



Allen Anderson, President & CEO

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March 6, 2009

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MAR 06 2009

PUBLIC SERVICE
COMMISSION

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

Re: PSC Case No. 2008-00371

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten (10) copies of the responses of South Kentucky Rural Electric Cooperative Corporation to the Commission Staff's Data Requested from the informal conference on February 27, 2009.

Sincerely,

SOUTH KENTUCKY RECC

A handwritten signature in cursive script, appearing to read 'Stephen Johnson', is written over a horizontal line.

Stephen Johnson
Vice President of Finance

Enclosures

SOUTH KENTUCKY
RURAL ELECTRIC COOPERATIVE

TEN YEAR FINANCIAL FORECAST
2008 - 2017

CASE B-1
WITH NEW BUILDING

Prepared March 2009

ADKINS-CONSULTING

**SOUTH KENTUCKY RECC
SOMERSET, KY
TEN YEAR FINANCIAL FORECAST**

Schedule A
CASE B-1

Statement of Operations

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
<u>Revenue</u>										
Revenue from Current Rates	113,435,992	111,890,417	113,206,412	114,543,182	124,950,101	126,418,313	127,903,273	129,404,941	130,924,332	132,459,553
Increases for Distribution Costs	0	0	0	8,692,421	0	0	0	0	0	0
Increases for Purchased Power	(2,642,607)	(2,673,660)	(2,705,078)	(2,736,860)	(2,769,008)	(2,801,520)	(2,834,404)	(2,867,658)	(2,901,302)	(2,935,304)
Total Revenue	110,793,384	109,216,758	110,501,334	120,498,743	122,181,093	123,616,793	125,068,870	126,537,283	128,023,029	129,524,249
<u>Expenses</u>										
Cost of Purchased Power	80,780,609	78,694,350	79,618,882	80,554,080	81,500,065	82,456,780	83,424,408	84,402,954	85,392,971	86,393,494
Gross Margin	30,012,776	30,522,407	30,882,452	39,944,663	40,681,028	41,160,013	41,644,462	42,134,329	42,630,058	43,130,755
Distribution O&M	9,920,718	10,146,671	11,393,361	11,873,040	12,379,026	12,912,702	13,475,526	14,069,028	14,694,819	15,354,592
Consumer Accounts Expenses	4,418,184	4,456,856	4,545,528	4,632,432	4,722,260	4,810,864	4,899,808	4,989,024	5,078,444	5,169,088
Administrative & General	4,048,517	4,175,877	4,688,954	4,886,366	5,094,605	5,314,240	5,545,871	5,790,128	6,047,673	6,319,204
Depreciation	5,197,072	5,323,159	5,977,199	6,228,849	6,494,299	6,774,277	7,069,547	7,380,911	7,709,214	8,055,345
Tax Expense	98,357	102,720	115,341	120,197	125,319	130,722	136,419	142,428	148,763	155,442
Operating Margins before Interest	6,329,928	6,317,125	4,162,069	12,203,779	11,865,519	11,217,208	10,517,291	9,762,810	8,951,144	8,077,084
Interest Expense	5,189,900	5,389,701	5,812,729	6,234,122	6,431,088	6,652,356	6,844,905	7,078,554	7,320,494	7,577,961
Operating Margins after Interest	1,140,029	927,424	(1,650,660)	5,969,658	5,434,431	4,564,851	3,672,386	2,684,256	1,630,650	499,124
Non-operating Margins	159,860	228,670	292,206	180,465	293,649	388,550	455,952	508,022	538,706	536,893
Other Capital Credits	97,024	92,982	89,000	83,999	79,424	76,981	70,986	65,196	59,091	53,542
G&T Capital Credits	0	0	0	0	0	0	0	0	0	0
Net Margins	1,396,913	1,249,076	(1,269,453)	6,234,122	5,807,504	5,030,382	4,199,324	3,257,474	2,228,447	1,089,558
Op-TIER	1.22	1.17	0.72	1.96	1.85	1.69	1.54	1.38	1.22	1.07
TIER	1.27	1.23	0.78	2.00	1.90	1.76	1.61	1.46	1.30	1.14

**SOUTH KENTUCKY RECC
SOMERSET, KENTUCKY**

Schedule B
CASE B-1

TEN YEAR FINANCIAL FORECAST

Balance Sheet

<u>Assets</u>	<u>2008</u> \$\$	<u>2009</u> \$\$	<u>2010</u> \$\$	<u>2011</u> \$\$	<u>2012</u> \$\$	<u>2013</u> \$\$	<u>2014</u> \$\$	<u>2015</u> \$\$	<u>2016</u> \$\$	<u>2017</u> \$\$
Total Utility Plant in Service	184,009,802	192,171,800	215,783,355	224,868,187	234,451,241	244,558,748	255,218,289	266,458,867	278,310,974	290,806,673
Accumulated Depreciation	36,708,827	39,652,726	43,179,287	46,883,978	50,778,395	54,874,794	59,186,126	63,726,076	68,509,100	73,550,469
Net Plant	147,300,975	152,519,075	172,604,068	177,984,208	183,672,845	189,683,953	196,032,163	202,732,791	209,801,875	217,256,204
Current Assets	15,244,663	14,610,323	7,218,600	11,745,970	15,541,999	18,238,078	20,320,883	21,548,222	21,475,712	20,128,437
Other Property & Investments	24,505,588	24,598,570	24,687,570	24,771,569	24,850,993	24,927,974	24,998,960	25,064,156	25,123,247	25,176,789
Other Assets and Deferred Debits	617,015	617,015	617,015	617,015	617,015	617,015	617,015	617,015	617,015	617,015
Total Assets	<u>187,668,241</u>	<u>192,344,982</u>	<u>205,127,253</u>	<u>215,118,763</u>	<u>224,682,853</u>	<u>233,467,021</u>	<u>241,969,021</u>	<u>249,962,184</u>	<u>257,017,849</u>	<u>263,178,445</u>
<u>Liabilities and Equity</u>										
Distribution Equity	31,659,477	32,163,565	30,141,564	35,653,467	40,656,073	44,806,519	48,063,650	50,330,074	51,533,474	51,579,935
G&T Capital Credits	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351
Total Equity and Margins	49,665,828	50,169,916	48,147,915	53,659,818	58,662,424	62,812,870	66,070,001	68,336,425	69,539,825	69,586,286
Long Term Debt - RUS	100,144,148	105,065,137	120,633,884	125,914,679	131,295,801	136,776,720	143,053,354	149,574,086	156,309,713	163,265,939
Long Term Debt - Other	14,789,238	14,040,902	13,276,427	12,475,239	11,655,600	10,808,403	9,776,639	8,982,646	8,099,284	7,257,193
Total Long Term Debt	114,933,387	119,106,039	133,910,312	138,389,918	142,951,401	147,585,124	152,829,993	158,556,732	164,408,997	170,523,132
Current Liabilities & Other	23,069,027	23,069,027	23,069,027	23,069,027	23,069,027	23,069,027	23,069,027	23,069,027	23,069,027	23,069,027
Total Liabilities and Equity	<u>187,668,241</u>	<u>192,344,982</u>	<u>205,127,253</u>	<u>215,118,763</u>	<u>224,682,853</u>	<u>233,467,021</u>	<u>241,969,021</u>	<u>249,962,184</u>	<u>257,017,849</u>	<u>263,178,445</u>

**SOUTH KENTUCKY RECC
SOMERSET, KY**

Schedule C
CASE B-1

TEN YEAR FINANCIAL FORECAST

Source and Application of Funds

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
Source of Funds										
Current Assets BOY	14,532,763	15,244,663	14,610,323	7,218,600	11,745,970	15,541,999	18,238,078	20,320,883	21,548,222	21,475,712
Cash From Operations	-	-	-	-	-	-	-	-	-	-
Margins	1,396,913	1,249,076	(1,269,453)	6,234,122	5,807,504	5,030,382	4,199,324	3,257,474	2,228,447	1,089,558
Interest	5,189,900	5,389,701	5,812,729	6,234,122	6,431,088	6,652,356	6,844,905	7,078,554	7,320,494	7,577,961
Depreciation	5,197,072	5,323,159	5,977,199	6,228,849	6,494,299	6,774,277	7,069,547	7,380,911	7,709,214	8,055,345
Less: Capital Credits Allocated	97,024	92,982	89,000	83,999	79,424	76,981	70,986	65,196	59,091	53,542
G&T Capital Credits Paid	-	-	-	-	-	-	-	-	-	-
Plus Loan Funds	8,035,969	7,378,881	18,243,535	8,126,292	8,528,055	8,949,770	9,392,429	9,857,077	10,344,808	10,856,772
Total Source of Funds	34,255,592	34,492,498	43,285,332	33,957,986	38,927,493	42,871,804	45,673,297	47,829,703	49,092,093	49,001,806
Application of Funds										
Capital Credits Retired	735,060	744,987	752,549	722,219	804,897	879,936	942,193	991,050	1,025,046	1,043,097
Internal Funds Investments in Plant	2,008,992	3,162,378	7,818,658	3,482,697	3,654,881	3,835,616	4,025,327	4,224,462	4,433,489	4,652,902
Loan Funds Invested in Plant	8,035,969	7,378,881	18,243,535	8,126,292	8,528,055	8,949,770	9,392,429	9,857,077	10,344,808	10,856,772
Debt Service	8,230,908	8,595,930	9,251,991	9,880,808	10,397,660	10,968,404	10,992,465	11,208,892	11,813,038	12,320,597
Total Application of Funds	19,010,929	19,882,176	36,066,732	22,212,015	23,385,494	24,633,726	25,352,414	26,281,481	27,616,381	28,873,369
Current Assets EOY	15,244,663	14,610,323	7,218,600	11,745,970	15,541,999	18,238,078	20,320,883	21,548,222	21,475,712	20,128,437

SOUTH KENTUCKY RECC
SOMERSET, KY

Schedule D
Page 1 of 1

TEN YEAR FINANCIAL FORECAST

CASE B-1

Key Financial Indicators

<u>CAPITAL STRUCTURE</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>	<u>\$\$</u>
A. Capital Structure										
Equity	49,665,828	50,169,916	48,147,915	53,659,818	58,662,424	62,812,870	66,070,001	68,336,425	69,539,825	69,586,286
Debt	114,933,387	119,106,039	133,910,312	138,389,918	142,951,401	147,585,124	152,829,993	158,556,732	164,408,997	170,523,132
Total	164,599,214	169,275,955	182,058,226	192,049,736	201,613,826	210,397,994	218,899,994	226,893,157	233,948,822	240,109,418
Equity Capitalization Ratio	30.17%	29.64%	26.45%	27.94%	29.10%	29.85%	30.18%	30.12%	29.72%	28.98%
Debt Capitalization Ratio	69.83%	70.36%	73.55%	72.06%	70.90%	70.15%	69.82%	69.88%	70.28%	71.02%
B. Return on Capital										
Margins	1,396,913	1,249,076	(1,269,453)	6,234,122	5,807,504	5,030,382	4,199,324	3,257,474	2,228,447	1,089,558
Interest	5,189,900	5,389,701	5,812,729	6,234,122	6,431,088	6,652,356	6,844,905	7,078,554	7,320,494	7,577,961
Total	6,586,813	6,638,777	4,543,276	12,468,243	12,238,592	11,682,739	11,044,229	10,336,028	9,548,941	8,667,519
Return on Capital	4.00%	3.92%	2.50%	6.49%	6.07%	5.55%	5.05%	4.56%	4.08%	3.61%
Return on Equity	2.81%	2.49%	-2.64%	11.62%	9.90%	8.01%	6.36%	4.77%	3.20%	1.57%
Return on Debt	4.52%	4.53%	4.34%	4.50%	4.50%	4.51%	4.48%	4.46%	4.45%	4.44%
C. Equity to Asset Ratio	26.46%	26.08%	23.47%	24.94%	26.11%	26.90%	27.31%	27.34%	27.06%	26.44%
D. Key Financial Ratios										
TIER	1.27	1.23	0.68	2.00	1.90	1.76	1.62	1.47	1.32	1.17
DSC	1.43	1.39	1.09	1.91	1.81	1.69	1.66	1.59	1.48	1.37
TIER without GTCC's	1.27	1.23	0.68	2.00	1.90	1.76	1.62	1.47	1.32	1.17
Op TIER	1.22	1.17	0.62	1.97	1.85	1.69	1.55	1.40	1.25	1.09
Current Ratio	0.66	0.63	0.23	0.44	0.61	0.74	0.84	0.90	0.91	0.87

**SOUTH KENTUCKY RECC
SOMERSET, KY**

Schedule E
CASE B-1

TEN YEAR FINANCIAL FORECAST

Debt and Capital Credits

<u>Debt</u>	<u>2008</u> \$\$	<u>2009</u> \$\$	<u>2010</u> \$\$	<u>2011</u> \$\$	<u>2012</u> \$\$	<u>2013</u> \$\$	<u>2014</u> \$\$	<u>2015</u> \$\$	<u>2016</u> \$\$	<u>2017</u> \$\$
Debt at First of Year	109,938,426	114,933,387	119,106,039	133,910,312	138,389,918	142,951,401	147,585,124	152,829,993	158,556,732	164,408,997
Loan Funds	8,035,969	7,378,881	18,243,535	8,126,292	8,528,055	8,949,770	9,392,429	9,857,077	10,344,808	10,856,772
Interest Expense	5,189,900	5,389,701	5,812,729	6,234,122	6,431,088	6,652,356	6,844,905	7,078,554	7,320,494	7,577,961
Debt Payments	8,230,908	8,595,930	9,251,991	9,880,808	10,397,660	10,968,404	10,992,465	11,208,892	11,813,038	12,320,597
Debt at End of Year	<u>114,933,387</u>	<u>119,106,039</u>	<u>133,910,312</u>	<u>138,389,918</u>	<u>142,951,401</u>	<u>147,585,124</u>	<u>152,829,993</u>	<u>158,556,732</u>	<u>164,408,997</u>	<u>170,523,132</u>
<u>Equity</u>										
GT Equity BOY	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351	18,006,351
Plus: Allocations during Year	0	0	0	0	0	0	0	0	0	0
Less: Payments during Year	-	-	-	-	-	-	-	-	-	-
GT Equity EOY	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>	<u>18,006,351</u>
Distribution Equity BOY	30,997,623	31,659,477	32,163,565	30,141,564	35,653,467	40,656,073	44,806,519	48,063,650	50,330,074	51,533,474
Plus: Margins during Year	1,396,913	1,249,076	(1,269,453)	6,234,122	5,807,504	5,030,382	4,199,324	3,257,474	2,228,447	1,089,558
Plus: G&T Equity to Distribution	0	0	0	0	0	0	0	0	0	0
Less: Payments during Year	735,060	744,987	752,549	722,219	804,897	879,936	942,193	991,050	1,025,046	1,043,097
Distribution Equity EOY	<u>31,659,477</u>	<u>32,163,565</u>	<u>30,141,564</u>	<u>35,653,467</u>	<u>40,656,073</u>	<u>44,806,519</u>	<u>48,063,650</u>	<u>50,330,074</u>	<u>51,533,474</u>	<u>51,579,935</u>
Total Equity	<u>49,665,828</u>	<u>50,169,916</u>	<u>48,147,915</u>	<u>53,659,818</u>	<u>58,662,424</u>	<u>62,812,870</u>	<u>66,070,001</u>	<u>68,336,425</u>	<u>69,539,825</u>	<u>69,586,286</u>

Comparison 2002 Facilities Analysis, 2008 Facilities Analysis, & 2009 Facilities Analysis

	Square Footage			Facility Costs		
	2002 Study	2008 Study	2009 Study	2002 Study	2008 Study	2009 Study *
Office Space	35,750	49,200	41,160	\$ 2,681,250.00	\$ 8,610,000.00	\$ 6,256,320.00
Warehouse, Shops, Vehicle maintenance office, & Covered Area	57,000	67,800	62,662	\$ 1,995,000.00	\$ 6,780,000.00	\$ 5,626,020.00
Community/Training Room	4,000	4,900	4,900	\$ 260,000.00	\$ 750,000.00	\$ 713,500.00
Cold Storage Parking	10,000		25,390	\$ 150,000.00		\$ 482,410.00
A&E						\$ 830,000.00
Site Preparation				\$ 885,000.00	\$ 3,900,000.00	\$ 3,347,500.00
Land				\$ 1,250,000.00		
Total	106,750	121,900	134,112	\$ 7,221,250.00	\$ 20,040,000.00	\$ 17,255,750.00

*Total does not include 5% contingency of \$862,000.00

DEPARTMENT TOTAL NET AREA	ROOM	Office First Floor	Office Second Floor	Current Employees	Future Employees
3,960	COMMUNITY ROOM				
	Community Room 147	2,152			
	AV Storage 146	180			
	Table/Chair Storage 148	184			
	Pre-Function 138	933			
	Cater 144	310			
	Storage 141	134			
	Supply Storage 142	67			
	TOTAL NET AREA / TOTAL EMPLOYEES	3,960		N/A	N/A
9,885	MEMBER SERVICES & PUBLIC RELATIONS	(see Warehouse for additional areas)			
	VP & Assistant				
	VP 136	261		1	
	VP Assistant 135	351		1	
	Storage 137	88			
	SUBTOTAL NET AREA / TOTAL EMPLOYEES	700		2	
	Customer Service Representatives				
	Representatives 103	779		5	0
	Reception/Waiting/Circulation 102 (partial)	1,472		1	
	Group Service Center Leader 122	128		1	
	Collections Coordinator 121	137		1	
	Service Center Team Leader 120	181		1	
	Vault 105	277			
	SUBTOTAL NET AREA / TOTAL EMPLOYEES	2,974		9	0
	Call Center				
	Call Center 106	484		4	1
	Call Center Leader 107	137		1	
	SUBTOTAL NET AREA / TOTAL EMPLOYEES	621		5	1
	Cashiers				
	Cashiers 108	940		4	2
	Cashier Leader 109	113		1	
	Cashier Vault 110	152			
	Reception	877			
	SUBTOTAL NET AREA / TOTAL EMPLOYEES	2,082		5	2
	Energy Advisors				
	Meeting 119	223			
	Energy Advisor 118	135		1	
	Energy Advisor 117	132		1	
	Energy Advisor 116	131			1
	Energy/Marketing Workroom 111	627			
	Team Leader 115	180		1	
	Market Record Coordinator 114	134		1	
	Business Accounts 113	136		1	
	Marketing Storage 112	206			
	SUBTOTAL NET AREA / TOTAL EMPLOYEES	1,904		5	1
	Corporate Communications		305	1	

DEPARTMENT	Office	Office	Current	Future
TOTAL NET	First	Second	Employees	Employees
AREA	Floor	Floor		
ROOM				
Human Resources				
Reception 129	210			
Benefits 133	130		1	
Benefits 132	129			1
Benefit Leader 131	178		1	
SUBTOTAL NET AREA / TOTAL EMPLOYEES	647		2	1
Meter Readers	364		3	
Building & Grounds (see warehouse for main offices)				
Custodial 154	70			
Custodial Storage 155	122			
Custodial 143	54			
Custodial 211		42		
SUBTOTAL NET AREA / TOTAL EMPLOYEES	246	42		
7,084	ENGINEERING & OPERATIONS			
VP & Assistant				
VPEO 173	250		1	
Assistant 174	210		1	
Closet 173A	15			
Closet 174A	19			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	494		2	
Dispatch				
Dispatch 176 - 3 workstations / shifts	1,034		5	
Leader	181		1	
War Room	272		2	2
Restroom	48			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	1,535		8	2
Inspection				
Inspection 123	151		4	1
Leader Office 124	181		1	
Storage 125	58			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	390		5	1
Engineering				
Engineering Leader 187	186		1	
Open Offices 181	2,605		7	1
Systems Engineer 185	133			1
Design Engineer 184	133		1	
Workroom 186	288			
Meeting 183	272			
Map Room 188	618			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	4,235		9	2
Surveying				
Survey Team Leader 182	180		1	
Survey Open Offices	250		4	
SUBTOTAL NET AREA / TOTAL EMPLOYEES	430		5	

DEPARTMENT	Office	Office	Current	Future
TOTAL NET AREA	First Floor	Second Floor	Employees	Employees
ROOM				
6,917	FINANCE			
VP & Assistant				
VP Finance 223	232		1	
VPF Assistant 225	138			1
Closet 223A	16			
Closet 225A	16			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	402		1	1
Finance and Accounting				
Finance Assistant 222	186		1	
Break 221	90			
Records Coord. 220	179		1	
Account Team Leader 219	180		1	
Accounting Workroom 562	746		1	1
Account Assist. 216	141		1	
Payroll 212	177		1	
Meeting 210	180			
Print / Shred 217	134			
Finance Vault 215	274			
Storage 213	134			
Corridor 205	826			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	3,247		6	1
Information Management				
Server 164	475			
Server 162	61			
Communications 163	298			
Open Offices 161	950		2	2
Set-Up 165	244			1
Print 166	213			
IM Leader 167	180		1	
Paper Storage 168	134			
General Storage 169	157			
Training 170	379			
IT 150	43			
IDF 214	134			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	3,134	134	3	3
1,084	PRESIDENT & CEO			
CEO 200 / Meeting Area	438		1	
Executive Assistant 201	340		1	
Workroom/Storage 203	306			
SUBTOTAL NET AREA / TOTAL EMPLOYEES	1,084		2	

DEPARTMENT		Office	Office
TOTAL NET		First	Second
AREA	ROOM	Floor	Floor

2,049	CONFERENCE CENTER		
	Reception		680
	Board Room 202		1,023
	Cater Kitchen 204		306
	Closet 201A		20
	Closet 201B		20
	TOTAL NET AREA		2,049

9,640	OTHER		
	Mechanical / Electrical		
	Mechanical / Electrical 145	104	
	Mechanical 158	809	
	Electrical 159	384	
	Elevator Machine Room	66	
	Electrical 224		42
	Mechanical 207		207
	SUBTOTAL NET AREA	1,363	249
	Restrooms		
	Women 140	241	
	Men 139	225	
	Women 128	44	
	Men 127	44	
	Women 153	217	
	Men 156	151	
	Women 206		228
	Men 208		228
	SUBTOTAL NET AREA	922	456
	Circulation		
	Corridor 126	549	
	Vestibule & Entry Lobby 100 & 101	1,175	
	Corridor 149	1,543	
	Corridor 160	416	
	Corridor 180	243	
	Corridor 205		665
	Elevator	41	41
	Stair A	130	130
	Stair B	102	102
	SUBTOTAL NET AREA	4,198	937
	Mail 152	277	
	Office Supplies 151	258	
	Break Room 171	726	
	Kitchen 172	254	

TOTAL NET AREA FIRST FLOOR	28,540
TOTAL GROSS AREA FIRST FLOOR - 80%	35,500
TOTAL NET AREA SECOND FLOOR	6,856
TOTAL GROSS AREA SECOND FLOOR - 84%	10,560

TOTAL	TOTAL
CURRENT	FUTURE
EMPLOYEES	EMPLOYEES

73

15

March 2, 2009
 SKRECC Warehouse Building Area Analysis

Total Department Net Area	ROOM	Wrhse Covered Dock	Wrhse Enclosed	Wrhse Offices	Wrhse Garage	Current Employees	Future Employees	
35,362	WAREHOUSE							
	Outside Transformer Storage	4,710						
	Covered Storage	1,898						
	Forklift Circulation	8,355						
	TOTAL NET AREA / TOTAL EMPL	14,963						
	TOTAL GROSS AREA - 99%	15,053						
	ETS Storage		487					
	Water Heaters		722					
	Shipping & Receiving		1,892					
	Loading Dock		7,523					
	Meter Base Assembly		258					
	Coiled Materials Storage		2,065					
	Corridor		609					
	TOTAL NET AREA / TOTAL EMPL		19,611					
	TOTAL GROSS AREA - 94%			20,844				
	Warehouse Leader				173		1	
	Warehouse Office				615		3	
	Secure ETS Storage				191			
	SUBTOTAL NET AREA / TOTAL EMPLOYEES				979		4	
	1,893	CONSTRUCTION						
Construction Open Offices				1,359		23	8	
Construction Leader				178		1		
Storage				165				
Contract Auditor				191		1		
SUBTOTAL NET AREA / TOTAL EMPLOYEES			1,893		25	8		
2,458	METERING							
	Meter Warehouse			580				
	Parts Storage			424				
	Secure Storage			366				
	Meter Parts			400				
	Meter Leader			180		1		
	Meter Shop			508		2	2	
SUBTOTAL NET AREA / TOTAL EMPLOYEES			2,458		3	2		
3,658	SAFETY							
	Safety Open Office			598		1	1	
	Safety Leader			179		1		
	Safety Storage			1,970				
	Safety/Cargo Trailers			911				
SUBTOTAL NET AREA / TOTAL EMPLOYEES			3,658		2	1		
1,155	RIGHT OF WAY							
	Right of Way Leader			187		1		
	Right of Way Open Office			845		6	2	
	Storage			123				
SUBTOTAL NET AREA / TOTAL EMPLOYEES			1,155		7	2		

D. W. WILBURN, INC.

153 Blue Sky Parkway
Lexington, Kentucky 40509
(859) 263-2720
FAX (859) 263-6692

March 5th, 2009

South Kentucky RECC
925-929 North Main Street
Somerset, Kentucky 42503

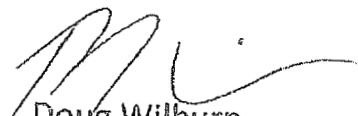
ATTN: Allen Anderson

RE: South Kentucky RECC Corporate Office/Warehouse

In follow up to our conversation, DWWI has several concrete crews, necessary equipment, etc. and we self perform the concrete and foundation systems on our projects. We self perform this work as it is critical to ensure the layout of the buildings and all subsequent work throughout the project. The foundations are the beginning of all work being aligned and creates the proper base lines for this. It also sets the pace, quality standards and expectations for subcontractors on the project.

I hope this helps the understanding and reasoning for DWWI to install the concrete on the new headquarters. Please advise should you have any questions, or if I can be of further help.

Sincerely,
D. W. Wilburn, Inc.


Doug Wilburn
President