



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

Charles R. Borders  
Commissioner


July 12, 2010

## PARTIES OF RECORD

RE: Informal Conference  
Case No. 2010-00021

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Vicky Townes of the Commission Staff at 502-564-3940, extension 231.

Sincerely,




Jeff Derouen  
Executive Director

Attachments

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Main Case File - Case No. 2010-00021

**FROM:** Vicky Townes, Team Leader 

**DATE:** July 9, 2010

**RE:** Informal Conference of July 7, 2010

Pursuant to the Commission's June 30, 2010 Order, representatives of East Kentucky Power Cooperative ("EKPC") and Commission Staff ("Staff") met at the Commission's offices on July 7, 2010. The informal conference was scheduled to generally discuss the current examination of EKPC's environmental surcharge mechanism and specifically discuss EKPC's April 30, 2010 response to questions raised by Staff during a prior conference on March 23, 2010. A list of attendees is attached to this memorandum as Attachment A.

Staff asked clarifying questions related to information included in the April 30, 2010, response. The topics discussed were related to the revised calculation of the over- under-recovery surcharge amount for two of EKPC's distribution cooperatives, eliminating the two-month surcharge true-up at the retail level, and changing the two month true-up at the wholesale level to one month. EKPC presented a one page schedule of the monthly surcharge rate percentages for January 2009 through May 2010, included as Attachment B. EKPC agreed to file a summation of the information related to the issues raised at the informal conference. There being no other questions, the meeting was adjourned.

Attachments

cc: Parties of Record

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CASE NO. 2010-00021

AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE SIX-MONTH BILLING PERIOD ENDING DECEMBER 31, 2009 AND THE PASS-THROUGH MECHANISM FOR ITS SIXTEEN MEMBER DISTRIBUTION COOPERATIVES

SIGN IN

July 7, 2010

PERSON

REPRESENTING

<u>RICHARD RAFF</u>	<u>PSC - LEGAL</u>
<u>Koyen Cowden</u>	<u>FBI - legal</u>
<u>Ann WOOD</u>	<u>EKPC</u>
<u>George MARKINS</u>	<u>EKPC</u>
<u>Cheser Cheser</u>	<u>PSC</u>
<u>Daryl Newby</u>	<u>PSC</u>
<u>Bon Handziak</u>	<u>PSC</u>
<u>Vicky Townes</u>	<u>PSC - FA</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Environmental Surcharge Rates																	
Rates applied to all electric & steam revenue except green power, TGP On-Peak Energy and Gallatin Buy-through power.																	
Expense Month	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	*Nov-09	**Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
East KY Rate	9.14%	9.01%	9.20%	9.80%	9.41%	9.89%	10.03%	10.68%	10.54%	7.13%	8.22%	13.38%	13.61%	10.68%	5.27%	6.75%	11.10%
Pass-Through																	
Big Sandy	6.90%	6.70%	7.00%	7.54%	7.11%	7.39%	7.40%	7.85%	7.57%	9.69%	10.49%	7.30%	10.92%	1.25%	-2.41%	8.09%	3.68%
Blue Grass	7.17%	6.85%	6.87%	7.35%	7.06%	7.33%	7.25%	7.67%	7.41%	4.71%	5.35%	7.89%	9.11%	5.51%	6.17%	11.70%	9.95%
Clark	6.84%	6.41%	6.54%	7.02%	6.79%	7.07%	7.06%	7.51%	7.35%	3.35%	3.98%	8.70%	9.29%	6.62%	4.85%	6.39%	9.13%
Cumberland Valley	7.11%	7.02%	7.16%	7.66%	7.26%	7.60%	7.62%	8.12%	7.92%	7.12%	7.84%	9.96%	12.05%	7.57%	3.06%	9.10%	8.27%
Farmers	7.17%	7.01%	7.24%	7.70%	7.35%	7.75%	7.68%	8.11%	7.85%	5.22%	5.99%	8.71%	9.57%	6.88%	3.09%	3.62%	9.99%
Fleming-Mason	7.67%	7.49%	7.68%	8.22%	7.81%	8.23%	8.22%	8.79%	8.61%	3.06%	7.51%	15.12%	9.82%	0.59%	1.79%	10.60%	5.75%
Grayson	6.42%	6.34%	6.52%	6.97%	6.71%	6.98%	6.90%	7.32%	7.15%	3.83%	4.47%	8.01%	7.92%	6.42%	2.81%	4.45%	9.32%
Inter-County	6.53%	6.24%	6.35%	6.90%	6.60%	6.90%	6.95%	7.39%	7.29%	1.88%	2.48%	9.00%	8.16%	6.27%	5.81%	7.64%	8.85%
Jackson	6.18%	6.02%	6.14%	6.54%	6.24%	6.49%	6.51%	6.96%	6.76%	2.01%	2.58%	7.67%	8.40%	6.27%	6.32%	6.47%	8.95%
Licking Valley	6.79%	6.67%	6.77%	7.19%	6.86%	7.24%	7.24%	7.65%	7.43%	6.11%	6.79%	8.31%	8.40%	6.27%	0.54%	5.70%	8.82%
Nolin	6.87%	6.69%	6.92%	7.38%	7.00%	7.30%	7.30%	7.82%	7.65%	9.05%	9.69%	10.39%	10.26%	5.00%	-1.14%	5.21%	7.81%
Owen	7.41%	7.25%	7.31%	7.80%	7.46%	7.79%	7.81%	8.33%	6.48%	1.12%	4.48%	9.62%	6.04%	4.69%	2.19%	4.91%	8.42%
Salt River	7.30%	7.03%	7.22%	7.77%	7.44%	7.74%	7.72%	8.25%	8.04%	4.53%	5.24%	9.48%	9.51%	5.32%	6.26%	12.72%	9.79%
Shelby	7.19%	6.92%	7.07%	7.67%	7.38%	7.77%	7.74%	8.21%	8.02%	4.69%	5.40%	9.16%	10.34%	7.88%	5.62%	9.21%	8.99%
South Kentucky	7.13%	6.89%	7.00%	7.50%	7.19%	7.50%	7.50%	7.96%	7.81%	4.37%	5.03%	8.23%	9.88%	5.70%	7.17%	12.52%	10.73%
Taylor County	7.35%	7.14%	7.23%	7.78%	7.33%	7.60%	7.60%	8.09%	7.85%	4.45%	5.15%	8.82%	8.10%	5.67%	4.65%	6.09%	11.34%
Average Retail	6.99%	6.79%	6.94%	7.44%	7.10%	7.42%	7.41%	7.88%	7.57%	4.70%	5.77%	9.15%	9.20%	5.63%	3.55%	7.78%	8.74%
Avg Retail/EKPC	76.47%	75.38%	75.42%	75.89%	75.45%	75.00%	73.84%	73.75%	71.86%	65.91%	70.23%	68.37%	67.62%	52.73%	67.34%	115.20%	78.71%

\*EKPC commences two-month lag.  
 \*\*Reflects September (over)/under recoveries.