 rates or special contracts paying an environmental surcharge that is less than the
21 amount EKPC charged at the wholesale level. Consequently, the remaining
22 customers of Fleming-Mason and Owen make up this difference and in effect
23 subsidize the industrial customers. Fleming-Mason and Owen have proposed that

1 industrial customers whose retail rates are based on EKPC's Section B or C rates
2 or special contracts pay exactly what the cooperative is billed by EKPC, which is
3 based on the wholesale environmental surcharge factor. This modification would
4 eliminate the subsidy currently provided by the remaining customers of the two
5 cooperatives. [Please note that EKPC has not referenced South Kentucky
6 RECC's ("South Kentucky") proposed change to its retail allocation
7 methodology; South Kentucky has not specifically defined its proposed change.]
8 If the Commission approves the proposed change by Fleming-Mason and Owen
9 before the completion of this proceeding, EKPC is concerned that there will be
10 insufficient time to verify that its roll-in of the environmental surcharge into
11 wholesale base rates will not adversely impact the modified retail allocation
12 methodology. EKPC's concern is related to making sure the roll-in to the
13 wholesale rate Sections B and C and the rates for special contracts have been
14 accurately determined, as this will impact the environmental surcharge going
15 forward that is charged to those industrial customers of Fleming-Mason and
16 Owen. While EKPC does not anticipate there would be problems, it cannot be
17 certain this will be the case without time to fully model the results.

18 The fourth reason is related to EKPC's plans concerning cost of service studies
19 and rate design. In the March 31, 2009 Order in Case No. 2008-00409, the
20 Commission expressed its interest in cost-of-service based rates and demand-side
21 management programs that incentivize both the utility and customer to practice
22 energy efficiency in a cost-effective manner and stated that it anticipated EKPC
23 would address these issues in its next rate case. In order to adequately prepare for

1 that next rate case, EKPC and its member cooperatives are planning during 2010
2 to undertake a rate design feasibility study. This study will, in a coordinated
3 fashion, examine how EKPC's wholesale base rates could be revised to more
4 accurately reflect its cost of service and promote demand-side management and
5 energy efficiency along with the corresponding impact on the rates of the member
6 cooperatives. In conjunction with this study, EKPC plans to examine how the
7 roll-in of the environmental surcharge could best be accomplished when cost-of-
8 service based rates are in effect. Consequently, EKPC believes it is appropriate to
9 delay a roll-in of its environmental surcharge into its wholesale base rates until
10 after the results of this coordinated rate design feasibility study can be reviewed.

11 **Q. If the Commission determines that there should be a roll-in of the**
12 **environmental surcharge into wholesale base rates, how would the change in**
13 **the wholesale base rates be reflected in the member cooperatives' retail base**
14 **rates?**

15 A. EKPC believes that if a roll-in of its environmental surcharge into its wholesale
16 base rates is determined to be appropriate there would have to be a corresponding
17 adjustment to the retail base rates of the member cooperatives. For the roll-in to
18 its wholesale base rates, EKPC would propose allocating a portion of the
19 environmental surcharge to demand charges and a portion to energy charges. For
20 the adjustment to the member cooperatives' retail base rates, EKPC would
21 recommend that the adjustment correspond as closely as possible to the demand
22 and energy charge changes incorporated into the wholesale base rates. EKPC
23 would also recommend that the adjustment to the retail base rates be

1 accomplished in the same proceeding as the roll-in to wholesale base rates and
2 that both changes in base rates become effective at the same time.

3 **Q. If a roll-in of the environmental surcharge is determined to be appropriate,**
4 **will there need to be any adjustment to the member cooperatives' retail pass**
5 **through mechanism?**

6 A. EKPC does not believe any adjustment will be needed for the member
7 cooperatives' retail pass through mechanism. The roll-in of the environmental
8 surcharge will be accomplished at the wholesale level, triggering corresponding
9 adjustments to wholesale and retail base rates. The retail pass through mechanism
10 will reflect any wholesale roll-in of the environmental surcharge automatically
11 without further adjustment.

12 **Q. Pursuant to the Settlement Agreement in Case Nos. 2004-00321 and 2004-**
13 **00372, the parties agreed that the use of the "base/current" approach for the**
14 **retail pass through mechanism was not being decided in those cases and that**
15 **until being decided, the member cooperatives' tariffs would utilize the**
16 **"base/current" approach with the base factor set at 0.0 percent. In the**
17 **August 18, 2009 Order opening this review, in Appendix B, Item 8, the**
18 **Commission has asked for EKPC's position concerning the use of the**
19 **"base/current" approach for the retail pass through mechanism. What is**
20 **EKPC's position on this matter?**

21 A. EKPC believes that the "base/current" approach is not necessary for the operation
22 of the retail pass through mechanism. The "base/current" approach has been
23 utilized in the environmental surcharge mechanisms approved by the Commission

1 to satisfy the requirement in KRS 278.183 that only those environmental costs not
2 already included in existing base rates are to be recovered through the
3 environmental surcharge. For EKPC, the environmental costs are incurred at the
4 wholesale level and compliance with the statute provision concerning
5 environmental costs already included in existing base rates are addressed in the
6 wholesale surcharge mechanism approved for EKPC. The member cooperatives
7 do not directly incur any environmental costs; therefore, there are no directly
8 incurred environmental costs being recovered through the member cooperatives'
9 retail base rates. Thus, the "base/current" approach is not necessary for the
10 operation of the retail pass through mechanism. EKPC recommends that the retail
11 pass through mechanism be modified to remove references to the "base/current"
12 approach from the member cooperatives' tariffs.

13 **Q. Does EKPC propose any changes to its "BESF" as used in this period under**
14 **review?**

15 **A.** Yes. EKPC proposes to reset its BESF to reflect EKPC's two recent base rate
16 cases (Case No. 2006-00472 and Case No. 2008-00409.) EKPC's BESF existing
17 at the end of this 2-year review period is 1.21%; a breakdown of this percentage is
18 included in Exhibit AFW-1. With the exception of one asset, which is identified
19 in Exhibit AFW-2, EKPC has retired all assets relating to the Spurlock Unit 1
20 precipitator. Please note that the amounts relating to the Spurlock Unit 1
21 precipitator accounted for .51% of the existing BESF. EKPC has retired all assets
22 relating to the Spurlock Unit 2 scrubber. Neither depreciation expense nor O&M
23 expense on these assets was included in the 2009-2010 budget; EKPC's

1 forecasted test year in Case No. 2008-00409 was June 2009-May 2010. The
2 amounts relating to the Unit 2 scrubber accounted for .54% of the existing BESF.
3 As agreed upon in the settlement in Case No. 2008-00115, \$1,012,000 was
4 considered to be the difference between CWIP-related interest and TIER margins
5 on three projects contained in the Case No. 2008-00115 and the AFUDC offset
6 included in Case No. 2006-00472. The Commission approved, in Case No. 2008-
7 00409, EKPC's proposal to discontinue accruing AFUDC on capital projects, and
8 no AFUDC was included in the forecasted test year used in that proceeding. The
9 amounts relating to this Interest/TIER/AFUDC difference accounted for .16% of
10 the existing BESF. As a result of EKPC's two recent base rate cases, none of the
11 three identified components of the current BESF of 1.21% reflect costs being
12 recovered in existing base rates. Consequently, EKPC believes the BESF should
13 be reset to zero.

14 As noted earlier, EKPC has determined that one asset with the retired Spurlock 1
15 precipitator is still on its books and reflected in existing base rates. As shown on
16 Exhibit AFW-2, EKPC has calculated what a BESF based on this asset would be,
17 which is .001%. Therefore, EKPC respectfully requests that the Commission find
18 that the BESF going forward be equal to zero, as the calculated BESF of .001% is
19 de minimus.

20 **Q. Does this conclude your testimony?**

21 **A. Yes.**

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AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has read the foregoing prepared testimony and that she would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of her knowledge, information and belief.

Ann F. Wood

Subscribed and sworn before me on this 18th day of September, 2009.

Peggy S. Duffin
Notary Public

My Commission expires:

December 8, 2009

Components of Existing BESF--Case Cross-References Provided

Order, Dated March 17, 2005, Case No. 2004-00321 (Attachment 1, Page 1 of 2) Relating to Spurlock Unit 1 Precipitator	0.51%
Application, Case No. 2008-00115 (Exhibit WAB-2) Relating to Spurlock 2 Scrubber	0.54%
Effect of the \$1,012,000, per Settlement Agreement in Case No. 2008-00115 (Also included in Post-Hearing Data Request 1, Dated August 26, 2008) Relating to Interest/TIER/AFUDC Difference	0.16%
	<u>1.21%</u>

Recalculation of BESF Factor for Remaining Spurlock 1 Precipitator Asset

	<u>\$ Amount</u>	<u>Total \$</u>	<u>Source</u>
1. Depreciation Expense		549	
2. Oper & Mtce		-	
3. Property Tax & Insurance		64	

Return on Rate Base

4	Rate Base Insulation Precipitator Ducts--Spurlock 1	107,507		
		107,507		
5	Cash Working Capital (1/8 of O&M)	-		
	Total Rate Base	107,507		
	Apply Rate of Return	6.05%		Response 6 (4.482% * 1.35 TIER)
6	Total Return on Rate Base	6,505		
7	Total Costs	7,118		Line 1+2+3+6
8	Calculation of % of Member System Revenues to total revenues including off-system sales.			
	Member Sys Rev	738,839,793	98.96%	June 2009 ES Filing-Form 3.0
	Off System Sales Revenue	7,735,884	1.04%	June 2009 ES Filing-Form 3.0
		746,575,677	100.00%	
	Total Costs Incl Rate of Return	7,118		
	Exclusion of Off-System Sales	98.96%		
	Revenue Requirement	7,044		
	Member Sys Revenue	738,839,793		June 2009 ES Filing-Form 3.0 Form 3.0, Excludes ES Revenues
9	Rev Req / Mbr Sys Revenues BESF for Existing Spurlock 2 Scrubber	0.001%		Line 7 / Line 8
10	New BESF	0.001%		Line 9 + Line 10

EAST KENTUCKY POWER COOPERATIVE, INC.

**PSC CASE NO. 2009-00317
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09
REQUEST 1**

RESPONSIBLE PARTY: Ann F. Wood

Request 1. Prepare a summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the billing period. Form 1.1 can be used as a model for this summary. Include the two expense months subsequent to the billing period in order to show the over- and under-recovery adjustments for the months included for the billing period. Include a calculation of any additional over- or under-recovery amount East Kentucky believes needs to be recognized for the two-year review. Include all supporting calculations and documentation for the additional over- or under-recovery.

Response 1. Please see pages 2 through 5 of this response.

Derivation of (Over)/Under Recovery
for Billing Period of July 2007 - June 2009

Line	Description	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
1	E(m) = RORB + OE - BAS							
2	Rate Base	\$234,269,714	\$231,414,182	\$227,435,137	\$225,987,124	\$224,135,928	\$222,433,623	\$209,802,726
3	Rate Base / 12	\$19,522,476	\$19,284,515	\$18,952,928	\$18,832,260	\$18,677,994	\$18,536,135	\$17,483,561
4	Rate of Return	= 5.59%	5.59%	5.59%	5.59%	5.59%	5.59%	5.59%
5	Return on Rate Base (RORB)	+ \$1,091,306	\$1,078,004	\$1,059,469	\$1,052,723	\$1,044,100	\$1,036,170	\$977,331
6	Operating Expenses (OE)	+ \$4,335,773	\$4,618,430	\$4,833,111	\$4,471,686	\$3,953,575	\$3,563,105	\$3,537,497
7	By-Product and Emission Allowance Sales (BAS)	- \$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Sub-Total E(m)	\$5,427,079	\$5,696,434	\$5,892,580	\$5,524,409	\$4,997,675	\$4,599,275	\$4,514,828
9	Member System Allocation Ratio for the Month (Form 3.0)	99.08%	99.09%	99.05%	98.97%	98.84%	98.87%	98.85%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$5,377,150	\$5,644,597	\$5,836,600	\$5,467,508	\$4,939,702	\$4,547,303	\$4,462,908
11	Adjustment for (Over)/Under Recovery, as applicable	(\$438,215)	\$0	\$0	\$0	\$0	\$0	\$0
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$4,938,935	\$5,644,597	\$5,836,600	\$5,467,508	\$4,939,702	\$4,547,303	\$4,462,908
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$52,172,474	\$52,283,314	\$52,837,138	\$54,197,512	\$54,579,029	\$55,196,651	\$55,489,626
14	CESF E(m) / R(m); as a % of Revenue	9.47%	10.80%	11.05%	10.09%	9.05%	8.24%	8.04%
15	BESF	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%
16	MESF	8.96%	10.29%	10.54%	9.58%	8.54%	7.73%	7.53%
17	Authorized Recovery Amount: Line 13 x Line 16	\$4,674,654	\$5,379,953	\$5,569,034	\$5,192,122	\$4,661,049	\$4,266,701	\$4,178,369
18	Environmental Surcharge Revenues Billed	\$4,348,047	\$4,768,377	\$6,266,485	\$6,060,176	\$4,568,042	\$4,369,147	\$4,519,079
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	n/a	(\$93,723)	(\$886,532)	(\$491,142)	\$624,080	\$291,902	(\$252,378)
20	Cumulative (Over)/Under (for Six-Month Period)	n/a	(\$93,723)	(\$980,255)	(\$1,471,397)	(\$847,317)	(\$555,415)	(\$807,793)
21	Cumulative (Over)/Under - (for 2-year Period)	n/a	(\$93,723)	(\$980,255)	(\$1,471,397)	(\$847,317)	(\$555,415)	(\$807,793)

East Kentucky Power Cooperative, Inc. Environmental Surcharge Report
Calculation of Current Month Environmental Surcharge Factor (CESF)
and (Over)/Under Recovery Calculation

Line	Description	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
1	E(m) = RORB + OE - BAS						
2	Rate Base	\$207,758,230	\$207,315,243	\$209,014,587	\$210,289,196	\$210,527,743	\$208,888,337
3	Rate Base / 12	\$17,313,186	\$17,276,270	\$17,417,882	\$17,524,100	\$17,543,979	\$17,407,361
4	Rate of Return	= 5.59%	5.59%	5.59%	5.59%	5.59%	5.59%
5	Return on Rate Base (RORB)	+ \$967,807	\$965,744	\$973,660	\$979,597	\$980,708	\$973,072
6	Operating Expenses (OE)	+ \$2,940,100	\$3,007,940	\$2,794,550	\$2,584,085	\$2,841,052	\$2,996,443
7	By-Product and Emission Allowance Sales (BAS)	- \$0	\$0	\$0	\$0	\$0	\$0
8	Sub-Total E(m)	\$3,907,907	\$3,973,684	\$3,768,210	\$3,563,682	\$3,821,760	\$3,969,515
9	Member System Allocation Ratio for the Month (Form 3.0)	98.83%	98.73%	98.91%	98.90%	98.90%	98.85%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$3,862,185	\$3,923,218	\$3,727,136	\$3,524,482	\$3,779,721	\$3,923,865
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$0	\$0	\$0	\$0	\$0
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$3,862,185	\$3,923,218	\$3,727,136	\$3,524,482	\$3,779,721	\$3,923,865
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$56,798,095	\$57,089,918	\$57,441,548	\$57,712,929	\$57,056,533	\$57,607,799
14	CESF: E(m) / R(m); as a % of Revenue	6.80%	6.87%	6.49%	6.11%	6.62%	6.81%
15	BESF	0.51%	0.51%	0.51%	0.51%	0.51%	0.51%
16	MESF	6.29%	6.36%	5.98%	5.60%	6.11%	6.30%
17	Authorized Recovery Amount: Line 13 x Line 16	\$3,572,600	\$3,630,919	\$3,435,005	\$3,231,924	\$3,486,154	\$3,629,291
18	Environmental Surcharge Revenues Billed	\$5,771,860	\$4,294,701	\$3,897,452	\$3,083,898	\$2,722,390	\$3,434,758
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$1,593,491)	(\$722,101)	(\$266,533)	\$351,107	\$509,534	\$51,396
20	Cumulative (Over)/Under (for Six-Month Period)	(\$1,593,491)	(\$2,315,592)	(\$2,582,125)	(\$2,231,019)	(\$1,721,485)	(\$1,670,088)
21	Cumulative (Over)/Under - (for 2-year Period)	(\$2,401,284)	(\$3,123,385)	(\$3,389,918)	(\$3,038,812)	(\$2,529,278)	(\$2,477,882)

East Kentucky Power Cooperative, Inc. Environmental Surcharge Report
 Calculation of Current Month Environmental Surcharge Factor (CESF)
 and (Over)/Under Recovery Calculation

Line	Description	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
1	E(m) = RORB + OE - BAS						
2	Rate Base	\$206,731,280	\$204,341,792	\$202,495,689	\$578,448,435	\$583,983,080	\$596,366,720
3	Rate Base / 12	\$17,227,607	\$17,028,483	\$16,874,641	\$48,204,036	\$48,665,257	\$49,697,227
4	Rate of Return	= 6.58%	6.58%	6.58%	6.58%	6.58%	6.58%
5	Return on Rate Base (RORB)	+ \$1,133,577	\$1,120,474	\$1,110,351	\$3,171,826	\$3,202,174	\$3,270,078
6	Operating Expenses (OE)	+ \$3,304,417	\$3,371,693	\$2,805,139	\$2,421,205	\$2,432,438	\$2,656,183
7	By-Product and Emission Allowance Sales (BAS)	- \$0	\$0	\$0	\$0	\$0	\$0
8	Sub-Total E(m)	\$4,437,994	\$4,492,167	\$3,915,490	\$5,593,031	\$5,634,612	\$5,926,261
9	Member System Allocation Ratio for the Month (Form 3.0)	98.87%	98.92%	98.99%	99.16%	99.23%	99.30%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$4,387,844	\$4,443,652	\$3,875,944	\$5,546,049	\$5,591,225	\$5,884,777
11	Adjustment for (Over)/Under Recovery, as applicable	(\$243,018)	(\$243,018)	(\$243,018)	(\$243,018)	(\$243,018)	(\$243,018)
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$4,144,826	\$4,200,634	\$3,632,926	\$5,303,031	\$5,348,207	\$5,641,759
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$58,701,986	\$58,509,481	\$58,376,775	\$59,005,469	\$60,124,136	\$61,308,005
14	CESF: E(m) / R(m); as a % of Revenue	7.06%	7.18%	6.22%	8.99%	8.90%	9.20%
15	BESF	0.51%	0.51%	0.51%	1.21%	1.21%	1.21%
16	MESF	6.55%	6.67%	5.71%	7.78%	7.69%	7.99%
17	Authorized Recovery Amount: Line 13 x Line 16	\$3,844,980	\$3,902,582	\$3,333,314	\$4,590,625	\$4,623,546	\$4,898,510
18	Environmental Surcharge Revenues Billed	\$4,179,701	\$3,835,121	\$3,723,733	\$3,149,569	\$5,030,180	\$5,588,467
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$550,410)	\$9,859	\$178,849	\$183,745	(\$439,555)	(\$964,921)
20	Cumulative (Over)/Under (for Six-Month Period)	(\$550,410)	(\$540,551)	(\$361,701)	(\$177,956)	(\$617,511)	(\$1,582,432)
21	Cumulative (Over)/Under - (for 2-year Period)	(\$3,028,291)	(\$3,018,432)	(\$2,839,583)	(\$2,655,838)	(\$3,095,392)	(\$4,060,313)

East Kentucky Power Cooperative, Inc. Environmental Surcharge Report
Calculation of Current Month Environmental Surcharge Factor (CESF)
and (Over)/Under Recovery Calculation

Line	Description	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
1	E(m) = RORB + OE - BAS								
2	Rate Base	\$606,796,286	\$611,878,518	\$614,170,464	\$617,712,360	\$619,404,783	\$620,734,121	\$620,187,086	\$622,840,996
3	Rate Base / 12	\$50,566,357	\$50,989,877	\$51,180,872	\$51,476,030	\$51,617,065	\$51,727,843	\$51,682,257	\$51,903,416
4	Rate of Return	= 6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%
5	Return on Rate Base (RORB)	+ \$3,327,266	\$3,355,134	\$3,367,701	\$3,387,123	\$3,396,403	\$3,403,692	\$3,400,693	\$3,415,245
6	Operating Expenses (OE)	+ \$3,096,072	\$2,966,884	\$3,060,844	\$3,404,417	\$3,163,160	\$3,430,181	\$3,404,090	\$3,761,076
7	By-Product and Emission Allowance Sales (BAS)	- \$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Sub-Total E(m)	\$6,423,338	\$6,322,018	\$6,428,545	\$6,791,540	\$6,559,563	\$6,833,873	\$6,804,783	\$7,176,321
9	Member System Allocation Ratio for the Month (Form 3.0)	99.36%	99.49%	99.40%	99.39%	99.02%	98.95%	98.90%	98.91%
10	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	\$6,382,229	\$6,289,776	\$6,389,974	\$6,750,111	\$6,495,279	\$6,762,117	\$6,729,930	\$7,098,099
11	Adjustment for (Over)/Under Recovery, as applicable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	E(m) = Subtotal E(m) plus (Over)/Under Recovery	\$6,382,229	\$6,289,776	\$6,389,974	\$6,750,111	\$6,495,279	\$6,762,117	\$6,729,930	\$7,098,099
13	R(m) = Average Monthly Wholesale Revenue for the 12 Months Ending with the Current Expense Month (Form 3.0)	\$61,673,967	\$61,528,363	\$61,406,524	\$61,334,389	\$61,169,855	\$60,925,326	\$59,859,548	\$59,702,641
14	CESF: E(m) / R(m); as a % of Revenue	10.35%	10.22%	10.41%	11.01%	10.62%	11.10%	11.24%	11.89%
15	BESF	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%
16	MESF	9.14%	9.01%	9.20%	9.80%	9.41%	9.89%	10.03%	10.68%
17	Authorized Recovery Amount: Line 13 x Line 16	\$5,637,001	\$5,543,706	\$5,649,400	\$6,010,770	\$5,756,083	\$6,025,515	\$6,003,913	\$6,376,242
18	Environmental Surcharge Revenues Billed	\$6,475,356	\$6,081,108	\$5,389,599	\$4,664,812	\$4,570,241	\$5,013,720	\$5,296,537	\$5,687,558
19	Monthly (Over)/Under = Previous Month Line 17 Minus Current Month Line 18	(\$1,576,846)	(\$444,107)	\$154,107	\$984,588	\$1,440,529	\$742,363	\$728,978	\$316,355
20	Cumulative (Over)/Under (for Six-Month Period)	(\$1,576,846)	(\$2,020,954)	(\$1,866,847)	(\$882,259)	\$558,270	\$1,300,633	\$728,978	\$1,045,332
21	Cumulative (Over)/Under - (for 2-year Period)	(\$5,637,160)	(\$6,081,267)	(\$5,927,161)	(\$4,942,572)	(\$3,502,043)	(\$2,759,680)	\$728,978	\$1,045,332

EAST KENTUCKY POWER COOPERATIVE, INC.

**PSC CASE NO. 2009-00317
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09
REQUEST 2**

RESPONSIBLE PARTY: Ann F. Wood

Request 2. For each of the 16 member distribution cooperatives, prepare a summary schedule showing the distribution cooperative's pass through revenue requirement for the months corresponding with the two-year review. Include the two months subsequent to the billing period included in the applicable review period. Include a calculation of any additional over- or under-recovery amount the distribution cooperative believes needs to be recognized for the two-year review. Include all supporting calculations and documentation for the additional over- or under-recovery.

Response 2. Please see pages 2 through 17 of this response.

Big Sandy RECC - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$103,861	\$109,245	(\$5,384)	(\$5,384)
Aug-07	\$135,306	\$140,892	(\$5,586)	(\$10,970)
Sep-07	\$124,399	\$117,132	\$7,267	(\$3,703)
Oct-07	\$93,546	\$101,520	(\$7,974)	(\$11,677)
Nov-07	\$106,426	\$106,887	(\$461)	(\$12,138)
Dec-07	\$110,971		\$110,971	\$98,833
Jan-08	\$140,799	\$126,676	\$14,123	\$112,956
Feb-08	\$102,071	\$106,825	(\$4,754)	\$108,202
Mar-08	\$90,213	\$92,163	(\$1,950)	\$106,252
Apr-08	\$68,173	\$66,014	\$2,159	\$108,411
May-08	\$58,205	\$54,864	\$3,341	\$111,752
Jun-08	\$74,110	\$77,248	(\$3,138)	\$108,614
Jul-08	\$90,109	\$72,245	\$17,864	\$126,478
Aug-08	\$82,236	\$79,250	\$2,986	\$129,464
Sep-08	\$80,954	\$73,633	\$7,321	\$136,785
Oct-08	\$76,169	\$55,787	\$20,382	\$157,167
Nov-08	\$128,395	\$113,912	\$14,483	\$171,650
Dec-08	\$139,415	\$127,310	\$12,105	\$183,755
Jan-09	\$160,253	\$145,531	\$14,722	\$198,477
Feb-09	\$148,148	\$156,678	(\$8,530)	\$189,947
Mar-09	\$134,132	\$117,865	\$16,267	\$206,214
Apr-09	\$105,212	\$129,038	(\$23,826)	\$182,388
May-09	\$102,052	\$103,990	(\$1,938)	\$180,450
Jun-09	\$109,267	\$123,332	(\$14,065)	\$166,385

Jul-09	\$115,377	\$124,073	(\$8,696)	\$157,689
Aug-09	\$123,865	Not Available		

Cumulative 2-year (Over)/Under Recovery	\$166,385
Monthly Recovery (per month for six months)	\$27,731
Monthly Recovery (per month for two months)	\$83,193

Please Note: December 2007 surcharge revenues were combined with January 2008 surcharge revenues.

Blue Grass Energy - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & Recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$504,655	\$744,545	(\$239,890)	(\$239,890)
Aug-07	\$671,880	\$739,199	(\$67,319)	(\$307,210)
Sep-07	\$642,785	\$708,981	(\$66,196)	(\$373,406)
Oct-07	\$471,701	\$504,482	(\$32,781)	(\$406,187)
Nov-07	\$450,489	\$528,736	(\$78,247)	(\$484,434)
Dec-07	\$478,018	\$503,776	(\$25,758)	(\$510,192)
Jan-08	\$622,683	\$517,794	\$104,889	(\$405,303)
Feb-08	\$463,172	\$568,041	(\$104,869)	(\$510,172)
Mar-08	\$405,430	\$459,280	(\$53,850)	(\$564,022)
Apr-08	\$308,349	\$384,353	(\$76,004)	(\$640,026)
May-08	\$274,651	\$285,938	(\$11,287)	(\$651,313)
Jun-08	\$361,487	\$308,116	\$53,371	(\$597,942)
Jul-08	\$443,323	\$366,695	\$76,628	(\$521,314)
Aug-08	\$407,420	\$397,215	\$10,205	(\$511,109)
Sep-08	\$404,500	\$354,036	\$50,464	(\$460,645)
Oct-08	\$327,339	\$270,930	\$56,409	(\$404,236)
Nov-08	\$524,903	\$248,336	\$276,567	(\$127,669)
Dec-08	\$609,437	\$524,988	\$84,449	(\$43,220)
Jan-09	\$697,327	\$571,039	\$126,288	\$83,068
Feb-09	\$660,099	\$600,658	\$59,441	\$142,509
Mar-09	\$566,935	\$625,079	(\$58,144)	\$84,365
Apr-09	\$475,039	\$550,745	(\$75,706)	\$8,659
May-09	\$475,215	\$489,842	(\$14,627)	(\$5,968)
Jun-09	\$533,895	\$571,401	(\$37,506)	(\$43,474)
Jul-09	\$552,516	\$587,779	(\$35,263)	(\$78,737)
Aug-09	\$598,860	\$673,385	(\$74,525)	(\$153,262)

Cumulative 2-year (Over)/Under Recovery	(\$43,474)
Monthly Recovery (per month for six months)	(\$7,246)
Monthly Recovery (per month for two months)	(\$21,737)

Clark Energy Cooperative - Environmental Surcharge: 2-Year Review
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	EKPC Invoice Month recorded on Members Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$164,063	\$213,173	(\$49,110)	(\$49,110)
Aug-07	\$183,392	\$195,346	(\$11,954)	(\$61,064)
Sep-07	\$242,946	\$250,322	(\$7,376)	(\$68,440)
Oct-07	\$221,478	\$177,523	\$43,955	(\$24,485)
Nov-07	\$161,919	\$189,050	(\$27,131)	(\$51,616)
Dec-07	\$169,707	\$190,818	(\$21,111)	(\$72,727)
Jan-08	\$179,806	\$191,116	(\$11,310)	(\$84,037)
Feb-08	\$232,904	\$203,126	\$29,778	(\$54,259)
Mar-08	\$170,879	\$167,415	\$3,464	(\$50,795)
Apr-08	\$148,075	\$145,112	\$2,963	(\$47,832)
May-08	\$111,355	\$106,424	\$4,931	(\$42,901)
Jun-08	\$98,324	\$109,166	(\$10,842)	(\$53,743)
Jul-08	\$128,705	\$132,665	(\$3,960)	(\$57,703)
Aug-08	\$158,099	\$136,212	\$21,887	(\$35,816)
Sep-08	\$143,847	\$163,844	(\$19,997)	(\$55,813)
Oct-08	\$142,537	\$131,860	\$10,677	(\$45,136)
Nov-08	\$118,620	\$130,162	(\$11,542)	(\$56,678)
Dec-08	\$201,465	\$248,231	(\$46,766)	(\$103,444)
Jan-09	\$232,038	\$257,966	(\$25,928)	(\$129,372)
Feb-09	\$261,709	\$253,216	\$8,493	(\$120,879)
Mar-09	\$244,190	\$232,665	\$11,525	(\$109,354)
Apr-09	\$213,865	\$189,023	\$24,842	(\$84,512)
May-09	\$176,378	\$183,670	(\$7,292)	(\$91,804)
Jun-09	\$168,601	\$194,083	(\$25,482)	(\$117,286)
Jul-09	\$191,885	\$212,884	(\$20,999)	(\$138,285)
Aug-09	\$199,082	\$211,382	(\$12,300)	(\$150,585)

Cumulative 2-year (Over)/Under Recovery	(\$117,286)
Monthly Recovery (per month for six months)	(\$19,548)
Monthly Recovery (per month for two months)	(\$58,643)

Cumberland Valley Electric - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$197,856	\$232,657	(\$34,801)	(\$34,801)
Aug-07	\$270,580	\$326,538	(\$55,958)	(\$90,760)
Sep-07	\$251,236	\$210,838	\$40,398	(\$50,362)
Oct-07	\$191,774	\$226,971	(\$35,197)	(\$85,559)
Nov-07	\$203,215	\$234,440	(\$31,225)	(\$116,784)
Dec-07	\$200,953	\$212,762	(\$11,809)	(\$128,593)
Jan-08	\$260,886	\$246,246	\$14,640	(\$113,953)
Feb-08	\$186,344	\$219,557	(\$33,213)	(\$147,166)
Mar-08	\$171,204	\$179,447	(\$8,243)	(\$155,409)
Apr-08	\$136,353	\$144,271	(\$7,918)	(\$163,327)
May-08	\$112,806	\$120,924	(\$8,118)	(\$171,445)
Jun-08	\$143,253	\$130,657	\$12,596	(\$158,849)
Jul-08	\$172,083	\$145,679	\$26,404	(\$132,445)
Aug-08	\$160,265	\$161,836	(\$1,571)	(\$134,016)
Sep-08	\$158,769	\$105,823	\$52,946	(\$81,070)
Oct-08	\$149,394	\$109,457	\$39,937	(\$41,133)
Nov-08	\$240,570	\$106,955	\$133,615	\$92,482
Dec-08	\$253,244	\$214,431	\$38,813	\$131,295
Jan-09	\$304,760	\$200,532	\$104,228	\$235,523
Feb-09	\$288,447	\$205,518	\$82,929	\$318,452
Mar-09	\$261,131	\$264,659	(\$3,528)	\$314,924
Apr-09	\$220,322	\$255,248	(\$34,926)	\$279,998
May-09	\$203,287	\$196,252	\$7,035	\$287,033
Jun-09	\$213,435	\$229,655	(\$16,220)	\$270,813
Jul-09	\$224,622	\$227,740	(\$3,118)	\$267,695
Aug-09	\$241,404	\$272,844	(\$31,440)	\$236,255

Cumulative 2-year (Over)/Under Recovery	\$270,813
Monthly Recovery (per month for six months)	\$45,136
Monthly Recovery (per month for two months)	\$135,407

Farmers RECC - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$196,492	\$194,350	\$2,142	\$2,142
Aug-07	\$214,966	\$230,389	(\$15,423)	(\$13,281)
Sep-07	\$288,590	\$276,422	\$12,168	(\$1,114)
Oct-07	\$266,909	\$259,074	\$7,835	\$6,721
Nov-07	\$196,311	\$210,059	(\$13,748)	(\$7,027)
Dec-07	\$186,804	\$197,850	(\$11,046)	(\$18,073)
Jan-08	\$182,561	\$195,146	(\$12,585)	(\$30,658)
Feb-08	\$242,856	\$209,216	\$33,640	\$2,982
Mar-08	\$181,491	\$172,727	\$8,764	\$11,746
Apr-08	\$159,456	\$147,174	\$12,282	\$24,028
May-08	\$129,403	\$118,965	\$10,438	\$34,466
Jun-08	\$113,340	\$134,219	(\$20,879)	\$13,587
Jul-08	\$150,675	\$156,108	(\$5,433)	\$8,154
Aug-08	\$182,819	\$159,827	\$22,992	\$31,146
Sep-08	\$168,024	\$173,945	(\$5,921)	\$25,225
Oct-08	\$164,350	\$142,145	\$22,205	\$47,430
Nov-08	\$134,348	\$135,032	(\$684)	\$46,746
Dec-08	\$210,401	\$256,843	(\$46,442)	\$304
Jan-09	\$233,839	\$258,749	(\$24,910)	(\$24,606)
Feb-09	\$268,434	\$250,246	\$18,188	(\$6,418)
Mar-09	\$250,143	\$221,318	\$28,825	\$22,407
Apr-09	\$219,852	\$207,970	\$11,882	\$34,289
May-09	\$192,951	\$193,681	(\$730)	\$33,559
Jun-09	\$185,563	\$218,879	(\$33,316)	\$243
Jul-09	\$218,937	\$257,692	(\$38,755)	(\$38,512)
Aug-09	\$228,748	\$271,775	(\$43,027)	(\$81,539)

Cumulative 2-year (Over)/Under Recovery	\$243
Monthly Recovery (per month for six months)	\$41
Monthly Recovery (per month for two months)	\$122

Fleming-Mason - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$413,831	\$498,224	(\$84,393)	(\$84,393)
Aug-07	\$478,043	\$476,099	\$1,944	(\$82,449)
Sep-07	\$524,678	\$445,968	\$78,710	(\$3,739)
Oct-07	\$443,658	\$473,258	(\$29,600)	(\$33,339)
Nov-07	\$384,897	\$442,794	(\$57,897)	(\$91,236)
Dec-07	\$416,643	\$443,638	(\$26,995)	(\$118,231)
Jan-08	\$480,527	\$442,856	\$37,671	(\$80,560)
Feb-08	\$372,242	\$454,981	(\$82,739)	(\$163,299)
Mar-08	\$358,730	\$380,663	(\$21,933)	(\$185,232)
Apr-08	\$302,027	\$326,128	(\$24,101)	(\$209,333)
May-08	\$279,286	\$301,604	(\$22,318)	(\$231,651)
Jun-08	\$302,807	\$300,253	\$2,554	(\$229,097)
Jul-08	\$366,313	\$332,959	\$33,354	(\$195,743)
Aug-08	\$324,464	\$307,638	\$16,826	(\$178,917)
Sep-08	\$343,002	\$291,355	\$51,647	(\$127,271)
Oct-08	\$312,171	\$281,141	\$31,030	(\$96,241)
Nov-08	\$458,329	\$344,735	\$113,594	\$17,353
Dec-08	\$489,687	\$482,515	\$7,172	\$24,525
Jan-09	\$534,197	\$477,529	\$56,668	\$81,193
Feb-09	\$529,396	\$462,389	\$67,007	\$148,200
Mar-09	\$505,654	\$502,024	\$3,630	\$151,830
Apr-09	\$472,018	\$489,157	(\$17,139)	\$134,691
May-09	\$445,946	\$429,696	\$16,250	\$150,941
Jun-09	\$434,172	\$465,230	(\$31,058)	\$119,883
Jul-09	\$460,580	\$453,283	\$7,297	\$127,180
Aug-09	\$470,399	Not Available		

Cumulative 2-year (Over)/Under Recovery	\$119,883
Monthly Recovery (per month for six months)	\$19,980
Monthly Recovery (per month for two months)	\$59,941

Grayson - Environmental Surcharge: 2-year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$105,636	\$114,627	(\$8,991)	(\$8,991)
Aug-07	\$139,162	\$117,731	\$21,431	\$12,440
Sep-07	\$129,982	\$118,785	\$11,197	\$23,637
Oct-07	\$100,504	\$119,982	(\$19,478)	\$4,159
Nov-07	\$105,768	\$117,106	(\$11,338)	(\$7,179)
Dec-07	\$113,232	\$123,451	(\$10,219)	(\$17,398)
Jan-08	\$140,344	\$135,238	\$5,106	(\$12,292)
Feb-08	\$103,368	\$98,097	\$5,271	(\$7,021)
Mar-08	\$92,516	\$79,754	\$12,762	\$5,741
Apr-08	\$66,585	\$61,589	\$4,996	\$10,737
May-08	\$56,963	\$67,327	(\$10,364)	\$373
Jun-08	\$75,095	\$78,497	(\$3,402)	(\$3,029)
Jul-08	\$94,646	\$89,753	\$4,893	\$1,864
Aug-08	\$85,798	\$87,993	(\$2,195)	(\$331)
Sep-08	\$84,761	\$75,718	\$9,043	\$8,712
Oct-08	\$76,835	\$87,497	(\$10,662)	(\$1,950)
Nov-08	\$127,506	\$151,717	(\$24,211)	(\$26,161)
Dec-08	\$140,150	\$151,767	(\$11,617)	(\$37,778)
Jan-09	\$161,965	\$152,451	\$9,514	(\$28,264)
Feb-09	\$152,814	\$135,518	\$17,296	(\$10,968)
Mar-09	\$133,112	\$116,957	\$16,155	\$5,187
Apr-09	\$108,600	\$96,458	\$12,142	\$17,329
May-09	\$102,347	\$136,270	(\$33,923)	(\$16,594)
Jun-09	\$112,659	\$130,308	(\$17,649)	(\$34,243)
Jul-09	\$120,354	\$150,351	(\$29,997)	(\$64,240)
Aug-09	\$129,453	Not Available		

Cumulative 2-year (Over)/Under Recovery	(\$34,243)
Monthly Recovery (per month for six months)	(\$5,707)
Monthly Recovery (per month for two months)	(\$17,122)

Inter-County ECC - Environmental Surcharge: 2-Year Review
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	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$163,458	\$208,203	(\$44,745)	(\$44,745)
Aug-07	\$182,300	\$242,413	(\$60,113)	(\$104,858)
Sep-07	\$242,672	\$233,140	\$9,532	(\$95,326)
Oct-07	\$221,039	\$217,162	\$3,877	(\$91,449)
Nov-07	\$163,165	\$205,928	(\$42,763)	(\$134,212)
Dec-07	\$171,257	\$222,849	(\$51,592)	(\$185,804)
Jan-08	\$183,673	\$230,636	(\$46,963)	(\$232,767)
Feb-08	\$248,477	\$246,701	\$1,776	(\$230,991)
Mar-08	\$182,698	\$181,507	\$1,191	(\$229,800)
Apr-08	\$156,366	\$131,219	\$25,147	(\$204,653)
May-08	\$113,745	\$109,265	\$4,480	(\$200,173)
Jun-08	\$93,561	\$116,410	(\$22,849)	(\$223,022)
Jul-08	\$128,082	\$122,972	\$5,110	(\$217,912)
Aug-08	\$157,755	\$143,697	\$14,058	(\$203,854)
Sep-08	\$144,735	\$153,518	(\$8,783)	(\$212,637)
Oct-08	\$142,548	\$133,695	\$8,853	(\$203,784)
Nov-08	\$119,544	\$148,972	(\$29,428)	(\$233,212)
Dec-08	\$206,398	\$174,451	\$31,947	(\$201,265)
Jan-09	\$245,406	\$276,854	(\$31,448)	(\$232,713)
Feb-09	\$265,836	\$308,639	(\$42,803)	(\$275,516)
Mar-09	\$233,110	\$217,113	\$15,997	(\$259,519)
Apr-09	\$221,188	\$190,454	\$30,734	(\$228,785)
May-09	\$181,221	\$178,790	\$2,431	(\$226,354)
Jun-09	\$166,333	\$185,921	(\$19,588)	(\$245,942)
Jul-09	\$190,048	\$207,047	(\$16,999)	(\$262,941)
Aug-09	\$200,520	Not Available		

Cumulative 2-year (Over)/Under Recovery	(\$245,942)
Monthly Recovery (per month for six months)	(\$40,990)
Monthly Recovery (per month for two months)	(\$122,971)

Jackson Energy Cooperative - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$365,231	\$443,881	(\$78,650)	(\$78,650)
Aug-07	\$492,001	\$522,761	(\$30,760)	(\$109,410)
Sep-07	\$460,026	\$402,106	\$57,920	(\$51,490)
Oct-07	\$343,510	\$347,658	(\$4,148)	(\$55,638)
Nov-07	\$376,145	\$474,072	(\$97,927)	(\$153,565)
Dec-07	\$391,539	\$421,128	(\$29,589)	(\$183,154)
Jan-08	\$508,883	\$438,987	\$69,896	(\$113,258)
Feb-08	\$370,268	\$336,373	\$33,895	(\$79,363)
Mar-08	\$331,588	\$298,443	\$33,145	(\$46,218)
Apr-08	\$243,776	\$227,624	\$16,152	(\$30,066)
May-08	\$202,047	\$237,293	(\$35,246)	(\$65,312)
Jun-08	\$260,716	\$308,895	(\$48,179)	(\$113,491)
Jul-08	\$316,642	\$321,714	(\$5,072)	(\$118,563)
Aug-08	\$292,934	\$301,956	(\$9,022)	(\$127,585)
Sep-08	\$288,602	\$291,671	(\$3,069)	(\$130,654)
Oct-08	\$264,113	\$284,478	(\$20,365)	(\$151,019)
Nov-08	\$456,073	\$534,274	(\$78,201)	(\$229,220)
Dec-08	\$499,571	\$658,093	(\$158,522)	(\$387,742)
Jan-09	\$596,512	\$572,173	\$24,339	(\$363,403)
Feb-09	\$545,587	\$489,094	\$56,493	(\$306,910)
Mar-09	\$474,610	\$423,959	\$50,651	(\$256,259)
Apr-09	\$384,874	\$384,932	(\$58)	(\$256,317)
May-09	\$359,526	\$453,596	(\$94,070)	(\$350,387)
Jun-09	\$386,688	\$448,099	(\$61,411)	(\$411,798)
Jul-09	\$409,581	\$462,677	(\$53,096)	(\$464,894)
Aug-09	\$442,410	Not Available		

Cumulative 2-year (Over)/Under Recovery	(\$411,798)
Monthly Recovery (per month for six months)	(\$68,633)
Monthly Recovery (per month for two months)	(\$205,899)

Licking Valley RECC - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$107,549	\$130,668	(\$23,119)	(\$23,119)
Aug-07	\$141,060	\$121,941	\$19,119	(\$4,000)
Sep-07	\$130,495	\$111,899	\$18,596	\$14,596
Oct-07	\$98,609	\$118,706	(\$20,097)	(\$5,501)
Nov-07	\$108,480	\$115,608	(\$7,128)	(\$12,629)
Dec-07	\$113,298	\$131,077	(\$17,779)	(\$30,408)
Jan-08	\$142,681	\$123,514	\$19,167	(\$11,241)
Feb-08	\$102,913	\$93,189	\$9,724	(\$1,517)
Mar-08	\$92,601	\$82,586	\$10,015	\$8,498
Apr-08	\$69,850	\$62,282	\$7,568	\$16,066
May-08	\$58,060	\$71,367	(\$13,307)	\$2,759
Jun-08	\$74,662	\$76,730	(\$2,068)	\$691
Jul-08	\$91,336	\$75,787	\$15,549	\$16,240
Aug-08	\$83,582	\$74,806	\$8,776	\$25,016
Sep-08	\$82,885	\$63,714	\$19,171	\$44,187
Oct-08	\$76,451	\$73,730	\$2,721	\$46,908
Nov-08	\$130,570	\$132,740	(\$2,170)	\$44,738
Dec-08	\$141,039	\$135,944	\$5,095	\$49,833
Jan-09	\$159,886	\$133,777	\$26,109	\$75,942
Feb-09	\$147,504	\$157,149	(\$9,645)	\$66,297
Mar-09	\$135,214	\$132,830	\$2,384	\$68,681
Apr-09	\$110,322	\$111,564	(\$1,242)	\$67,439
May-09	\$104,359	\$122,682	(\$18,323)	\$49,116
Jun-09	\$113,592	\$123,987	(\$10,395)	\$38,721
Jul-09	\$117,660	\$142,219	(\$24,559)	\$14,162
Aug-09	\$129,679	Not Available		

Cumulative 2-year (Over)/Under Recovery	\$38,721
Monthly Recovery (per month for six months)	\$6,454
Monthly Recovery (per month for two months)	\$19,361

Nolin RECC - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$314,413	\$387,751	(\$73,338)	(\$73,338)
Aug-07	\$417,396	\$415,495	\$1,901	(\$71,437)
Sep-07	\$401,073	\$329,958	\$71,115	(\$322)
Oct-07	\$299,867	\$301,864	(\$1,997)	(\$2,319)
Nov-07	\$277,241	\$296,615	(\$19,374)	(\$21,693)
Dec-07	\$284,903	\$304,902	(\$19,999)	(\$41,692)
Jan-08	\$369,996	\$346,282	\$23,714	(\$17,978)
Feb-08	\$276,145	\$277,480	(\$1,335)	(\$19,313)
Mar-08	\$244,756	\$240,089	\$4,667	(\$14,646)
Apr-08	\$193,211	\$181,868	\$11,343	(\$3,303)
May-08	\$170,050	\$186,281	(\$16,231)	(\$19,534)
Jun-08	\$218,380	\$232,809	(\$14,429)	(\$33,963)
Jul-08	\$267,764	\$244,695	\$23,069	(\$10,894)
Aug-08	\$246,672	\$170,640	\$76,032	\$65,138
Sep-08	\$242,895	\$145,928	\$96,967	\$162,106
Oct-08	\$195,163	\$116,195	\$78,968	\$241,073
Nov-08	\$305,202	\$243,015	\$62,187	\$303,261
Dec-08	\$356,312	\$270,781	\$85,531	\$388,791
Jan-09	\$386,382	\$273,518	\$112,864	\$501,655
Feb-09	\$357,696	\$334,479	\$23,217	\$524,872
Mar-09	\$324,902	\$310,692	\$14,210	\$539,082
Apr-09	\$283,083	\$298,519	(\$15,436)	\$523,646
May-09	\$281,644	\$313,250	(\$31,606)	\$492,040
Jun-09	\$316,819	\$337,229	(\$20,410)	\$471,630
Jul-09	\$326,141	\$333,210	(\$7,069)	\$464,561
Aug-09	\$360,499	Not Available		

Cumulative 2-year (Over)/Under Recovery	\$471,630
Monthly Recovery (per month for six months)	\$78,605
Monthly Recovery (per month for two months)	\$235,815

Owen Electric Cooperative - Environmental Surcharge: 2-year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$714,005	\$776,702	(\$62,697)	(\$62,697)
Aug-07	\$756,468	\$769,665	(\$13,197)	(\$75,894)
Sep-07	\$994,208	\$1,078,643	(\$84,435)	(\$160,329)
Oct-07	\$1,054,298	\$809,606	\$244,692	\$84,363
Nov-07	\$805,374	\$763,252	\$42,122	\$126,485
Dec-07	\$672,394	\$729,264	(\$56,870)	\$69,614
Jan-08	\$669,484	\$778,313	(\$108,829)	(\$39,214)
Feb-08	\$817,328	\$725,783	\$91,545	\$52,331
Mar-08	\$632,669	\$636,934	(\$4,265)	\$48,066
Apr-08	\$609,210	\$565,863	\$43,347	\$91,413
May-08	\$542,311	\$498,235	\$44,076	\$135,489
Jun-08	\$503,232	\$526,023	(\$22,791)	\$112,698
Jul-08	\$583,942	\$607,754	(\$23,812)	\$88,886
Aug-08	\$692,830	\$661,759	\$31,071	\$119,957
Sep-08	\$640,987	\$700,259	(\$59,272)	\$60,686
Oct-08	\$566,081	\$573,528	(\$7,447)	\$53,239
Nov-08	\$463,469	\$531,578	(\$68,109)	(\$14,870)
Dec-08	\$671,712	\$879,969	(\$208,257)	(\$223,127)
Jan-09	\$668,602	\$871,255	(\$202,653)	(\$425,780)
Feb-09	\$827,771	\$897,738	(\$69,967)	(\$495,747)
Mar-09	\$812,589	\$729,643	\$82,946	(\$412,801)
Apr-09	\$691,789	\$697,688	(\$5,899)	(\$418,700)
May-09	\$668,758	\$705,432	(\$36,674)	(\$455,374)
Jun-09	\$698,694	\$742,283	(\$43,589)	(\$498,963)
Jul-09	\$756,261	\$857,741	(\$101,480)	(\$600,443)
Aug-09	\$830,963	Not Available		

Cumulative 2-year (Over)/Under Recovery	(\$498,963)
Monthly Recovery (per month for six months)	(\$83,161)
Monthly Recovery (per month for two months)	(\$249,482)

Salt River RECC - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$448,181	\$528,724	(\$80,543)	(\$80,543)
Aug-07	\$600,858	\$522,233	\$78,625	(\$1,918)
Sep-07	\$555,535	\$491,065	\$64,470	\$62,552
Oct-07	\$400,679	\$417,928	(\$17,249)	\$45,303
Nov-07	\$359,115	\$467,922	(\$108,807)	(\$63,505)
Dec-07	\$378,030	\$456,556	(\$78,526)	(\$142,031)
Jan-08	\$480,753	\$443,171	\$37,582	(\$104,449)
Feb-08	\$357,053	\$398,992	(\$41,939)	(\$146,387)
Mar-08	\$315,488	\$317,820	(\$2,332)	(\$148,719)
Apr-08	\$248,534	\$271,561	(\$23,027)	(\$171,746)
May-08	\$233,567	\$252,115	(\$18,548)	(\$190,294)
Jun-08	\$323,357	\$313,409	\$9,948	(\$180,346)
Jul-08	\$397,728	\$343,031	\$54,697	(\$125,649)
Aug-08	\$364,355	\$319,933	\$44,422	(\$81,227)
Sep-08	\$350,271	\$363,487	(\$13,216)	(\$94,443)
Oct-08	\$266,525	\$284,517	(\$17,992)	(\$112,435)
Nov-08	\$418,053	\$312,787	\$105,266	(\$7,169)
Dec-08	\$487,485	\$598,861	(\$111,376)	(\$118,545)
Jan-09	\$542,202	\$583,059	(\$40,857)	(\$159,403)
Feb-09	\$494,092	\$442,529	\$51,563	(\$107,840)
Mar-09	\$449,377	\$424,529	\$24,848	(\$82,992)
Apr-09	\$397,019	\$418,803	(\$21,784)	(\$104,776)
May-09	\$424,518	\$436,457	(\$11,939)	(\$116,715)
Jun-09	\$486,319	\$557,647	(\$71,328)	(\$188,043)
Jul-09	\$508,780	\$526,328	(\$17,548)	(\$205,591)
Aug-09	\$547,945	Not Available		

Cumulative 2-year (Over)/Under Recovery	(\$188,043)
Monthly Recovery (per month for six months)	(\$31,340)
Monthly Recovery (per month for two months)	(\$94,021)

Shelby Energy Cooperative - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$181,837	\$240,389	(\$58,552)	(\$58,552)
Aug-07	\$239,409	\$224,998	\$14,411	(\$44,141)
Sep-07	\$237,932	\$207,468	\$30,464	(\$13,677)
Oct-07	\$179,023	\$156,309	\$22,714	\$9,038
Nov-07	\$161,528	\$171,984	(\$10,456)	(\$1,419)
Dec-07	\$164,661	\$187,089	(\$22,428)	(\$23,846)
Jan-08	\$208,137	\$195,709	\$12,428	(\$11,419)
Feb-08	\$157,662	\$190,011	(\$32,349)	(\$43,767)
Mar-08	\$143,668	\$176,871	(\$33,203)	(\$76,970)
Apr-08	\$116,838	\$140,889	(\$24,051)	(\$101,022)
May-08	\$104,530	\$125,553	(\$21,023)	(\$122,045)
Jun-08	\$130,260	\$130,686	(\$426)	(\$122,470)
Jul-08	\$155,927	\$139,164	\$16,763	(\$105,707)
Aug-08	\$147,268	\$137,776	\$9,492	(\$96,215)
Sep-08	\$142,042	\$134,718	\$7,324	(\$88,890)
Oct-08	\$118,484	\$97,704	\$20,780	(\$68,110)
Nov-08	\$179,340	\$145,304	\$34,036	(\$34,074)
Dec-08	\$199,845	\$204,382	(\$4,537)	(\$38,611)
Jan-09	\$230,637	\$224,738	\$5,899	(\$32,711)
Feb-09	\$218,933	\$196,132	\$22,801	(\$9,910)
Mar-09	\$195,634	\$176,421	\$19,213	\$9,303
Apr-09	\$172,454	\$181,436	(\$8,982)	\$320
May-09	\$177,311	\$186,689	(\$9,378)	(\$9,058)
Jun-09	\$193,217	\$211,199	(\$17,982)	(\$27,040)
Jul-09	\$201,539	\$216,719	(\$15,180)	(\$42,220)
Aug-09	\$216,251	Not Available		

Cumulative 2-year (Over)/Under Recovery	(\$27,040)
Monthly Recovery (per month for six months)	(\$4,507)
Monthly Recovery (per month for two months)	(\$13,520)

South Kentucky RECC - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on EKPC's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$471,282	\$567,708	(\$145,061)	(\$145,061)
Aug-07	\$625,677	\$507,462	(\$36,180)	(\$181,242)
Sep-07	\$581,397	\$664,761	(\$39,084)	(\$220,326)
Oct-07	\$428,835	\$447,881	\$133,516	(\$86,810)
Nov-07	\$446,978	\$525,074	(\$96,239)	(\$183,049)
Dec-07	\$455,769	\$495,864	(\$48,886)	(\$231,935)
Jan-08	\$620,335	\$503,748	(\$47,979)	(\$279,914)
Feb-08	\$446,379	\$540,131	\$80,204	(\$199,710)
Mar-08	\$399,497	\$441,188	\$5,191	(\$194,519)
Apr-08	\$303,514	\$351,651	\$47,846	(\$146,672)
May-08	\$252,301	\$287,110	\$16,404	(\$130,268)
Jun-08	\$330,879	\$299,052	(\$46,751)	(\$177,019)
Jul-08	\$410,281	\$351,526	(\$20,647)	(\$197,666)
Aug-08	\$376,197	\$365,692	\$44,589	(\$153,078)
Sep-08	\$368,514	\$382,257	(\$6,060)	(\$159,138)
Oct-08	\$321,029	\$312,047	\$56,467	(\$102,671)
Nov-08	\$556,602	\$319,831	\$1,198	(\$101,473)
Dec-08	\$647,799	\$605,267	(\$48,665)	(\$150,137)
Jan-09	\$784,179	\$680,225	(\$32,426)	(\$182,563)
Feb-09	\$722,685	\$697,828	\$86,351	(\$96,212)
Mar-09	\$622,408	\$671,236	\$51,449	(\$44,763)
Apr-09	\$510,538	\$566,009	\$56,399	\$11,636
May-09	\$480,465	\$536,244	(\$25,706)	(\$14,070)
Jun-09	\$535,927	\$582,860	(\$102,395)	(\$116,465)
Jul-09	\$562,242	\$628,293	(\$66,051)	(\$182,516)
Aug-09	\$602,525	\$609,518	(\$6,993)	(\$189,509)

Cumulative 2-year (Over)/Under Recovery	(\$116,465)
Monthly Recovery (per month for six months)	(\$19,411)
Monthly Recovery (per month for two months)	(\$58,233)

Taylor County RECC - Environmental Surcharge: 2-Year Review

	EKPC Invoice Month recorded on Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-07	\$194,337	\$231,081	(\$36,744)	(\$36,744)
Aug-07	\$216,919	\$217,009	(\$90)	(\$36,834)
Sep-07	\$286,697	\$295,511	(\$8,814)	(\$45,648)
Oct-07	\$256,914	\$258,312	(\$1,398)	(\$47,046)
Nov-07	\$189,567	\$222,960	(\$33,393)	(\$80,439)
Dec-07	\$188,703	\$191,915	(\$3,212)	(\$83,651)
Jan-08	\$195,538	\$192,352	\$3,186	(\$80,465)
Feb-08	\$254,271	\$217,294	\$36,977	(\$43,488)
Mar-08	\$189,347	\$200,965	(\$11,618)	(\$55,106)
Apr-08	\$178,654	\$196,533	(\$17,879)	(\$72,985)
May-08	\$129,874	\$143,470	(\$13,596)	(\$86,581)
Jun-08	\$111,437	\$121,532	(\$10,095)	(\$96,676)
Jul-08	\$148,348	\$146,529	\$1,819	(\$94,857)
Aug-08	\$182,046	\$159,170	\$22,876	(\$71,981)
Sep-08	\$166,337	\$181,556	(\$15,219)	(\$87,200)
Oct-08	\$161,022	\$162,464	(\$1,442)	(\$88,642)
Nov-08	\$129,915	\$120,637	\$9,278	(\$79,364)
Dec-08	\$214,661	\$195,281	\$19,380	(\$59,984)
Jan-09	\$244,598	\$244,253	\$345	(\$59,639)
Feb-09	\$293,306	\$274,310	\$18,996	(\$40,643)
Mar-09	\$275,675	\$312,682	(\$37,007)	(\$77,650)
Apr-09	\$239,796	\$256,312	(\$16,516)	(\$94,166)
May-09	\$206,023	\$279,876	(\$73,853)	(\$168,019)
Jun-09	\$194,380	\$218,154	(\$23,774)	(\$191,793)
Jul-09	\$220,599	\$230,961	(\$10,362)	(\$202,155)
Aug-09	\$237,832	\$241,694	(\$3,862)	(\$206,017)

Cumulative 2-year (Over)/Under Recovery	(\$191,793)
Monthly Recovery (per month for six months)	(\$31,966)
Monthly Recovery (per month for two months)	(\$95,897)

EAST KENTUCKY POWER COOPERATIVE, INC.

**PSC CASE NO. 2009-00317
ENVIRONMENTAL SURCHARGE
APPENDIX B
FIRST DATA REQUEST RESPONSE**

COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09

REQUEST 3

RESPONSIBLE PARTY: James C. Lamb, Jr.

Request 3. Refer to Form 2.3, Inventory and Expense of Emission Allowances, for each of the expense months covered by the billing period under review.

Request 3a. For the sulfur dioxide emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

Response 3a. Please see page 3 of this response.

Request 3b. For the nitrogen oxide emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

Response 3b. Please see page 4 of this response.

Request 3c. Explain how the purchase of allowances in the expense months covered by the billing period complies with East Kentucky's emissions allowance strategy plan.

Response 3c. EKPC monitors the number of tons of SO₂ and NO_x emitted from its generating stations. Based on these measured emissions, the projected generation, fuel consumption for the remainder of the year, and allowances allocated to EKPC by EPA, EKPC projects the number of SO₂ and NO_x allowances that will be needed to be held at the end of each year in order to comply with state and federal emissions limitations. In general, EKPC endeavors to purchase emission allowances in a planned cost-effective manner, utilizing dollar-cost-averaging, to hold in inventory a sufficient number of allowances to cover anticipated utilization of SO₂ and NO_x allowances. In order to comply with the Clean Air Interstate Rules (“CAIR”), EKPC began purchasing annual NO_x allowances for use in 2009. Beginning in 2009, the CAIR rules have requirements for seasonal as well as annual NO_x allowances.

The goal of EKPC’s Emissions Allowance Strategy Plan is to be in compliance with regulatory requirements while minimizing the volatility to EKPC’s Member Systems. EKPC regularly reviews compliance options and their costs. EKPC’s strategy for achieving its goal is to develop a program that meets federal and state standards at the lowest cost while providing operational flexibility to meet all of its power production needs.

EKPC’s compliance strategy includes the purchase of low-sulfur fuel, the purchase of SO₂ and NO_x emission allowances, and operation of Selective Catalytic Reduction (“SCR”) equipment on its Spurlock 1 and Spurlock 2 units. Please also note that the Spurlock Unit 2 scrubber became commercially operational in January 2009; the Spurlock Unit 1 scrubber became commercially operational in August 2009.

3. (a)

SO2 Emission Allowances

Month	Quantity Acquired	Reason
Jul-07	700	For 2007 Compliance
Aug-07	0	
Sep-07	4000	For 2008 compliance or for other anticipated future needs
Oct-07	2000	For 2008 compliance or for other anticipated future needs
Nov-07	0	
Dec-07	0	
Jan-08	40064	For 2008 compliance (includes annual allocation from EPA and transfer from vintage year to current year allowances)
Feb-08	3500	For 2008 compliance or for other anticipated future needs
Mar-08	8000	For 2008, 2009, and 2010 compliance or for other anticipated future needs
Apr-08	3900	For 2008 and 2009 compliance or for other anticipated future needs
May-08	1500	For 2008 and 2009 compliance or for other anticipated future needs
Jun-08	500	For 2009 compliance or for other anticipated future needs
Jul-08	0	
Aug-08	0	
Sep-08	0	
Oct-08	0	
Nov-08	1500	For 2009 compliance or for other anticipated future needs
Dec-08	0	
Jan-09	22964	For 2009 compliance or for other anticipated future needs (includes annual allocation from EPA, transfer of 2009 allowances from a prior year swap transaction, and transfer from vintage year to current year allowances)
Feb-09	0	
Mar-09	0	
Apr-09	0	
May-09	0	
Jun-09	0	

3. (b)

Nox (seasonal and annual) Emission Allowances

Month	Quantity Acquired	Reason
Jul-07	1150	For 2007 and 2008 compliance or for other anticipated future needs (450 adjustment to purchases recorded in 9/07)
Aug-07	0	
Sep-07	350	For 2008 compliance or for other anticipated future needs
Oct-07	0	
Nov-07	1032	For 2007 compliance or for other anticipated future needs
Dec-07	0	
Jan-08	3046	For 2008 compliance (annual allocation from EPA)
Feb-08	0	
Mar-08	0	
Apr-08	900	For 2008 and 2009 compliance or for other anticipated future needs
May-08	700	For 2008 and 2009 compliance or for other anticipated future needs
Jun-08	100	For 2009 compliance or for other anticipated future needs
Jul-08	350	For 2008 and 2009 compliance or for other anticipated future needs (Adjustment made in 8/08 to reflect 150 as 2009 vintage allowances)
Aug-08	0	
Sep-08	0	
Oct-08	0	
Nov-08	0	
Dec-08	0	
Jan-09	8207	For 2009 compliance (includes annual allocation from EPA and and transfer from vintage year to current year allowances)
Feb-09	0	
Mar-09	0	
Apr-09	0	
May-09	3918	Adjustment made to separate Annual and Seasonal NOx balances
Jun-09	450	For 2009 compliance or for other anticipated future needs

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00317

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09

REQUEST 4

RESPONSIBLE PARTY: Ann F. Wood

Request 4. Refer to Form 2.5, Operating and Maintenance Expenses, for the last six expense months covered by the billing period under review. For each of the ten expense account numbers listed on this schedule, explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.

Response 4. Please see pages 2 through 8 of this response.

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Monthly Comparative Analysis of
 Operating and Maintenance Expenses
 For Expense Months January 2009 - June 2009

Expense Acct #	Account Description	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
50144	Fuel Coal Gilbert Ash Removal Expense Dollars	\$202,828	-\$9,209	\$12,064	\$395,872	\$34,658	\$122,548	\$146,734
	* Month over month expense change		(\$212,037)	\$21,273	\$383,808	(\$361,215)	\$87,890	\$24,186
	Percent of change		-104.54%	-231.01%	3181.31%	-91.25%	253.60%	19.74%

*Monthly expense change due to increase or (decrease) in contractor payments for ash removal.

The month over month variances are due to timing issues in billings from the contractor. Please note that no invoices were received from the contractor for Q1 2009 until March causing the large increase.

The negative amount in January is due to the reversal of December 2008 accruals.

Please note that the Gilbert Unit has its spring maintenance outage in part of March and April 2009.

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Monthly Comparative Analysis of
 Operating and Maintenance Expenses
 For Expense Months January 2009 - June 2009

Expense Acct #	Account Description	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
Air Permit Fees								
Expense \$'s								
50621	Steam Environmental Dale	\$320,691	\$0	\$0	\$0	\$0	\$0	\$0
50631	Steam Environmental Cooper	\$361,888	\$0	\$0	\$0	\$0	\$0	\$0
50645	Steam Environmental Spurlock	\$367,826	\$0	\$0	\$0	\$0	\$0	\$0
	Total Air Permit Fees	\$1,050,404	\$0	\$0	\$0	\$0	\$0	\$0
Expense Change								
50621	Steam Environmental Dale		(\$320,691)	\$0	\$0	\$0	\$0	\$0
50631	Steam Environmental Cooper		(\$361,888)	\$0	\$0	\$0	\$0	\$0
50645	Steam Environmental Spurlock		(\$367,826)	\$0	\$0	\$0	\$0	\$0
	Total Increase or (Decrease)		(\$1,050,404)	\$0	\$0	\$0	\$0	\$0
Percentage Change								
50621	Steam Environmental Dale		-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50631	Steam Environmental Cooper		-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50645	Steam Environmental Spurlock		-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Total Percentage Change		-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Decrease:
 Air Permit fees were expensed in December 2008.

Expense Unit #	Account Description	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
Ammonia, Limestone & Magnesium								
Expense \$'s								
50641	Spur-1 Ammonia	\$137,074	\$31,692	\$76,815	\$75,004	\$37,034	\$76,891	\$57,063
50642	Spur-2 Ammonia	\$218,302	\$31,535	\$70,354	\$75,003	\$44,416	\$79,274	\$58,506
506432	Spur-2 Scrubber Limestone & Magnesium		\$156,392	\$118,995	\$95,462	\$139,016	\$159,694	\$235,691
50644	Gilbert Ammonia & Limestone	\$341,835	\$231,760	\$306,573	\$212,388	\$186,876	\$352,546	\$136,692
506445	Spur-4 Ammonia & Limestone					\$210,271	\$211,624	\$270,309
Total Ammonia, Limestone & Magnesium		\$697,211	\$451,379	\$572,737	\$457,857	\$617,614	\$880,028	\$758,261
Expense Change								
50641	Spur-1 Ammonia		(\$105,382)	\$45,123	(\$1,811)	(\$37,970)	\$39,858	(\$19,829)
50642	Spur-2 Ammonia		(\$186,767)	\$38,819	\$4,649	(\$30,587)	\$34,857	(\$20,768)
506432	Spur-2 Scrubber Limestone & Magnesium		\$156,392	(\$37,397)	(\$23,534)	\$43,554	\$20,678	\$75,998
50644	Gilbert Ammonia & Limestone		(\$110,075)	\$74,813	(\$94,184)	(\$25,512)	\$165,670	(\$215,854)
506445	Spur-4 Ammonia & Limestone		\$0	\$0	\$0	\$210,271	\$1,353	\$58,684
Increase or (Decrease)			(\$245,832)	\$121,358	(\$114,880)	\$159,757	\$262,415	(\$121,768)
Percentage Change								
50641	Spur-1 Ammonia		-76.88%	142.38%	-2.36%	-50.62%	107.62%	-25.79%
50642	Spur-2 Ammonia		-85.55%	123.10%	6.61%	-40.78%	78.48%	-26.20%
506432	Spur-2 Scrubber Limestone & Magnesium		100.00%	-23.91%	-19.78%	45.63%	14.87%	47.59%
50644	Gilbert Ammonia & Limestone		-32.20%	32.28%	-30.72%	-12.01%	88.65%	-61.23%
506445	Spur-4 Ammonia & Limestone		0.00%	0.00%	0.00%	100.00%	0.64%	27.73%
Total Percentage Change			-35.26%	26.89%	-20.06%	34.89%	42.49%	-13.84%

Accounts 50641 and 50642: Charges represent payments for anhydrous ammonia used in Spurlock Unit 1 (50641) and Unit 2 (50642) SCR's. Ammonia is tied to load on the units. Please note that the per ton price paid for ammonia decreased from \$1,075/ton at the end of 2008 to approximately \$500/ton in 2009.

Account 506432: Represents charges for limestone used in the Spur-2 Scrubber at the average cost of the limestone. The Magnesium expense is from payment of invoices. The table below represents the monthly magnesium expense, limestone expense and tons used. Spur-2 Scrubber went on line in Jan 09

	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
Magnesium Expense		\$0	\$11,890	\$5,922	\$11,726	\$5,880	\$29,901
Limestone Expense		\$156,392	\$107,105	\$89,540	\$127,290	\$153,814	\$205,790
Limestone Tons Used		14,885	13,500	9,432	14,947	16,320	21,901

Account 50644: This account is based upon the tons of limestone used in the Gilbert Unit and the average cost of the limestone plus the invoices paid for ammonia. The table below shows the monthly ammonia expense, limestone expense and usage.

	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
Ammonia Expense	\$153,425	\$12,231	\$31,106	\$28,573	\$21,026	\$32,021	\$21,426
Limestone Expense	\$188,410	\$219,529	\$275,467	\$183,816	\$165,850	\$320,525	\$115,267
Limestone Tons Used	35,247	24,080	27,280	18,840	19,362	30,990	11,969

Account 506445: This account is based upon the tons of limestone used in the Spur #4 unit and the average cost of the limestone plus the invoices paid for ammonia. The Spur-4 unit went commercial in April. The table below shows the monthly ammonia expense, limestone expense and usage.

	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
Ammonia Expense					\$2,143	\$12,436	\$5,185
Limestone Expense					\$208,128	\$199,188	\$265,124
Limestone Tons Used					21,481	20,653	27,537

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Monthly Comparative Analysis of
 Operating and Maintenance Expenses
 For Expense Months January 2009 - June 2009

Expense Acct #	Account Description	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
51241	Maintenance of Boiler Spurlock 1							
	Expense Dollars	\$6,498	\$2,494	\$3,013	\$2,751	\$23,825	\$22,588	\$108,350
	Month over month expense change		(\$4,004)	\$519	(\$262)	\$21,074	(\$1,237)	\$85,762
	Percent of change		-61.62%	20.82%	-8.71%	766.14%	-5.19%	379.68%

Decrease from December 2008 to January 2009 of (\$4.0K):

Result of (\$6.0K) reduction contractor payments for removable and re-insulation of various areas and equipment on the Unit 1 SCR offset by a \$2.0K increase in EKPC maintenance labor and benefits.

Increase from January 2009 to February 2009 of \$0.5K:

EKPC issued \$0.5K more maintenance material from the warehouse.

Decrease from February 2009 to March 2009 of (\$0.3K):

Result of a \$0.1K increase of maintenance material issued from the warehouse and (\$0.4K) lower EKPC maintenance labor and benefits.

Increase from March 2009 to April 2009 of \$21.1K:

Increase of \$22.5K for vendor to perform analysis of catalyst samples from Spurlock Unit #1 SCR and submit a Data Interpretation Report, including a preliminary DeNox forecast graph. Incurred an additional \$1.5K payment for vendor to remove and re-insulate various areas and equipment. EKPC maintenance labor and benefits were (\$2.9K) lower for April.

Decrease from April 2009 to May 2009 of (\$1.2K):

(\$22.5K) Reduction for prior month's catalyst analysis samples with \$8.5 increase for vendor labor and equipment to clean unit 1 SCR and \$2.5K increase for labor to erect and dismantle scaffolding at various locations on Spurlock 1 Boiler. EKPC maintenance labor and benefits were up \$10.3K due to the Spurlock 1 spring maintenance outage.

Increase from May 2009 to June 2009 of \$85.8K:

Reduction in vendor payment of (\$8.5K) and (\$2.5K) from prior month for the cleaning of unit 1 SCR and scaffolding. Incurred vendor payment of \$105.8K to provide assistance to inspect, repair and provide requested material for Unit 1 Precipitator. EKPC maintenance labor and benefits were lower by (\$9.0K).

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Monthly Comparative Analysis of
Operating and Maintenance Expenses
For Expense Months January 2009 - June 2009

Expense Acct #	Account Description	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
51242	Maintenance of Boiler Spurlock 2							
	Expense Dollars	\$3,226	\$551	\$269	\$3,493	\$21,116	\$3,147	\$5,975
	Month over month expense change		(\$2,676)	(\$282)	\$3,225	\$17,623	(\$17,969)	\$2,828
	Percent of change		-82.94%	-51.23%	1200.96%	504.45%	-85.10%	89.85%

Decrease from December 2008 to January 2009 of (\$2.7K):

In December incurred contractor expense for supervision, labor, & equipment to remove & reinsulate various areas and equipment on Spurlock Unit 2 SCR of (\$3.1K). Issued \$0.4K of warehouse maintenance material in January.

Decrease from January 2009 to February 2009 of (\$0.3K):

No issues of maintenance material from the warehouse (\$0.4K) with \$.1K more EKPC labor and benefits in February.

Increase from February 2009 to March 2009 of \$3.2K:

EKPC's labor and benefits for maintenance on unit 2 SCR were up \$3.2K March.

Increase from March 2009 to April 2009 of \$17.6K:

Increase of \$22.5K vendor payment for analysis performed on catalyst samples and a reduction of (\$4.9K) of EKPC labor and benefits.

Decrease from April 2009 to May 2009 of (\$18.0K):

Net reduction in vendor service payments of (\$20.1K) with \$2.1K more EKPC maintenance labor and benefits in May.

Increase from May 2009 to June 2009 of \$2.8K:

Maintenance material issued from the warehouse of \$2.6K and \$0.2K additional EKPC labor and benefits for June.

East Kentucky Power Cooperative, Inc.
Environmental Surcharge Monthly Comparative Analysis of
Operating and Maintenance Expenses
For Expense Months January 2009 - June 2009

Expense Acct #	Account Description	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
51244	Maintenance of Boiler Gilbert							
	Expense Dollars	\$490,811	\$125,377	\$237,813	\$244,455	\$846,904	\$104,972	\$66,005
	Month over month expense change		(\$365,433)	\$112,435	\$6,643	\$602,449	(\$741,932)	(\$38,967)
	Percent of change		-74.46%	89.68%	2.79%	246.45%	-87.61%	-37.12%

Decrease from December 2008 to January 2009 of (\$365.4K):

Higher December contractor expenses for work done during the fall outage such as refractory repairs for unit 3 boiler combustion system, seal pots expansion joints, ash return lines, tube penetrations, cyclone inlet, new top section of FDA turn vanes and associated scaffolding. These expenses not incurred for January 2009. Also reversal of year-end 2008 liability accruals.

Increase from January 2009 to February 2009 of \$112.4K:

Increase due to contractor payments for labor & equipment to vacuum various areas of unit 3 boiler pollution control equipment for FBHE's FBAC's, seal pots, cyclone separators, flash drier absorber & limestone pulverizers during January forced outage. Also labor, equipment & travel for refractory repairs to pollution control equipment (crossover inlet to 3c cyclone bull nose area).

Increase from February 2009 to March 2009 of \$6.6K:

Contractor payments continued upward due to labor & equipment to water wash & vacuum Spurlock Unit 3 bag house and the boiler pollution control equipment to include FBHE's and FBAC's. Labor and equipment for clean-up of coal and limestone handling system.

Increase from March 2009 to April 2009 of \$602.4K:

Continued additional contractor expenses for labor, equipment & supervision for the removal of Unit 3 (C) Cyclone existing Vortex Finder and installation of new Ceramic Vortex Finder during 2009 spring outage-- \$104.2K.
 Labor, equipment and material for inspections of refractory repairs for (1) return from seal pot front wall (2) map target walls (3) (B) cyclone bull nose, (4) outlet duct bull nose tear out for A, B, & C and pollution control equipment \$444.6K. Erecting and dismantling scaffolding \$66.3K.

Decrease from April 2009 to May 2009 of (\$741.9K):

The large reduction is due to not incurring the contractor expenses related to the spring outage for repairs and clean up on unit #3 as detailed in the previous months explanations. These expenses were small for May with a few invoices for washing and vacuuming equipment and related scaffolding expense of \$90.1K.

Decrease from May 2009 to June 2009 of (\$38.9K):

Once again the reduction is the result of not incurring the contractor expenses related to the spring outage.

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Monthly Comparative Analysis of
 Operating and Maintenance Expenses
 For Expense Months January 2009 - June 2009

Expense Acct #	Account Description	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009
512432	Maintenance of Spur #2 Scrubber Expense Dollars	\$0	\$0	\$36,848	\$38,767	\$60,568	\$48,309	\$83,413
	Month over month expense change		\$0	\$36,848	\$1,919	\$21,801	(\$12,259)	\$35,104
	Percent of change		#DIV/0!	100.00%	5.21%	56.24%	-20.24%	72.66%

Increase from January 2009 to February 2009 of \$36.5K:

The Spurlock #2 Scrubber went on line in January 2009 and incurred maintenance expenses in February. The expenses were \$1.8K for vibration monitoring services, \$4.2K of warehouse issued maintenance material and the remainder was for EKPC labor and benefits.

Increase from February 2009 to March 2009 of \$1.9K:

Vibration monitoring services expense for March was \$3.5K, an increase of \$1.7K. Also incurred \$1.2K for oil sample analysis and issued \$6.9K of material, an increase of \$2.7K. EKPC labor and benefits were (\$3.7K) lower than February.

Increase from March 2009 to April 2009 of \$21.8K:

Issued \$17.8K of maintenance material from the warehouse for an increase of \$10.9K and purchased other material for \$11.1K.

Decrease from April 2009 to May 2009 of (\$12.3K):

Issued (\$1.0K) less material from the warehouse and did not incur the prior month (\$11.1K) additional material purchase.

Increase from May 2009 to June 2009 of \$35.1K:

Purchased Lower Shaft & Impeller Assembly with Chlorobutyl Rubber Covering \$10.4K. Contractor maintenance agreement to consist of Four (4) Craft Labor Personnel & One (1) Supervisor to supply supervision, labor, tools & consumables to perform preventative & daily maint. activities on Unit 2 Scrubber \$18.9K. Issued \$24.1K of warehouse material for an increase of \$7.3K. EKPC maintenance labor and benefits decreased (\$1.5K).

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00317

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST DATA REQUEST RESPONSE

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09
REQUEST 5**

RESPONSIBLE PARTY: Frank J. Oliva

Request 5. Provide the percentage of East Kentucky's debt issuances directly related to projects in the approved compliance plan that have a variable interest rate as of the May 2009 expense month.

Response 5. The percentage is 0%. The debt cost for each debt issuance directly related to the projects in the approved compliance plan are at fixed interest rates.

EAST KENTUCKY POWER COOPERATIVE, INC.

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COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09
REQUEST 6

RESPONSIBLE PARTY: Frank J. Oliva

Request 6. The Settlement Agreement approved in Case No. 2004-00321 provides that East Kentucky's rate of return on compliance-related capital expenditures will be updated to reflect current average debt cost at the conclusion of the six-month surcharge review. Provide the following information as of May 31, 2009:

- a. The debt issuances directly related to projects in the approved compliance plan and corresponding outstanding balances of each debt issuance.
- b. The debt cost for each debt issuance directly related to the projects in the approved compliance plan.
- c. East Kentucky's calculation of the weighted average debt cost and the rate of return resulting from multiplying the weighted average debt cost by a 1.35 TIER. Include all supporting calculations showing how the weighted average debt cost was determined.

Response 6. a-c. Please see page 2 of this response.

Weighted Average Cost of Debt

Compliance Project	Loan Source (1)	NBV 5/31/2009 (2)	Cost (3)	Weights (4)=(2)*(3)	Rate of Return (5) = (4)*1.35
1. Gilbert (Environmental Portion)	Z-8	\$ 61,577,804	4 71%	0 630%	
2. Spurlock 1 - Precipitator	Y-8	\$ 19,310,699	4 92%	0 206%	
3. Spurlock 1 - SCR	Y-8	\$ 64,406,293	4 92%	0 688%	
4. Spurlock 2 - SCR	Y-8	\$ 31,854,580	4 92%	0 340%	
5. Spurlock #4 (Environmental Portion)	AD-8	\$ 84,448,861	4 51%	0 827%	
6. Spurlock #1 Scrubber	AG-8	\$ -			
7. Spurlock #2 Scrubber	AG-8	\$ 198,645,908	4 15%	1 791%	
		<u>\$ 460,244,145</u>		<u>4.482%</u>	<u>6.051%</u>

Y-8 30-year	Note Number (1)	Current Liability 5/31/2009 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
	HO720	\$ 22,844,013	4 460%	\$ 1,018,843	
	HO725	\$ 22,951,828	4 819%	\$ 1,106,049	
	HO730	\$ 22,806,203	4 950%	\$ 1,128,907	
	HO750	\$ 23,030,723	5 091%	\$ 1,172,494	
	HO755	\$ 23,047,237	5 149%	\$ 1,186,702	
	HO760	\$ 23,023,285	5 065%	\$ 1,166,129	
	HO765	\$ 23,007,767	5 011%	\$ 1,152,919	
	HO770	\$ 24,891,016	5 149%	\$ 1,281,638	
	HO885	\$ 6,114,041	4 890%	\$ 298,977	
	HO960	\$ 10,740,569	4 338%	\$ 465,926	
	HO1005	\$ 4,173,780	4 306%	\$ 179,723	
		<u>\$ 206,630,460</u>		<u>\$ 10,158,307</u>	<u>4.92%</u>

Z-8 30-year	Note Number (1)	Current Liability 5/31/2009 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
	HO810	\$ 47,708,724	4 744%	\$ 2,263,302	
	HO815	\$ 47,742,273	4 825%	\$ 2,303,565	
	HO820	\$ 47,791,636	4 946%	\$ 2,363,774	
	HO825	\$ 23,836,330	4 658%	\$ 1,110,296	
	HO830	\$ 23,801,951	4 497%	\$ 1,070,374	
	HO835	\$ 23,846,213	4 705%	\$ 1,121,964	
	HO840	\$ 23,765,871	4 332%	\$ 1,029,538	
	HO845	\$ 18,060,716	4 324%	\$ 780,945	
	HO855	\$ 28,554,807	4 468%	\$ 1,275,829	
	HO860	\$ 28,555,327	4 470%	\$ 1,276,423	
	HO870	\$ 28,631,473	4 769%	\$ 1,365,435	
	HO890	\$ 14,477,485	5 345%	\$ 773,822	
	HO895	\$ 9,650,861	5 333%	\$ 514,680	
	HO915	\$ 22,380,799	4 776%	\$ 1,068,907	
	HO920	\$ 22,624,144	4 812%	\$ 1,088,674	
	HO1025	\$ 3,612,000	3 801%	\$ 137,292	
		<u>\$ 415,040,610</u>		<u>\$ 19,544,820</u>	<u>4.71%</u>

AD-8 30-year	Note Number (1)	Current Liability 5/31/2009 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
	FO925	\$ 50,000,000	4 821%	\$ 2,410,500	
	FO930	\$ 25,000,000	4 736%	\$ 1,184,000	
	FO935	\$ 50,000,000	4 669%	\$ 2,334,500	
	FO940	\$ 25,000,000	4 384%	\$ 1,096,000	
	FO945	\$ 50,000,000	4 648%	\$ 2,324,000	
	FO955	\$ 50,000,000	4 605%	\$ 2,302,500	
	FO965	\$ 8,000,000	4 396%	\$ 351,680	
	FO975	\$ 20,000,000	4 355%	\$ 871,000	
	FO980	\$ 20,000,000	4 368%	\$ 873,600	
	FO985	\$ 25,000,000	4 527%	\$ 1,131,750	
	FO990	\$ 25,000,000	4 754%	\$ 1,188,500	
	FO995	\$ 25,000,000	4 623%	\$ 1,155,750	
	FO1000	\$ 7,900,000	4 298%	\$ 339,542	
	FO1010	\$ 25,000,000	4 347%	\$ 1,086,750	
	FO1015	\$ 25,000,000	4 405%	\$ 1,101,250	
	FO1020	\$ 7,400,000	2 846%	\$ 210,604	
	FO1030	\$ 25,000,000	3 651%	\$ 912,750	
		<u>\$ 463,300,000</u>		<u>\$ 20,874,676</u>	<u>4.51%</u>

AG-8 30-year	Note Number (1)	Current Liability 5/31/2009 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
	Spurlock #2 Scrubber	\$ 35,000,000	3 988%	\$ 1,395,800	
	Spurlock #2 Scrubber	\$ 25,000,000	4 374%	\$ 1,093,500	
		<u>\$ 60,000,000</u>		<u>\$ 2,489,300</u>	<u>4.15%</u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00317

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09

REQUEST 7

RESPONSIBLE PARTY: Ann F. Wood

Request 7. KRS 278.183(3) provides that, during the two-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

Request 7a. Provide the surcharge amount that East Kentucky believes should be incorporated into its existing base rates. Include all supporting calculations, workpapers, and assumptions.

Response 7a. As stated in the Direct Testimony of Ann F. Wood, East Kentucky does not believe that any surcharge amounts should be incorporated into its existing base rates. However, East Kentucky has provided a calculation of the estimated roll-in amounts on page 4 of this response. Such calculation reflects \$41,166,036 assigned to demand and \$26,175,031 assigned to energy for a total roll-in (revenue requirement) of \$67,341,067.

Request 7b. The surcharge factor reflects a percentage-of-revenue approach, rather than a per-kWh approach. Taking this into consideration, explain how the

surcharge amount should be incorporated into East Kentucky's base rates. Include any analysis that East Kentucky believes supports its position.

Response 7b. The most appropriate approach for incorporating surcharge amounts into East Kentucky's base rates is through a traditional cost of service study performed during a base rate proceeding. Absent a cost of service study, East Kentucky would propose allocating a portion of the revenue requirement to demand and a portion to energy, as shown in the response to Request 7a. In determining the portion allocated to demand, East Kentucky has assigned depreciation expense and the return on surcharge-related assets. In determining the portion allocated to energy, East Kentucky has assigned O&M expenses.

Request 7c. Provide the Base Period Jurisdictional Environmental Surcharge Factor ("BESF") that reflects all environmental surcharge amounts previously incorporated into existing base rates and the amount determined in part (a). Include all supporting calculations, workpapers, and assumptions.

Response 7c. As discussed in the direct testimony of Ann F. Wood, Exhibit AFW-1, EKPC's BESF as of June 30, 2009 was 1.21%. Also discussed in testimony on page 15, EKPC respectfully requested that the Commission find that the BESF going forward be equal to zero, as the calculated BESF of .001% (exhibit AFW-2) is de minimus.

In the response to Request 7a, EKPC has provided a calculated amount of a base rate roll-in. If the Commission were to require EKPC to roll-in its environmental surcharge into base rates, based on the 12-month average revenues for the period ending June 30, 2009,

the BESF would be 9.3%. However, EKPC notes that it would need to recalculate the BESF based on the most recent revenue information following the Order in this proceeding. This recalculation is consistent with the approach followed by LG&E and KU when recalculating its BESF.

Request 7d. Does East Kentucky believe that modifications will be needed to either the surcharge mechanism or the monthly surcharge reports, other than a revision to BESF, as a result of incorporating additional environmental surcharge amounts into East Kentucky's existing base rates? If yes, provide a detailed explanation of the modifications and provide updated monthly surcharge reports.

Response 7d. Although East Kentucky does not support incorporating additional environmental surcharge amounts into base rates, such a roll-in would not require the need to modify the surcharge mechanism or monthly surcharge reports. However, a roll-in to East Kentucky's wholesale rates would require the member systems to modify their retail rates accordingly.

2009-00317 PSC Request 7a

Revenue Requirements of Environmental Compliance Costs

Expense Month	12 Mo Ending 06/30/2009	7/31/2008	8/31/2008	9/30/2008	10/31/2008	11/30/2008	12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009
1 E(m) = RORB + OE - BAS													
2 Rate Base	\$ 206,731,280	\$ 204,341,792	\$ 202,495,689	\$ 578,448,435	\$ 583,983,080	\$ 596,366,720	\$ 606,796,286	\$ 611,878,518	\$ 614,170,465	\$ 617,712,360	\$ 619,404,783	\$ 620,734,121	
3 Rate Base + 12	17,227,607	17,028,483	16,874,641	48,204,036	48,665,257	49,697,227	50,566,357	50,989,877	51,180,872	51,476,030	51,617,065	51,727,843	
4 Rate of Return =	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%
5 Return on Rate Base (RORB) +	1,133,577	1,120,474	1,110,351	3,171,826	3,202,174	3,270,078	3,327,266	3,355,134	3,367,701	3,387,123	3,396,403	3,403,692	
6 Operating Expenses (OE) +	3,304,417	3,371,693	2,805,139	2,421,205	2,432,438	2,656,183	3,096,072	2,966,884	3,060,844	3,404,617	3,163,160	3,430,181	
Poll Contrl Oper Expenses (Detail of Line 6) Adj to O&M											385,074		
Monthly O&M Expense	812,069	837,540	855,389	855,937	744,977	881,363	892,566	911,015	926,178	1,136,803	1,187,891	1,240,449	
Monthly Depreciation and Amortization Expense	436,959	436,959	436,959	455,948	455,948	456,467	953,938	957,465	957,061	1,146,952	1,139,238	1,151,044	
Monthly Taxes Other Than Income Taxes	22,634	22,634	22,634	22,634	22,634	22,634	22,634	22,634	22,634	48,059	48,059	48,059	
Monthly Insurance Expense	28,244	28,244	28,244	28,244	28,244	28,244	28,244	28,244	28,244	103,361	103,361	103,361	
Monthly Emission Allowance Expense	2,004,510	2,046,316	1,461,913	1,058,442	1,180,635	1,267,475	1,198,690	1,047,525	1,026,186	584,368	684,611	887,268	
Monthly Surcharge Consultant Fee													
CK Totals	3,304,416	3,371,693	2,805,139	2,421,205	2,432,438	2,656,183	3,096,072	2,966,883	3,060,845	3,404,617	3,163,160	3,430,181	
7 By-Product & Emission Allowance Sales -	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Sub-Total E(m)	4,437,994	4,492,167	3,915,490	5,593,031	5,634,612	5,926,261	6,423,338	6,322,018	6,428,545	6,791,740	6,559,563	6,833,873	
9 Member Sys Allocation Ratio (Form 3.0)	98.87%	98.92%	98.99%	99.16%	99.23%	99.30%	99.36%	99.49%	99.40%	99.39%	99.02%	98.95%	
10 Subtotal E(m) = Row 8 x Row 9	4,387,844	4,443,652	3,875,944	5,546,049	5,591,225	5,884,777	6,382,229	6,289,776	6,389,974	6,750,310	6,495,279	6,762,117	
11 Adjust for (Over)/Under Recovery	(243,018)	(243,018)	(243,018)	(243,018)	(243,018)	(243,018)	-	-	-	-	-	-	
12 E(m) = Subtotal E(m) plus (Over)/Under Recovery	4,144,826	4,200,634	3,632,926	5,303,031	5,348,207	5,641,759	6,382,229	6,289,776	6,389,974	6,750,310	6,495,279	6,762,117	
 R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the current Expense Month (Form 3.0)													
13	\$ 58,701,986	\$ 58,509,481	\$ 58,376,775	\$ 59,005,469	\$ 60,124,136	\$ 61,308,005	\$ 61,673,967	\$ 61,528,363	\$ 61,406,524	\$ 61,334,389	\$ 61,169,855	\$ 60,925,326	
14 CESF E(m) / R(m); as a % of Revenue	7.06%	7.18%	6.22%	8.99%	8.90%	9.20%	10.35%	10.22%	10.41%	11.01%	10.62%	11.10%	
15 BESF	0.51%	0.51%	0.51%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	1.21%	
16 MESF	6.55%	6.67%	5.71%	7.78%	7.69%	7.99%	9.14%	9.01%	9.20%	9.80%	9.41%	9.89%	
RORB	\$ 33,245,798	\$ 1,133,577	\$ 1,120,474	\$ 1,110,351	\$ 3,171,826	\$ 3,202,174	\$ 3,270,078	\$ 3,327,266	\$ 3,355,134	\$ 3,367,701	\$ 3,387,123	\$ 3,396,403	\$ 3,403,692
Depr and Amortization	8,984,938	436,959	436,959	436,959	455,948	455,948	456,467	953,938	957,465	957,061	1,146,952	1,139,238	1,151,044
Subtotal	42,230,736	1,570,536	1,557,433	1,547,310	3,627,774	3,658,122	3,726,545	4,281,204	4,312,599	4,324,762	4,534,075	4,535,641	4,554,736
Subtotal Times Mbr Sys Alloc Ratio	41,900,540	1,552,788	1,540,613	1,531,683	3,597,300	3,629,954	3,700,459	4,253,805	4,290,605	4,298,814	4,506,417	4,491,192	4,506,911
Portion of (Over) Under Recovery	(734,504)	(86,000)	(84,254)	(96,035)	(157,627)	(157,773)	(152,814)						
To Recover Rthrough Demand Rates	\$ 41,166,036	1,466,788	1,456,359	1,435,647	3,439,673	3,472,181	3,547,644	4,253,805	4,290,605	4,298,814	4,506,417	4,491,192	4,506,911
O & M Expenses less Amort and Depr	27,127,894	2,867,457	2,934,734	2,368,180	1,965,257	1,976,490	2,199,716	2,142,134	2,009,418	2,103,784	2,257,665	2,023,922	2,279,137
Times Mbr Svces Alloc Ratio	26,898,635	2,835,055	2,903,039	2,344,261	1,948,749	1,961,271	2,184,318	2,128,424	1,999,170	2,091,161	2,243,893	2,004,088	2,255,206
Portion of (Over) Under Recovery	(723,604)	(157,018)	(158,764)	(146,983)	(85,391)	(85,245)	(90,204)						
O&M to Recover Through Energy Rates	\$ 26,175,031	\$ 2,678,037	\$ 2,744,275	\$ 2,197,278	\$ 1,863,358	\$ 1,878,026	\$ 2,094,114	\$ 2,128,424	\$ 1,999,170	\$ 2,091,161	\$ 2,243,893	\$ 2,004,088	\$ 2,255,206

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00317

ENVIRONMENTAL SURCHARGE

APPENDIX B

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 8/18/09

REQUEST 8

RESPONSIBLE PARTY: Ann F. Wood

Request 8. Provide East Kentucky's position concerning the use of the "base/current" approach for the pass through mechanism.

Response 8. As noted in the testimony at pages 13 and 14, EKPC does not believe the "base/current" approach is necessary for the retail pass through mechanism. The "base/current" approach is utilized to assure compliance with the requirement in KRS 278.183 such that only those environmental costs not already included in existing base rates are to be recovered through the environmental surcharge. The compliance with this portion of KRS 278.183 is accomplished at the wholesale level through EKPC's environmental surcharge. Consequently, there is no need for the "base/current" approach in the retail pass through mechanism.