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January 12, 2009

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PUBLIC SERVICE
COMMISSION

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

Re: PSC Case No. 2008-00424

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and five copies of the responses of South Kentucky Rural Electric Cooperative Corporation to the Commission Staff's Initial Data Request, dated December 19, 2008.

Very truly yours,

A handwritten signature in cursive script that reads 'Darrell Saunders'.

Darrell Saunders
South Kentucky RECC Attorney

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

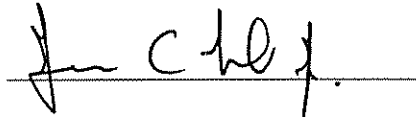
IN THE MATTER OF:

APPLICATION OF SOUTH KENTUCKY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2008-00424
TO KRS 278.455(2))	

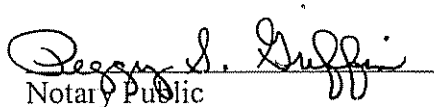
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of South Kentucky Rural Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 12th day of January, 2009.


 Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF SOUTH KENTUCKY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2008-00424
TO KRS 278.455(2))	

CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of South Kentucky Rural Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 9th day of January, 2009.

Deeann S. Duffin
 Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS)	2008-00424
WHOLESALE POWER SUPPLIER PURSUANT)	
TO KRS 278.455(2))	

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

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SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00424

INITIAL DATA REQUEST RESPONSE

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

REQUEST 1

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: South Kentucky Rural Electric Cooperative
Corporation

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

Response 1. Please see pages 2 - 4 of this response. EKPC multiplied the projected wholesale billing units for all members for the test year by the EKPC existing rates to determine revenue before the rate increase. The revenue increase was then proportioned to EKPC rate classes in order to develop proposed rates. After the proposed wholesale rates were developed, the new rates were applied to the same projected billing units proportionally among all rate classes. These rates were then applied to the projected wholesale billing units of each member system, in order to determine their proportionate share of EKPC's revenue requirements.

Please note that the total wholesale increase to South Kentucky of \$6,940,909 shown on pages 2 to 4 of this response is higher than the retail increase of \$6,940,852 included in the pass-through application filed on October 31, 2008 (Exhibit 3, Page 1 of 8.) The difference represents a slight under recovery as a result of rounding.

EKPC
South Kentucky
Rate E
Option 2

Description	Current Rate		Pro Rata	
	Billing Units	Rate	Billing Units	Rate
Metering Point Charge All Customers	449	\$ 125.00	449	\$ 138.00
		\$ 56,125.00		\$ 61,962.00
Substation charges				
Substation 1,000 - 2,999 kVa	-	\$ 944.00	-	\$ 1,041.00
Substation 3,000 - 7,499 kVa	36	\$ 2,373.00	36	\$ 2,617.00
Substation 7,500 - 14,999 kVa	336	\$ 2,855.00	336	\$ 3,149.00
Substation > 15,000 kVa	65	\$ 4,605.00	65	\$ 5,079.00
	437	\$ 1,344,033.00		\$ 1,482,411.00
Demand Charge All Kw	2,770,838	\$ 5.22	2,770,838	\$ 5.76
Energy Charge				
On-Peak (April - July)	192,462,244	\$ 0.042470	192,462,244	\$ 0.046844
Off-Peak (April - July)	143,146,493	\$ 0.034904	143,146,493	\$ 0.038499
On-Peak (Aug - March)	399,435,219	\$ 0.042470	399,435,219	\$ 0.046844
Off-Peak (Aug - March)	418,260,996	\$ 0.034904	418,260,996	\$ 0.038499
	1,153,304,952	\$ 44,733,252.25	1,153,304,952	\$ 49,340,471.66
FAC		\$ 0.007604		\$ 8,769,730.86
ES		13.62%		\$ 9,447,773.89
Total Billings		\$ 78,814,689.35	Total Billings	\$ 85,062,376.30

Increase/(Decrease)

Percent Change

7.93%

EKPC
South Kentucky
Rate B

Description	Billing Units	Current Rate		Description	Billing Units	Pro Rate	
		Rate	Calculated Billings			Rate	Calculated Billings
Demand Charge				Demand Charge			
Base kW	126,071	\$ 6.22	\$ 784,161.62	Base kW	126,071	\$ 6.86	\$ 864,847.06
Excess kW	1,001	8.65	8,658.65	Excess kW	1,001	9.54	9,549.54
Energy Charge				Energy Charge			
All kWh	64,937,260	\$ 0.033455	\$ 2,172,476.03	All kWh	64,937,260	\$ 0.036901	\$ 2,396,249.83
	64,937,260		\$ 2,965,296.30				\$ 3,270,646.43
FAC		\$ 0.007604	\$ 493,782.93	FAC		\$	\$ 493,782.93
ES		13.62%	\$ 471,126.59	ES		\$	\$ 471,126.59
Total Billings			\$ 3,930,205.82	Total Billings			\$ 4,235,555.95
				Increase/(Decrease)			\$ 305,350.13
				Percent Change			7.77%

EKPC
South Kentucky
Rate C

Description	Billing Units	Current Rate		Description	Billing Units	Pro Rate	
		Rate	Calculated Billings			Rate	Calculated Billings
Demand Charge Billing kW	170,649	\$ 6.22	\$ 1,061,436.78	Demand Charge Billing kW	170,649	\$ 6.86	\$ 1,170,652.14
Energy Charge All kWh	80,863,680 kWh	\$ 0.033455	\$ 2,705,294.41	Energy Charge All kWh	80,863,680 kWh	\$ 0.036901	\$ 2,983,950.66
	80,863,680		\$ 3,766,731.19				\$ 4,154,602.80
FAC		\$ 0.007604	\$ 614,887.42	FAC			\$ 614,887.42
ES		13.62%	\$ 596,776.46	ES			\$ 596,776.46
Total Billings			\$ 4,978,395.07	Total Billings			\$ 5,366,266.67
				Increase/(Decrease)			\$ 387,871.60
				Percent Change			7.79%

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SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00424
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 2

RESPONSIBLE PERSON: James C. Lamb Jr./Ann F. Wood
COMPANY: South Kentucky Rural Electric Cooperative Corporation

Request 2. Refer to Exhibit 3 of the application. The billing analysis shows various rate schedules with escalation percentages applied to the billing determinants. Explain the need for the escalation percentages and provide workpapers, spreadsheets, etc. for the calculation of the percentages, as well as a narrative explanation of how the percentages were determined.

Response 2. Since EKPC is using a forecasted test period, the increase is calculated based on projected billing determinants. In order to appropriately match retail rates to the forecasted test year used for wholesale rates, an escalation factor was used. The escalated data was applied to Residential and Small Commercial classes only due to the wide variance and unpredictable nature of the Large Commercial/Industrial class.

The Attachment shows the escalation percentages calculated by the Resource Planning Department of EKPC and the supporting calculations.

EKPC prepares a load forecast by working jointly with its member systems in preparing their individual load forecasts. Factors considered in preparing the forecasts include national, regional, and local economic performance, appliance saturations and

efficiencies, population and housing trends, service area industrial development, electric price, household income, and weather. Each member system reviews the preliminary forecast for reasonability.

The general steps followed by EKPC in developing its load forecast are summarized as follows:

EKPC subscribes to Global Insight, Inc., in order to analyze regional economic performance. Global Insight provides EKPC projections for population, employment, and income as well as other variables.

EKPC prepares a preliminary forecast for each of its member systems for each classification using monthly data as reported on the Rural Utilities Services (RUS) Form 7, which contains publicly available retail sales data for member systems. These include: residential, seasonal, small commercial, public buildings, large commercial, and other. EKPC's sales to member systems are then determined by adding distribution losses to total retail sales. Seasonal peak demands are determined by applying peak factors for heating, cooling, and water heating to energy.

The supplementary spreadsheets in the Attachment contain the data resulting from the above-described process. The growth rates for energy sales, winter peak demand, and customers are based upon the monthly forecasts for the test period.

Escalation - South Kentucky

Escalation - MWH - Energy	
Time Period	MWH Sales
May 2008 to April 2009	1,211,790
May 2009 to April 2010	1,246,936
Percent change	2.9%

Escalation - MW - Demand	
Time Period	
Winter 2009 - 2010	405.3
Winter 2010 - 2011	417.4
Percent change	3.0%

Escalation - Customers - Residential	
Time Period	Average Annual Customers
2009	61,794
2010	62,612
Percent change	1.3%

Escalation - Customers - Small Commercial	
Time Period	Average Annual Customers
2009	4,938
2010	5,022
Percent change	1.7%

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SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00424

INITIAL DATA REQUEST RESPONSE

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

REQUEST 3

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: South Kentucky Rural Electric Cooperative Corporation

Request 3. Refer to Exhibit 3 of the application, page 1 of 8. The billing analysis shows that South Kentucky receives no revenue from Casey Stone Company; however, the public notice provided in Exhibit 5 shows an increase in the rate applicable to this customer. *Explain why it is necessary to adjust this rate.*

Response 3. There is no current customer on the rate established for Casey Stone Company. However, this rate was increased by the same percentage as the other rates in case the contract becomes active at a later date.

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SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00424
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 4

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: South Kentucky Rural Electric Cooperative
Corporation

Request 4. Refer to Exhibit 3 of the application, page 5 of 8. For the energy charge billing determinant calculations (First 400kWh and All remaining kWh), explain why the billing units multiplied by the escalation factor does not equal the billing determinants shown on this schedule. If a correction is required, please file a copy of all schedules that would require updating.

Response 4. The first 400 kWh times the 5,000 kW for twelve months equals 24,000,000 kWh. Only the first 24,000,000 kWh would be charged at this rate according to the tariff. The kWh exceeding the 24,000,000 are included in the escalation calculation in the section labeled "All remaining kWh."

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SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00424
INITIAL DATA REQUEST RESPONSE

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

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: South Kentucky Rural Electric Cooperative
Corporation

Request 5. Refer to Exhibit 3 of the application, page 8 of 8. Under the Outdoor Lighting Service section, explain why the fourth line down, "M/Vapor Sec L – Metered" does not show any test year revenue. If a correction is required, please file a copy of all schedules that would require updating.

Response 5. The calculation was inadvertently omitted. Please see the attachment for the revised page 8 of 8 of Exhibit 3. This makes no significant difference in the outcome of the analysis.

PSC Request 5
Attachment
Page 1 of 1

South Kentucky Lighting Rates Analysis

STL	Total kWh	Billing Units for Test Year	kWh Lamp	Existing Rate/Mo	Test Yr Revenue	% of Total	Proposed Rate/Mo	Proposed Revenue	% of Total	Increase in Rate	% Increase
STL											
Mercury Vapor 175-Watt	280,164	3,786	74	6.91	25,161.26	37.50%	7.43	28,129.98	37.50%	1,968.72	7.53%
MAVapor 400 Watt	108,378	669	162	11.17	7,472.73	10.71%	12.01	8,034.69	10.71%	561.96	7.52%
Sodium 150 Watt	188,181	2,987	63	6.91	20,640.17	29.99%	7.43	22,193.41	29.99%	1,553.24	7.53%
Sodium 360 Watt	126,495	937	135	11.17	10,466.29	15.00%	12.01	11,253.37	15.00%	787.08	7.52%
Sodium	45,738	726	63	6.91	5,016.66	7.19%	7.43	5,394.18	7.19%	377.52	7.53%
	<u>791,893</u>	<u>9,105</u>			<u>69,757.11</u>	<u>100.00%</u>		<u>75,005.63</u>	<u>100.00%</u>		
FAC					4,815.00			4,815.00			
ES					6,534.00			6,534.00			
Total STL					<u>81,106.11</u>			<u>86,354.63</u>		5,248.52	6.47%
Per Customer					8.91			9.48		0.57	6.40%
DSTL											
Metal Halide Acom 100-Watt Metered		60	100	7.01	420.60	0.77%	7.54	452.40	0.77%	31.80	7.56%
Sodium Cobra on Existing Pole	7,000	70	100	13.84	968.80	1.77%	14.88	1,041.60	1.77%	72.80	7.51%
Sodium Cobra on Existing Pole	46,800	468	100	13.84	6,477.12	11.83%	14.88	6,963.84	11.83%	486.72	7.51%
Metal Halide Acom 100-Watt Metered		132	100	7.01	925.32	1.69%	7.54	995.28	1.69%	69.96	7.56%
Sodium Cobra on 30' Aluminum Pole	45,600	456	100	19.51	8,896.56	16.25%	20.98	9,566.88	16.25%	670.32	7.53%
Sodium Cobra on 30' Aluminum Pole	6,300	63	100	19.51	1,229.13	2.25%	20.98	1,321.74	2.25%	92.61	7.53%
14' Smooth Black Pole		320	100	10.42	3,334.40	6.09%	11.20	3,584.00	6.09%	249.60	7.49%
14' Fluted Pole		726	100	13.49	9,793.74	17.89%	14.50	10,527.00	17.89%	733.26	7.49%
Sodium Cobra w 30' Aluminum Pole	7,102	67	106	21.55	1,443.85	2.64%	23.17	1,562.39	2.64%	168.54	7.52%
30' Square Steel Pole		472	0	15.46	7,297.12	13.33%	16.62	7,844.64	13.33%	547.52	7.50%
Metal Halide Galleria 1000-Watt	14,220	36	395	31.79	1,144.44	2.09%	34.78	1,230.46	2.09%	86.04	7.52%
Mercury Vapor on 12' Arm 400-Watt	4,008	24	167	18.82	451.68	0.83%	20.24	485.76	0.83%	34.08	7.55%
Metal Halide Galleria 400-Watt	24,048	144	167	19.14	2,756.16	5.04%	20.58	2,863.52	5.04%	207.36	7.52%
Metal Halide Lexington 100-Watt	5,896	134	44	7.31	979.54	1.79%	7.86	1,053.24	1.79%	73.70	7.52%
Metal Halide Acom 100-Watt	33,988	752	44	9.26	6,863.52	12.72%	9.86	7,489.92	12.73%	626.40	7.56%
Metal Halide Lexington 100-Watt	4,400	100	44	7.31	731.00	1.34%	7.86	786.00	1.34%	55.00	7.52%
Metal Halide Galleria 400-Watt	8,016	48	167	19.14	918.72	1.68%	20.58	987.84	1.68%	69.12	7.52%
Total DSTL	<u>205,478</u>	<u>4,072</u>			<u>54,731.70</u>	<u>100.00%</u>		<u>58,846.53</u>	<u>100.00%</u>		
FAC					1,268.00			1,268.00			
ES					1,720.00			1,720.00			
Total DSTL					<u>57,719.70</u>			<u>61,834.53</u>		4,114.83	7.13%
Outdoor Lighting Service											
MAVapor Sec L	14,661,864	200,836	74	8.89	1,785,432.04	68.92%	9.56	1,919,992.16	68.92%	134,560.12	7.54%
MAVapor Sec L	722,758	9,767	74	8.89	86,828.63	3.35%	9.56	93,372.52	3.35%	6,543.89	7.54%
MAVapor Sec L - Metered		424	648	6.48	2,747.52	0.11%	6.97	2,955.28	0.11%	207.76	7.56%
MAVapor Sec L - Metered		1,327	648	6.48	8,599.96	0.33%	6.97	9,249.19	0.33%	650.23	7.56%
Sodium Sec L	1,968,390	43,742	45	8.89	388,866.38	15.01%	9.56	416,173.52	15.01%	28,307.14	7.54%
Sodium Sec L	147,285	3,273	45	8.89	29,096.97	1.12%	9.56	31,289.88	1.12%	2,192.91	7.54%
Sodium Sec L - Metered		132	648	6.48	855.36	0.03%	6.97	920.04	0.03%	64.68	7.56%
Sodium Sec L - Metered		48	648	6.48	311.04	0.01%	6.97	334.56	0.01%	23.52	7.56%
Sodium Dir 250-Watt	578,018	5,453	106	14.17	77,269.01	2.96%	15.24	83,103.72	2.98%	5,834.71	7.55%
Sodium Dir 250-Watt	664,938	6,273	106	14.17	88,898.41	3.43%	15.24	95,600.52	3.43%	6,712.11	7.55%
Sodium Dir 250-Watt - Metered		564	823	8.23	4,641.72	0.18%	8.85	4,991.40	0.18%	349.68	7.53%
Sodium Dir 250-Watt - Metered		112	823	8.23	921.76	0.04%	8.85	991.20	0.04%	69.44	7.53%
Metal Halide Dir 250-Watt	48,230	455	106	15.39	7,002.45	0.27%	16.55	7,530.25	0.27%	527.80	7.54%
Metal Halide Dir 250-Watt - Metered		96	917	9.17	880.32	0.03%	9.86	946.56	0.03%	66.24	7.52%
Metal Halide Dir 400-Watt	224,448	1,344	167	19.07	25,630.08	0.99%	20.50	27,552.00	0.99%	1,921.92	7.50%
Metal Halide Dir 400-Watt	85,504	512	167	19.07	9,763.84	0.38%	20.50	10,486.00	0.38%	732.16	7.50%
Metal Halide Dir 400-Watt - Metered		645	917	9.17	5,914.65	0.23%	9.86	6,359.70	0.23%	445.05	7.52%
Metal Halide Dir 400-Watt - Metered		134	917	9.17	1,228.78	0.05%	9.86	1,321.24	0.05%	92.46	7.52%
Metal Halide Dir 1000-Watt	617,385	1,563	395	33.43	52,251.09	2.02%	35.94	56,174.22	2.02%	3,923.13	7.51%
Metal Halide Dir 1000-Watt - Metered		425	1023	10.23	4,347.75	0.17%	11.00	4,675.00	0.17%	327.25	7.53%
Metal Halide Dir 1000-Watt - Metered	10,665	27	395	33.43	902.61	0.03%	35.94	970.38	0.03%	67.77	7.51%
Metal Halide Dir 250-Watt	53,212	502	106	15.39	7,725.78	0.30%	16.55	8,308.10	0.30%	582.32	7.54%
Metal Halide Dir 250-Watt - Metered		36	917	9.17	330.12	0.01%	9.86	354.96	0.01%	24.84	7.52%
Total OL	<u>19,982,697</u>	<u>277,690</u>			<u>2,590,435.27</u>	<u>100.00%</u>		<u>2,785,662.40</u>	<u>100.00%</u>		
FAC					120,907.00			120,907.00			
ES					164,071.00			164,071.00			
Total FAC					<u>2,875,413.27</u>			<u>3,070,640.40</u>		195,227.13	6.79%
Total ES					10.35			11.06		0.70	6.79%
Total Lighting	20,980,868	290,867			2,714,924.08			2,919,514.56			
Total FAC					126,990.00			126,990.00			
Total ES					172,325.00			172,325.00			
Total \$					<u>3,014,239.08</u>			<u>3,218,829.56</u>			
					10.36			11.07		0.70	6.79%