

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

Roger R. Cowden
(859) 244-3236
RCOWDEN@FBTLAW.COM

October 23, 2009

RECEIVED

OCT 23 2009

**PUBLIC SERVICE
COMMISSION**

Via Hand-Delivery

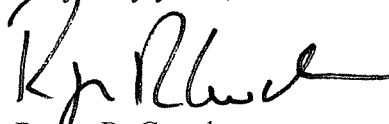
Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

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 Staff's Information Requests from the Informal Conference held on October 15, 2009.

Very truly yours,


Roger R. Cowden

Enclosures

**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)	CASE NO.
TWO-YEAR BILLING PERIOD ENDING)	2009-00317
JUNE 30, 2009, AND THE PASS-THROUGH)	
MECHANISM FOR ITS SIXTEEN MEMBER)	
DISTRIBUTION COOPERATIVES)	

**RESPONSES OF EAST KENTUCKY POWER COOPERATIVE, INC.
TO COMMISSION STAFF'S INFORMATION REQUESTS FROM
INFORMAL CONFERENCE HELD ON OCTOBER 15, 2009**

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

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 Information Requests from the Informal Conference held on October 15, 2009 in the above-referenced case, 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 19th day of October, 2009.

Peggy S. Griffin
Notary Public

My Commission expires: December 8, 2009

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00317

ENVIRONMENTAL SURCHARGE

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S INFORMATION REQUEST FROM INFORMAL

CONFERENCE HELD ON 10/15/09

REQUEST 1

RESPONSIBLE PARTY: Ann F. Wood

Request 1. Provide a revised response to Request 1, Page 5 of 5, to reflect the over/under recovery for the period January 2009 through June 2009.

Response 1. A revised response to Request 1, Page 5 of 5, is included on page 2 of this response.

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	\$619,404,763	\$620,734,121	\$620,187,086	\$622,840,966
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	\$5,756,063	\$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

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00317

ENVIRONMENTAL SURCHARGE

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S INFORMATION REQUEST FROM INFORMAL
CONFERENCE HELD ON 10/15/09**

REQUEST 2

RESPONSIBLE PARTY: Ann F. Wood

Request 2. Refer to the response to Request 1, Page 5 of 5. Line 18 reflects the "Environmental Surcharge Revenues Billed" by East Kentucky to the member systems. Response 2, Pages 2 through 17, contains a column titled "EKPC Invoice Month recorded Member's Books." Provide a reconciliation of these two responses.

Response 2. A reconciliation of these two responses is provided on page 2 of this response.

Reconciliation of Monthly Environmental Surcharge Revenues																	
MO/YR	1 Big Sandy	2 Blue Grass	3 Clark*	4 Cumberland Valley*	5 Farmers*	6 Fleming Mason	7 Grayson	8 Inter-County*	9 Jackson	10 Licking Valley	11 Nolin	12 Owen*	13 Sall River	14 Shelby	15 South Kentucky	16 Taylor County*	Total System**
Jul-07	\$103,861	\$504,655	\$183,392	\$197,856	\$214,966	\$413,831	\$105,636	\$182,300	\$365,231	\$107,549	\$314,413	\$756,468	\$448,181	\$181,837	\$471,282	\$216,919	\$4,768,377
Aug-07	\$135,306	\$671,880	\$242,946	\$270,580	\$288,590	\$478,043	\$139,162	\$242,672	\$492,001	\$141,060	\$417,396	\$994,208	\$600,658	\$239,409	\$625,677	\$286,697	\$6,266,485
Sep-07	\$124,399	\$642,785	\$221,478	\$251,236	\$266,909	\$524,678	\$129,982	\$221,039	\$460,026	\$130,495	\$401,073	\$1,054,298	\$555,535	\$237,932	\$581,397	\$256,914	\$6,060,176
Oct-07	\$93,546	\$471,701	\$161,919	\$191,774	\$196,311	\$443,658	\$100,504	\$163,165	\$343,510	\$98,609	\$299,867	\$805,374	\$400,679	\$179,023	\$428,835	\$189,567	\$4,568,042
Nov-07	\$106,426	\$450,489	\$169,707	\$203,215	\$186,804	\$384,897	\$105,768	\$171,257	\$376,145	\$108,480	\$277,241	\$672,394	\$359,115	\$161,528	\$446,978	\$188,703	\$4,369,147
Dec-07	\$110,971	\$478,018	\$179,806	\$200,953	\$182,561	\$416,643	\$113,232	\$183,673	\$391,539	\$113,298	\$284,903	\$669,484	\$378,030	\$164,661	\$455,769	\$195,538	\$4,519,079
Jan-08	\$140,799	\$622,683	\$232,904	\$260,886	\$242,856	\$480,527	\$140,344	\$248,477	\$508,883	\$142,681	\$389,996	\$817,328	\$480,753	\$208,137	\$620,335	\$254,271	\$5,771,860
Feb-08	\$102,071	\$463,172	\$170,879	\$186,344	\$181,491	\$372,242	\$103,368	\$182,698	\$370,268	\$102,913	\$276,145	\$632,669	\$357,053	\$157,662	\$446,379	\$189,347	\$4,294,701
Mar-08	\$90,213	\$405,430	\$148,075	\$171,204	\$159,456	\$358,730	\$82,516	\$156,366	\$331,588	\$82,601	\$244,756	\$609,210	\$315,488	\$143,668	\$399,497	\$178,654	\$3,897,452
Apr-08	\$68,173	\$308,349	\$111,355	\$136,353	\$129,403	\$302,027	\$86,585	\$113,745	\$243,776	\$89,850	\$193,211	\$542,311	\$248,534	\$116,838	\$303,514	\$129,874	\$3,083,898
May-08	\$58,205	\$274,651	\$98,324	\$112,806	\$113,340	\$279,286	\$56,963	\$93,561	\$202,047	\$68,060	\$170,050	\$503,232	\$233,567	\$104,530	\$252,301	\$111,437	\$2,722,360
Jun-08	\$74,110	\$361,487	\$128,705	\$143,253	\$150,675	\$302,807	\$75,095	\$128,082	\$260,716	\$74,662	\$218,380	\$583,942	\$323,357	\$130,260	\$330,879	\$148,348	\$3,434,758
Jul-08	\$90,109	\$443,323	\$158,099	\$172,083	\$182,819	\$366,313	\$94,646	\$157,755	\$316,642	\$91,336	\$287,764	\$692,890	\$397,728	\$155,927	\$410,281	\$182,046	\$4,179,701
Aug-08	\$82,236	\$407,420	\$143,847	\$160,265	\$168,024	\$324,464	\$85,798	\$144,735	\$292,934	\$83,582	\$246,672	\$640,987	\$364,355	\$147,268	\$376,197	\$166,337	\$3,835,121
Sep-08	\$80,954	\$404,500	\$142,537	\$158,769	\$164,350	\$343,002	\$84,761	\$142,548	\$288,602	\$82,885	\$242,895	\$566,081	\$350,271	\$142,042	\$368,514	\$161,022	\$3,723,733
Oct-08	\$76,169	\$327,339	\$118,620	\$149,394	\$134,348	\$312,171	\$76,835	\$119,544	\$264,113	\$76,451	\$195,163	\$463,469	\$266,525	\$118,484	\$321,029	\$129,915	\$3,149,569
Nov-08	\$128,395	\$524,903	\$201,465	\$240,570	\$210,401	\$458,329	\$127,506	\$206,388	\$456,073	\$130,570	\$305,202	\$671,712	\$418,053	\$179,340	\$556,602	\$214,661	\$5,030,180
Dec-08	\$139,415	\$609,437	\$232,038	\$253,244	\$233,839	\$489,687	\$140,150	\$245,406	\$499,571	\$141,039	\$356,312	\$668,602	\$487,485	\$199,845	\$647,799	\$244,598	\$5,588,467
Jan-09	\$160,253	\$697,327	\$261,709	\$304,760	\$268,434	\$534,197	\$161,965	\$265,836	\$596,512	\$159,886	\$386,382	\$827,771	\$542,202	\$230,637	\$784,179	\$293,306	\$6,475,356
Feb-09	\$148,148	\$660,099	\$244,190	\$288,447	\$250,143	\$529,396	\$152,814	\$233,110	\$545,587	\$147,504	\$357,686	\$812,589	\$494,082	\$218,933	\$722,685	\$275,675	\$6,081,108
Mar-09	\$134,132	\$566,935	\$213,665	\$261,131	\$219,852	\$505,654	\$133,112	\$221,188	\$474,610	\$135,214	\$324,902	\$691,789	\$449,377	\$195,634	\$622,408	\$239,796	\$5,389,599
Apr-09	\$105,212	\$475,039	\$176,378	\$220,322	\$192,951	\$472,018	\$108,600	\$181,221	\$384,874	\$110,322	\$283,083	\$668,758	\$397,019	\$172,454	\$510,538	\$206,023	\$4,664,812
May-09	\$102,052	\$475,215	\$168,601	\$203,287	\$185,563	\$445,946	\$102,347	\$166,333	\$359,526	\$104,359	\$281,644	\$698,694	\$424,518	\$177,311	\$480,465	\$194,380	\$4,570,241
Jun-09	\$109,267	\$533,895	\$191,885	\$213,435	\$218,937	\$434,172	\$112,659	\$190,048	\$386,688	\$113,592	\$316,819	\$756,261	\$486,319	\$193,217	\$535,927	\$220,599	\$5,013,720

*One-month lag between EKPC's books and those of Member Systems Clark, Farmers, Inter-County, Owen, and Taylor County.

**Reconciles with Commission Staff's First Data Request Response to Request 1, Line 18 of pages 2 through 5.

Note: Inter-County's May 2008 revenue was incorrectly filed as \$93,561. The correct revenue is \$93,591. This accounts for the \$30 differential between the May 2008 total of \$2,722,360 shown here and the correctly filed total of \$2,722,390 on PCS Request # 1, Response # 1, page 3 of 5, line 18.

EAST KENTUCKY POWER COOPERATIVE, INC.

**PSC CASE NO. 2009-00317
ENVIRONMENTAL SURCHARGE
RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INFORMATION REQUEST FROM INFORMAL
CONFERENCE HELD ON 10/15/09
REQUEST 3**

RESPONSIBLE PARTY: Ann F. Wood

Request 3. Exhibit AFW-2, as originally submitted, included the original cost of the Insulation Precipitator Ducts – Spurlock 1. Provide a revision to Exhibit AFW-2 to reflect the net book value of that asset as of June 30, 2009.

Response 3. A revision to Exhibit AFW-2 is provided on page 2 of this response.

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	
<u>Return on Rate Base</u>			
4. Rate Base			
Insulation Precipitator Ducts--Spurlock 1	17,007		Net Book Value as of June 30, 2009
		17,007	
5. Cash Working Capital (1/8 of O&M)		-	
Total Rate Base	17,007		
Apply Rate of Return		6.05%	Response 6 (4.482% * 1.35 TIER)
6. Total Return on Rate Base		1,029	
7. Total Costs		1,642	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	1,642		
Exclusion of Off-System Sales	98.96%		
Revenue Requirement	1,625		
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	0.0002%		Line 7 / Line 8
10. New BESF	0.0002%		Line 9 + Line 10