

**Frost  
Brown Todd** LLC  
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

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March 26, 2009

**RECEIVED**

**MAR 26 2009**

**PUBLIC SERVICE  
COMMISSION**

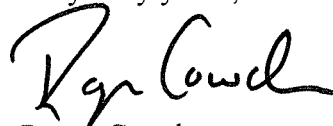
Mr. Jeffrey Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602-0615

Re: PSC Case No. 2009-00039

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 February 23, 2009; and the Prepared Testimony of Ann F. Wood on Behalf of EKPC in this case.

Very truly yours,



Roger 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 )  
SIX-MONTH BILLING PERIODS ENDING )  
DECEMBER 31, 2007; JUNE 30, 2008 AND )  
DECEMBER 31, 2008 AND THE PASS-THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

CASE NO.  
2009-00039

CERTIFICATE

STATE OF KENTUCKY )  
 )  
COUNTY OF CLARK )

Gerard B. Bordes, 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 February 23, 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.

Gerard B. Bordes

Subscribed and sworn before me on this 25<sup>th</sup> day of March, 2009.

Peggy S. Guffin  
Notary Public

My Commission expires:

December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

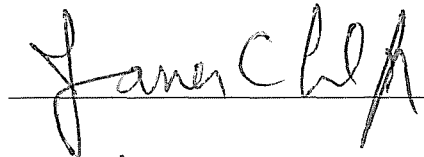
AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
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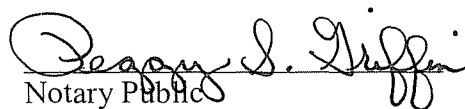
CERTIFICATE

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 February 23, 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 24<sup>th</sup> day of March, 2009.

  
Notary Public

My Commission expires:

December 8, 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 )  
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DISTRIBUTION COOPERATIVES )

CASE NO.  
2009-00039

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 February 23, 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 24<sup>th</sup> day of March, 2009.

Regina S. Duffen  
Notary Public

My Commission expires: December 8, 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 )  
SIX-MONTH BILLING PERIODS ENDING )  
DECEMBER 31, 2007; JUNE 30, 2008 AND )  
DECEMBER 31, 2008 AND THE PASS-THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.  
2009-00039**

**RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST  
TO EAST KENTUCKY POWER COOPERATIVE, INC.  
DATED FEBRUARY 23, 2009**

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC ADMINISTRATIVE CASE 2009-00039**

**PUBLIC SERVICE COMMISSION REQUEST DATED 02/23/09**

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 February 23, 2009. Each response with its associated supportive reference materials is individually tabbed.





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**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.**  
**SIX-MONTH BILLING PERIODS ENDING )** **2009-00039**  
**DECEMBER 31, 2007; JUNE 30, 2008 AND )**  
**DECEMBER 31, 2008 AND THE PASS-THROUGH )**  
**MECHANISM FOR ITS SIXTEEN MEMBER )**  
**DISTRIBUTION COOPERATIVES )**

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

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

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

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

A. I received a B.S. Degree in Accounting from Georgetown College in 1987. After graduation I accepted an audit position with Coopers & Lybrand in the Lexington office. My responsibilities ranged from performing detailed audit testing to managing audits. In October 1995, I started working for Lexmark International, Inc. as an analyst. In May 1997, I joined EKPC and held various management positions in the accounting and internal auditing areas. In August 2008, I became Manager of Regulatory Services at EKPC. I am a certified public accountant in 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 identify the over/under recoveries  
9 accumulated for the periods under review for EKPC and each Member System  
10 and recommend an amortization of such amounts accumulated during the period  
11 under review. My testimony will also propose updating the rate of return used in  
12 the environmental surcharge calculation, and discuss a proposed revision to the  
13 wholesale surcharge mechanism and a corresponding modification to the retail  
14 surcharge pass through mechanism.

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

17 A. Yes. Gerard B. Bordes, Manager of Fuels and Emissions, has provided the  
18 emission allowance information for Response 3 of the First Data Request of  
19 Commission Staff. Frank J. Oliva, Manager of Finance, has provided the debt,  
20 average interest rate, and TIER information for Responses 5 through 7 of the First  
21 Data Request of Commission Staff. James C. Lamb, Jr., Senior Vice President of  
22 Power Supply, has provided the retail-pass through information for Response 8 of  
23 the First Data Request of Commission Staff.

1 **Q. Previous Commission Orders required EKPC and its Member Systems to**  
2 **incorporate certain provisions into the calculation of the monthly**  
3 **environmental surcharge factors. Please comment on how EKPC and the**  
4 **Member Systems have addressed the most significant aspects of these Orders**  
5 **during the periods under review.**

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

8 • **Compliance Plan Projects**

9 EKPC's compliance plan at implementation of the environmental surcharge  
10 (July 1, 2005) consisted of four authorized projects and excluded and  
11 continues to exclude the costs associated with the J.K. Smith Combustion  
12 Turbines. During 2008, EKPC applied for, and the Commission approved, an  
13 amendment to the compliance plan. The amendment added six projects to the  
14 compliance plan. The monthly environmental surcharge reports, incorporated  
15 by reference in this case, show the capital costs for these projects.

16 • **Base/Current Method**

17 EKPC used the Base/Current method for calculating the monthly  
18 environmental surcharge factor during the review periods. A base factor of  
19 .51% was applied for the billing period July 2007 through October 2008. As a  
20 result of the Order in Case No. 2008-00115, the base factor increased to  
21 1.21% for the billing period November 2008 and thereafter. Use of these  
22 factors is identified in Response 1 to the First Data Request of Commission  
23 Staff.

1           • **Actual Emission Allowance Expense**

2           EKPC included only actual SO<sub>2</sub> and NO<sub>x</sub> emission allowance expense in the  
3           monthly filings.

4           • **Return on Emission Allowance Inventory and Limestone Inventory**

5           EKPC has included a return on all environmental surcharge assets, including  
6           emission allowances purchased for current and vintage years. This is  
7           addressed in Response 3 to the First Data Request of Commission Staff.

8           EKPC has also included a return on its limestone inventory.

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

11          EKPC has included a return on CWIP, net of AFUDC, effective November 1,  
12          2008. This addition to the calculation was approved in the Order in Case No.  
13          2008-00115.

14          • **Rate of Return**

15          EKPC's rate of return consists of two components: the average cost of debt  
16          on its compliance plan projects and a Times Interest Earned Ratio (TIER)  
17          component. For the billing periods July 2007 through July 2008, EKPC  
18          applied an average cost of debt of 4.859% and a 1.15 TIER to yield a 5.59%  
19          rate of return. As a result of Commission Order in Case No. 2007-00378,  
20          EKPC updated its average cost of debt at 4.876% and applied a 1.35 TIER, as  
21          granted in Case No. 2006-00472, which yielded a 6.58% rate of return. EKPC  
22          applied this 6.58% rate of return in August 2008. Application of the rate of

1 return is reflected in Response 1 to the First Data Request of Commission  
2 Staff.

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

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

9 • **Pass-Through Mechanism**

10 The environmental surcharge factors computed for retail customers were  
11 billed by EKPC's Member Systems at approximately the same time as EKPC  
12 billed the Member Systems at wholesale. The calculation of the monthly  
13 factors for each Member System was provided in the monthly reports filed  
14 with the Commission. EKPC and the Member Systems adhered to these and  
15 all other requirements and provisions of the Commission's Orders for the  
16 periods under review.

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

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

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

1 A. Yes. As shown in Response 1 to the First Data Request of Commission Staff,  
2 EKPC incurred an over recovery of \$4,060,313 during the periods under review.

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

4 A. EKPC requests approval to refund this amount over a two-month period,  
5 beginning with the month after Commission Order in this proceeding, which  
6 would reduce the calculation by \$2,030,156 for each of the two months.

7 **Q. EKPC historically has amortized its monthly calculation of any over or**  
8 **under recovery over a six-month period. Why does EKPC propose a change**  
9 **from a six-month to a two-month amortization?**

10 A. It is correct that EKPC historically has amortized any over or under recovery over  
11 a six-month period. EKPC and the Member Systems selected a six-month  
12 amortization in order to minimize the fluctuation in the monthly environmental  
13 surcharge factor. However, during the audit of the 2008 financial statements,  
14 EKPC's external auditor recommended, and EKPC agreed, that EKPC should be  
15 recording any accumulated over or under recovery as a regulated liability or asset,  
16 respectively. This accounting treatment is in accordance with paragraph 9b of  
17 Statement of Financial Accounting Standards (SFAS) No. 71, Accounting for the  
18 Effects of Certain Types of Regulation. EKPC desires to maintain such  
19 regulatory asset or liability balance at a relatively low level. Additionally, EKPC  
20 has accumulated a significant over recovery, mainly resulting from any given  
21 month's revenue exceeding the average 12-month revenue. Giving the Member  
22 Systems a more timely "credit" of this over recovery is desirable to EKPC.

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

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

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

7 A. EKPC proposes to amortize these amounts over a two-month period, consistent  
8 with the recovery period that EKPC is proposing on the wholesale calculation.

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

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

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

15 A. Yes. EKPC proposes to implement a two-month "true-up" adjustment to its  
16 surcharge mechanism. As noted earlier, EKPC's review period net over recovery  
17 has been the result of the billing months' revenues exceeding the average 12-  
18 month revenues used in the determination of the monthly surcharge billing  
19 factors, in other words, a timing difference. Implementing a two-month true-up  
20 adjustment would permit EKPC to effectively eliminate this timing difference,  
21 minimize the regulatory asset or liability account balance, and provide for a more  
22 timely refund or recovery of the surcharge. In its last surcharge review case,  
23 EKPC argued against the establishment of a two-month true-up adjustment,

1 noting the additional volatility that resulted in the surcharge billing factors.  
2 However, EKPC believes that the external auditor's recommendation has changed  
3 the circumstances to the extent that it is now reasonable to incorporate a two-  
4 month true-up adjustment in the surcharge mechanism.

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

7 A. EKPC proposes that this adjustment be included in the surcharge mechanism in  
8 the first month following the Commission's Final Order in this proceeding.

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

11 A. Yes. Attached to my testimony as Exhibits AFW-1 and AFW-2 are revised Form  
12 1.1 and Form 2.0, respectively, reflecting this proposed change (changes are in  
13 bold print). On Form 1.1, EKPC is inserting a single line item to reflect the two-  
14 month true-up adjustment. On Form 2.0, EKPC is deleting the over/under  
15 recovery calculation currently shown on the form. This information simply  
16 duplicated the calculations the Commission approved when determining the over  
17 or under recovery adjustment from the surcharge review proceedings. EKPC has  
18 replaced this information with the calculation of the two-month true-up  
19 adjustment.

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



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

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

5 A. EKPC believes that the retail surcharge pass through mechanism should be  
6 revised to include a similar two-month true-up adjustment. Each of the Member  
7 Systems' pass through mechanism experiences a timing difference similar to that  
8 experienced by EKPC. By incorporating a two-month true-up adjustment in the  
9 pass through mechanism, the Member Systems will be able to return over  
10 recoveries to, and collect under recoveries from, their members in a more timely  
11 fashion. By addressing over and under recoveries sooner rather than waiting for a  
12 periodic surcharge review, the amounts refunded or collected from the members  
13 will be significantly lower.

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

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

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

22 A. Yes. As indicated in Response 7 the First Data Request of Commission Staff,  
23 EKPC recommends that the Commission approve the average debt cost of

1 4.762%. As indicated earlier in my Direct Testimony, EKPC will maintain the  
2 use of a 1.35 TIER in calculating the rate of return.

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

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

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

8 A. Yes.

COMMONWEALTH OF KENTUCKY

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DISTRIBUTION COOPERATIVES )

CASE NO.
2009-00039

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 24th day of March, 2009.

Peggy S. Duffin
Notary Public

My Commission expires:

December 8, 2009

East Kentucky Power Cooperative, Inc.  
Environmental Surcharge Report

Form 1.1  
Proposed Revision

Calculation of Current Month Environmental Surcharge Factor (CESF)

For the Expense Month Ending \_\_\_\_\_

- 1  $E(m) = RORB + OE - BAS$
- 2 Rate Base
- 3 Rate Base / 12
- 4 Rate of Return =
- 5 Return on Rate Base (RORB) +
- 6 Operating Expenses (OE) +
- 7 By-Product and Emission Allowance Sales (BAS) -
- 8 Sub-Total E(m)
  
- 9 Member System Allocation Ratio for the Month  
(Form 3.0)
- 10 Subtotal E(m) = Subtotal E(m) x Member System  
Allocation Ratio
- 11 Adjustment for (Over)/Under Recovery as Applicable  
from Case No. 2009-00039**
- 12 Subtotal E(m) plus (Over)/Under Recovery
- 13 Two-Month True Up Adjustment**
- 14 E(m) = Line 12 + Line 13 Reflecting 2-month True-up**
- 15 R(m) = Average Monthly Member System  
Revenue for the 12 Months Ending with the  
Current Expense Month (Form 3.0)
- 16 CESF:  
E(m) / R(m); as a % of Revenue: Line 14/Line 15
- 17 BESF
- 18 MESF

East Kentucky Power Cooperative, Inc.  
Environmental Surcharge Report

Form 2.0  
Proposed Revision

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month Ending \_\_\_\_\_

Determination of Environmental Compliance Rate Base

Eligible Pollution Control Plant (Gross Plant)  
Eligible Pollution CWIP net of AFUDC  
    Subtotal  
*Additions:*  
Inventory - Spare Parts  
Inventory - Limestone  
Inventory - Emission Allowances  
Cash Working Capital Allowance  
    Subtotal  
*Deductions*  
Accumulated Depreciation on Eligible Pollution Control Plant  
    Subtotal  
Environmental Compliance Rate Base

Determination of Pollution Control Operating Expenses

Monthly O&M Expense  
Monthly Depreciation and Amortization Expense  
Monthly Taxes Other Than Income Taxes  
Monthly Insurance Expense  
Monthly Emission Allowance Expense  
Monthly Surcharge Consultant Fee  
    Total Pollution Control Operating Expense

Gross Proceeds from By-Product and Emission Allowance Sales

Total Proceeds from By-Product and Allowance Sales

**Two-Month True Up Adjustment**

- 1 **Authorized Recovery Amount:**  
    Current Month MESF x Avg. Monthly Wholesale Revenue for the  
    12-months ending with the Current Expense Month (Form 3.0)
- 2 **Revenues Subject to Surcharge: Form 3, Col. 6 (Current Month)**
- 3 **Environmental Surcharge Revenues Billed:**  
    Previous Month's MESF x Line 2
- 4 **Previous Month's Authorized Recovery Amount**  
    Form 2.0, Line 1 from the Previous Month
- 5 **Monthly (Over)/Under = Line 4 minus Line 3**  
    To be included in Form 1.1, Line 13 in the Second Subsequent Month



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039**

**ENVIRONMENTAL SURCHARGE**

**APPENDIX B**

**FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09**

**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 periods under review. Form 1.1 can be used as a model for this summary. Include the expense months for the 2 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 EKPC believes needs to be recognized for each 6-month review. Include all supporting calculations and documentation for the additional over- or under-recovery.

**Response 1.** Please see pages 2 through 4 of this response.

Derivation of (Over)/Under Recovery  
for Billing Period of July 2007 - Dec 08

Line	Description	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
1	<b>E(m) = RORB + OE - BAS</b>							
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 18-month 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	<b>E(m) = RORB + OE - BAS</b>						
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 18-month 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	Jan-09	Feb-09
1	<b>E(m) = RORB + OE - BAS</b>								
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
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
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)	+	\$1,120,474	\$1,110,351	\$3,171,826	\$3,202,174	\$3,270,078	\$3,327,266	\$3,355,134
6	Operating Expenses (OE)	+	\$3,304,417	\$2,805,139	\$2,421,205	\$2,432,438	\$2,656,183	\$3,096,072	\$2,966,884
7	By-Product and Emission Allowance Sales (BAS)	-	\$0	\$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	\$6,423,338	\$6,322,018
9	Member System Allocation Ratio for the Month (Form 3.0)	98.87%	98.92%	98.99%	99.16%	99.23%	99.30%	99.36%	99.49%
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	\$6,382,229	\$6,289,776
11	Adjustment for (Over)/Under Recovery, as applicable	(\$243,018)	(\$243,018)	(\$243,018)	(\$243,018)	(\$243,018)	(\$243,018)	\$0	\$0
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
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	\$61,673,967	\$61,528,363
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%
15	BESF	0.51%	0.51%	0.51%	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%
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	\$5,637,001	\$5,543,706
18	Environmental Surcharge Revenues Billed	\$4,179,701	\$3,835,121	\$3,723,733	\$3,149,569	\$5,030,180	\$5,588,467	\$6,475,356	\$6,081,108
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)	(\$1,576,846)	(\$444,107)
20	Cumulative (Over)/Under (for Six-Month Period)	(\$550,410)	(\$540,551)	(\$361,701)	(\$177,956)	(\$617,511)	(\$1,582,432)	(\$1,576,846)	(\$2,020,954)
21	Cumulative (Over)/Under - (for 18-month Period)	(\$3,028,291)	(\$3,018,432)	(\$2,839,583)	(\$2,655,838)	(\$3,095,392)	(\$4,060,313)	(\$1,576,846)	(\$2,020,954)



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039**

**ENVIRONMENTAL SURCHARGE**

**APPENDIX B**

**FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09**

**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 to each 6-month review. Include the 2 months subsequent to the billing period included in the review periods. Include a calculation of any additional over- or under-recovery amount the distribution cooperative believes needs to be recognized for each 6-month 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: 18-Month 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)
Jan-06	\$80,807	\$92,687	(\$11,880)	(\$11,880)
Feb-06	\$109,032	\$107,454	\$1,578	(\$10,302)
Mar-06	\$103,636	\$105,820	(\$2,184)	(\$12,486)
Apr-06	\$78,900	\$83,656	(\$4,756)	(\$17,242)
May-06	\$83,061	\$86,809	(\$3,748)	(\$20,990)
Jun-06	\$98,468	\$90,431	\$8,037	(\$12,953)
Jul-06	\$117,195	\$115,268	\$1,927	(\$11,026)
Aug-06	\$152,882	\$152,451	\$431	(\$10,595)
Sep-06	\$104,612	\$116,557	(\$11,945)	(\$22,540)
Oct-06	\$113,656	\$113,044	\$612	(\$21,929)
Nov-06	\$104,897	\$112,409	(\$7,512)	(\$29,441)
Dec-06	\$131,561	\$122,460	\$9,101	(\$20,340)
Jan-07	\$123,816	\$115,507	\$8,309	(\$12,032)
Feb-07	\$149,911	\$172,744	(\$22,833)	(\$34,864)
Mar-07	\$118,699	\$108,117	\$10,582	(\$24,282)
Apr-07	\$101,261	\$107,767	(\$6,506)	(\$30,788)
May-07	\$81,846	\$79,093	\$2,753	(\$28,034)
Jun-07	\$94,494	\$109,112	(\$14,618)	<b>(\$42,652)</b>
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	<b>\$183,755</b>
Jan-09	\$160,253	\$145,531	\$14,722	\$198,477
Feb-09	\$148,148	\$156,678	(\$8,530)	\$189,947
Cumulative 18-month (Over)/Under Recovery				<b>\$183,755</b>
Monthly Recovery (per month for six months)				<b>\$30,626</b>
Monthly Recovery (per month for two months)				<b>\$91,878</b>

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

**Blue Grass Energy - Environmental Surcharge: 18-Month Review**

	EKPC Invoice Month recorded on Member's	Billed to Retail Consumer & Recorded on Member's	Monthly (Over) or	Cumulative (Over) or
Dec-05	\$696,759	\$576,806	\$119,953	\$684,258
Jan-06	\$349,386	\$716,114	(\$366,728)	(\$366,728)
Feb-06	\$457,263	\$325,017	\$132,246	(\$234,482)
Mar-06	\$458,495	\$458,520	(\$25)	(\$234,507)
Apr-06	\$353,852	\$415,611	(\$61,759)	(\$296,266)
May-06	\$401,112	\$370,601	\$30,511	(\$265,756)
Jun-06	\$479,822	\$390,838	\$88,984	(\$176,771)
Jul-06	\$559,012	\$512,684	\$46,328	(\$130,443)
Aug-06	\$739,247	\$635,947	\$103,300	(\$27,143)
Sep-06	\$515,953	\$652,366	(\$136,413)	(\$163,557)
Oct-06	\$503,569	\$514,290	(\$10,721)	(\$174,278)
Nov-06	\$449,095	\$516,850	(\$67,755)	(\$242,033)
Dec-06	\$547,179	\$568,359	(\$21,180)	(\$263,213)
Jan-07	\$534,757	\$490,544	\$44,213	(\$219,000)
Feb-07	\$656,909	\$558,766	\$98,143	(\$120,858)
Mar-07	\$531,433	\$684,148	(\$152,715)	(\$273,572)
Apr-07	\$463,512	\$576,206	(\$112,694)	(\$386,266)
May-07	\$405,726	\$578,203	(\$172,477)	(\$558,743)
Jun-07	\$452,467	\$481,862	(\$29,395)	(\$588,138)

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

Cumulative 18-month (Over)/Under Recovery				<b>(\$43,220)</b>
Monthly Recovery (per month for six months)				<b>(\$7,203)</b>
Monthly Recovery (per month for two months)				<b>(\$21,610)</b>

<b>Clark Energy Cooperative - Environmental Surcharge: 18-Month Review</b>
--

	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)
Jan-06	\$272,496	\$269,918	\$2,578	\$2,578
Feb-06	\$130,943	\$119,833	\$11,110	\$13,688
Mar-06	\$174,609	\$173,722	\$887	\$14,575
Apr-06	\$169,726	\$162,706	\$7,020	\$21,595
May-06	\$129,647	\$135,945	(\$6,298)	\$15,297
Jun-06	\$143,160	\$142,241	\$919	\$16,216
Jul-06	\$173,691	\$179,427	(\$5,736)	\$10,480
Aug-06	\$208,166	\$225,784	(\$17,618)	(\$7,139)
Sep-06	\$272,850	\$234,065	\$38,785	\$31,647
Oct-06	\$186,882	\$192,511	(\$5,629)	\$26,018
Nov-06	\$186,579	\$201,261	(\$14,682)	\$11,336
Dec-06	\$169,606	\$199,627	(\$30,021)	(\$18,686)
Jan-07	\$207,827	\$186,836	\$20,991	\$2,305
Feb-07	\$202,954	\$208,337	(\$5,383)	(\$3,078)
Mar-07	\$254,390	\$219,995	\$34,395	\$31,318
Apr-07	\$198,339	\$174,799	\$23,540	\$54,858
May-07	\$174,513	\$168,847	\$5,666	\$60,524
Jun-07	\$143,537	\$132,505	\$11,032	<b>\$71,556</b>

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)

Cumulative 18-month (Over)/Under Recovery	<b>(\$103,444)</b>
Monthly Recovery (per month for six months)	<b>(\$17,241)</b>
Monthly Recovery (per month for two months)	<b>(\$51,722)</b>

**Cumberland Valley Electric - Environmental Surcharge: 18-Month 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)
Jan-06	\$156,592	\$261,402	(\$104,810)	(\$104,810)
Feb-06	\$198,989	\$164,170	\$34,819	(\$69,991)
Mar-06	\$196,565	\$204,103	(\$7,538)	(\$77,529)
Apr-06	\$158,789	\$155,683	\$3,106	(\$74,423)
May-06	\$168,930	\$166,893	\$2,037	(\$72,386)
Jun-06	\$199,066	\$194,435	\$4,631	(\$67,755)
Jul-06	\$225,203	\$207,524	\$17,679	(\$50,076)
Aug-06	\$302,145	\$261,878	\$40,267	(\$9,809)
Sep-06	\$219,130	\$241,252	(\$22,122)	(\$31,931)
Oct-06	\$231,648	\$257,883	(\$26,235)	(\$58,165)
Nov-06	\$203,947	\$264,409	(\$60,462)	(\$118,628)
Dec-06	\$242,335	\$238,891	\$3,444	(\$115,184)
Jan-07	\$233,963	\$252,033	(\$18,070)	(\$133,254)
Feb-07	\$268,372	\$248,074	\$20,298	(\$112,956)
Mar-07	\$229,149	\$255,813	(\$26,664)	(\$139,621)
Apr-07	\$198,609	\$259,436	(\$60,827)	(\$200,448)
May-07	\$162,898	\$232,616	(\$69,718)	(\$270,166)
Jun-07	\$179,000	\$211,977	(\$32,977)	(\$303,143)
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
Cumulative 18-month (Over)/Under Recovery				<b>\$131,295</b>
Monthly Recovery (per month for six months)				<b>\$21,883</b>
Monthly Recovery (per month for two months)				<b>\$65,648</b>



**Farmers RECC - Environmental Surcharge: 18-Month 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)
Jan-06	\$273,746	\$263,700	\$10,046	\$10,046
Feb-06	\$143,704	\$141,382	\$2,322	\$12,368
Mar-06	\$182,926	\$195,805	(\$12,879)	(\$511)
Apr-06	\$184,352	\$181,491	\$2,861	\$2,351
May-06	\$149,769	\$155,206	(\$5,437)	(\$3,087)
Jun-06	\$167,442	\$167,265	\$177	(\$2,910)
Jul-06	\$205,142	\$204,238	\$904	(\$2,005)
Aug-06	\$235,860	\$233,744	\$2,116	\$111
Sep-06	\$315,141	\$304,076	\$11,065	\$11,176
Oct-06	\$228,836	\$242,014	(\$13,178)	(\$2,002)
Nov-06	\$219,460	\$216,769	\$2,691	\$689
Dec-06	\$188,330	\$197,549	(\$9,219)	(\$8,530)
Jan-07	\$217,874	\$210,858	\$7,016	(\$1,515)
Feb-07	\$217,515	\$213,798	\$3,717	\$2,202
Mar-07	\$253,785	\$236,230	\$17,555	\$19,756
Apr-07	\$209,949	\$210,093	(\$144)	\$19,613
May-07	\$186,281	\$185,514	\$767	\$20,380
Jun-07	\$165,487	\$163,464	\$2,023	\$22,403
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)
Cumulative 18-month (Over)/Under Recovery				<b>\$304</b>
Monthly Recovery (per month for six months)				<b>\$51</b>
Monthly Recovery (per month for two months)				<b>\$152</b>

<b>Fleming-Mason - Environmental Surcharge: 18-Month Review</b>
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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)
Jan-06	\$305,769	\$448,799	(\$143,030)	(\$143,030)
Feb-06	\$364,514	\$318,259	\$46,255	(\$96,775)
Mar-06	\$403,984	\$385,948	\$18,036	(\$78,739)
Apr-06	\$348,771	\$356,599	(\$7,828)	(\$86,566)
May-06	\$377,406	\$368,468	\$8,938	(\$77,629)
Jun-06	\$401,585	\$362,373	\$39,212	(\$38,417)
Jul-06	\$446,909	\$451,177	(\$4,268)	(\$42,685)
Aug-06	\$565,188	\$486,563	\$78,625	\$35,940
Sep-06	\$480,196	\$463,540	\$16,656	\$52,595
Oct-06	\$457,051	\$470,247	(\$13,196)	\$39,400
Nov-06	\$386,716	\$468,181	(\$81,465)	(\$42,066)
Dec-06	\$435,499	\$406,070	\$29,429	(\$12,637)
Jan-07	\$416,477	\$421,029	(\$4,552)	(\$17,189)
Feb-07	\$477,718	\$451,447	\$26,271	\$9,082
Mar-07	\$487,314	\$500,051	(\$12,737)	(\$3,655)
Apr-07	\$418,548	\$512,450	(\$93,902)	(\$97,557)
May-07	\$362,816	\$437,669	(\$74,853)	(\$172,411)
Jun-07	\$386,332	\$426,677	(\$40,345)	(\$212,756)
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	\$427,306	Not Available	-	-

Cumulative 18-month (Over)/Under Recovery	<b>\$24,525</b>
Monthly Recovery (per month for six months)	<b>\$4,088</b>
Monthly Recovery (per month for two months)	<b>\$12,263</b>

**Grayson - Environmental Surcharge: 18-Month 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)
Jan-06	\$79,183	\$84,739	(\$5,556)	(\$5,556)
Feb-06	\$106,833	\$88,650	\$18,183	\$12,627
Mar-06	\$105,895	\$95,092	\$10,803	\$23,430
Apr-06	\$79,830	\$78,856	\$974	\$24,404
May-06	\$85,470	\$88,590	(\$3,120)	\$21,284
Jun-06	\$101,563	\$111,432	(\$9,869)	\$11,415
Jul-06	\$120,928	\$126,474	(\$5,546)	\$5,869
Aug-06	\$158,209	\$128,850	\$29,359	\$35,228
Sep-06	\$109,675	\$118,969	(\$9,294)	\$25,934
Oct-06	\$114,803	\$127,157	(\$12,354)	\$13,580
Nov-06	\$104,954	\$121,934	(\$16,980)	(\$3,400)
Dec-06	\$127,344	\$124,170	\$3,174	(\$226)
Jan-07	\$120,760	\$146,456	(\$25,696)	(\$25,922)
Feb-07	\$154,278	\$118,081	\$36,197	\$10,275
Mar-07	\$121,164	\$115,049	\$6,115	\$16,390
Apr-07	\$104,527	\$88,619	\$15,908	\$32,298
May-07	\$85,053	\$91,165	(\$6,112)	\$26,186
Jun-07	\$95,012	\$102,022	(\$7,010)	\$19,176

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	Not available	-	-

Cumulative 18-month (Over)/Under Recovery	<b>(\$37,778)</b>
Monthly Recovery (per month for six months)	<b>(\$6,296)</b>
Monthly Recovery (per month for two months)	<b>(\$18,889)</b>

**Inter-County ECC - Environmental Surcharge: 18-Month 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)
Jan-06	\$0	\$237,477	(\$237,477)	\$13,515
Feb-06	\$140,620	\$136,249	\$4,371	\$17,886
Mar-06	\$189,017	\$160,624	\$28,393	\$46,279
Apr-06	\$178,686	\$147,641	\$31,045	\$77,324
May-06	\$129,857	\$132,737	(\$2,880)	\$74,444
Jun-06	\$144,285	\$153,641	(\$9,356)	\$65,089
Jul-06	\$174,615	\$192,684	(\$18,069)	\$47,019
Aug-06	\$208,366	\$213,784	(\$5,418)	\$41,601
Sep-06	\$270,735	\$212,418	\$58,317	\$99,918
Oct-06	\$183,532	\$196,190	(\$12,658)	\$87,260
Nov-06	\$193,523	\$219,062	(\$25,539)	\$61,721
Dec-06	\$178,607	\$209,334	(\$30,727)	\$30,994
Jan-07	\$223,796	\$210,138	\$13,658	\$44,653
Feb-07	\$220,780	\$243,061	(\$22,281)	\$22,372
Mar-07	\$271,696	\$210,244	\$61,452	\$83,824
Apr-07	\$198,778	\$183,187	\$15,591	\$99,415
May-07	\$180,576	\$152,359	\$28,217	\$127,631
Jun-07	\$139,037	\$154,736	(\$15,699)	\$111,933

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	Not available	-	-
Feb-09	\$265,836	Not available	-	-

Cumulative 18-month (Over)/Under Recovery	<b>(\$201,265)</b>
Monthly Recovery (per month for six months)	<b>(\$33,544)</b>
Monthly Recovery (per month for two months)	<b>(\$100,633)</b>

**Jackson Energy Cooperative - Environmental Surcharge: 18-Month 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)
Jan-06	\$298,516	\$255,513	\$43,003	\$43,003
Feb-06	\$390,130	\$353,332	\$36,798	\$79,801
Mar-06	\$374,823	\$369,616	\$5,207	\$85,008
Apr-06	\$283,317	\$305,078	(\$21,761)	\$63,247
May-06	\$302,888	\$301,146	\$1,742	\$64,989
Jun-06	\$359,680	\$393,472	(\$33,792)	\$31,197
Jul-06	\$418,871	\$462,887	(\$44,016)	(\$12,819)
Aug-06	\$549,793	\$507,771	\$42,022	\$29,203
Sep-06	\$385,404	\$392,812	(\$7,408)	\$21,795
Oct-06	\$410,060	\$412,679	(\$2,619)	\$19,176
Nov-06	\$378,814	\$470,350	(\$91,536)	(\$72,360)
Dec-06	\$466,222	\$449,848	\$16,374	(\$55,986)
Jan-07	\$451,675	\$415,832	\$35,843	(\$20,143)
Feb-07	\$531,087	\$452,532	\$78,555	\$58,412
Mar-07	\$426,794	\$357,205	\$69,589	\$128,001
Apr-07	\$377,553	\$327,909	\$49,644	\$177,645
May-07	\$290,401	\$295,378	(\$4,977)	\$172,668
Jun-07	\$328,829	\$392,133	(\$63,304)	\$109,364
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	Not available	-	-
Cumulative 18-month (Over)/Under Recovery				<b>(\$387,742)</b>
Monthly Recovery (per month for six months)				<b>(\$64,624)</b>
Monthly Recovery (per month for two months)				<b>(\$193,871)</b>

**Licking Valley RECC - Environmental Surcharge: 18-Month 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)
Jan-06	\$82,337	\$78,323	\$4,014	\$4,014
Feb-06	\$109,780	\$121,276	(\$11,496)	(\$7,482)
Mar-06	\$105,570	\$102,985	\$2,585	(\$4,897)
Apr-06	\$81,819	\$116,277	(\$34,458)	(\$39,355)
May-06	\$86,375	\$109,031	(\$22,656)	(\$62,011)
Jun-06	\$101,759	\$135,650	(\$33,891)	(\$95,902)
Jul-06	\$121,546	\$122,104	(\$558)	(\$96,460)
Aug-06	\$158,637	\$115,985	\$42,652	(\$53,808)
Sep-06	\$109,972	\$112,497	(\$2,525)	(\$56,333)
Oct-06	\$118,803	\$123,377	(\$4,574)	(\$60,907)
Nov-06	\$108,148	\$130,573	(\$22,425)	(\$83,332)
Dec-06	\$132,147	\$113,191	\$18,956	(\$64,376)
Jan-07	\$123,850	\$125,825	(\$1,975)	(\$66,351)
Feb-07	\$153,490	\$120,034	\$33,456	(\$32,895)
Mar-07	\$121,082	\$100,141	\$20,941	(\$11,954)
Apr-07	\$107,214	\$95,314	\$11,900	(\$54)
May-07	\$84,691	\$83,952	\$739	\$685
Jun-07	\$96,569	\$133,512	(\$36,943)	(\$36,258)

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	Not available	-	-

Cumulative 18-month (Over)/Under Recovery	\$49,833
Monthly Recovery (per month for six months)	\$8,306
Monthly Recovery (per month for two months)	\$24,917

**Nolin RECC - Environmental Surcharge: 18-Month 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)
Jan-06	\$210,511	\$423,673	(\$213,162)	(\$213,162)
Feb-06	\$274,075	\$191,696	\$82,379	(\$130,783)
Mar-06	\$277,698	\$265,211	\$12,487	(\$118,296)
Apr-06	\$222,807	\$198,807	\$24,000	(\$94,296)
May-06	\$246,591	\$242,886	\$3,705	(\$90,591)
Jun-06	\$289,266	\$309,032	(\$19,766)	(\$110,357)
Jul-06	\$344,937	\$374,368	(\$29,431)	(\$139,788)
Aug-06	\$460,658	\$425,805	\$34,853	(\$104,935)
Sep-06	\$337,184	\$330,273	\$6,911	(\$98,024)
Oct-06	\$320,102	\$333,363	(\$13,261)	(\$111,284)
Nov-06	\$280,134	\$338,222	(\$58,088)	(\$169,372)
Dec-06	\$339,692	\$299,423	\$40,269	(\$129,103)
Jan-07	\$327,148	\$317,572	\$9,576	(\$119,527)
Feb-07	\$392,312	\$461,044	(\$68,732)	(\$188,259)
Mar-07	\$329,005	\$370,069	(\$41,064)	(\$229,323)
Apr-07	\$291,343	\$374,053	(\$82,710)	(\$312,033)
May-07	\$255,571	\$306,453	(\$50,882)	(\$362,914)
Jun-07	\$287,372	\$413,661	(\$126,289)	(\$489,204)

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	Not available	-	-

Cumulative 18-month (Over)/Under Recovery	<b>\$388,791</b>
Monthly Recovery (per month for six months)	<b>\$64,799</b>
Monthly Recovery (per month for two months)	<b>\$194,396</b>

**Owen Electric Cooperative - Environmental Surcharge: 18-Month 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)
Jan-06	\$909,768	\$889,748	\$20,020	\$20,020
Feb-06	\$512,170	\$500,486	\$11,684	\$31,704
Mar-06	\$619,113	\$656,731	(\$37,618)	(\$5,914)
Apr-06	\$689,612	\$636,800	\$52,812	\$46,899
May-06	\$603,675	\$576,907	\$26,768	\$73,666
Jun-06	\$697,898	\$689,102	\$8,796	\$82,463
Jul-06	\$786,402	\$847,887	(\$61,485)	\$20,977
Aug-06	\$863,435	\$1,000,296	(\$136,861)	(\$115,884)
Sep-06	\$1,162,044	\$1,004,952	\$157,092	\$41,208
Oct-06	\$931,341	\$708,028	\$223,313	\$264,521
Nov-06	\$732,757	\$735,047	(\$2,290)	\$262,230
Dec-06	\$622,058	\$733,979	(\$111,921)	\$150,309
Jan-07	\$737,141	\$302,624	\$434,517	\$584,826
Feb-07	\$729,719	\$765,460	(\$35,741)	\$549,085
Mar-07	\$852,161	\$740,045	\$112,116	\$661,201
Apr-07	\$841,199	\$629,280	\$211,919	\$873,120
May-07	\$697,252	\$636,286	\$60,966	\$934,086
Jun-07	\$643,785	\$560,703	\$83,082	\$1,017,168

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)	(\$69,967)

Cumulative 18-month (Over)/Under Recovery	<b>(\$223,127)</b>
Monthly Recovery (per month for six months)	<b>(\$37,188)</b>
Monthly Recovery (per month for two months)	<b>(\$111,563)</b>



**Salt River RECC - Environmental Surcharge: 18-Month 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)
Jan-06	\$266,329	\$501,850	\$34,006	\$34,006
Feb-06	\$344,998	\$231,008	\$35,321	\$69,327
Mar-06	\$347,193	\$345,384	(\$386)	\$68,941
Apr-06	\$279,442	\$308,766	\$38,427	\$107,368
May-06	\$334,546	\$313,349	(\$33,907)	\$73,461
Jun-06	\$410,038	\$386,527	(\$51,981)	\$21,480
Jul-06	\$495,700	\$487,970	(\$77,932)	(\$56,452)
Aug-06	\$656,579	\$480,408	\$15,292	(\$41,160)
Sep-06	\$443,409	\$483,608	\$172,971	\$131,811
Oct-06	\$401,423	\$448,155	(\$4,746)	\$127,066
Nov-06	\$357,052	\$461,790	(\$60,367)	\$66,699
Dec-06	\$435,010	\$457,328	(\$100,276)	(\$33,577)
Jan-07	\$415,949	\$430,912	\$4,098	(\$29,479)
Feb-07	\$506,075	\$419,734	(\$3,785)	(\$33,264)
Mar-07	\$421,425	\$363,489	\$142,586	\$109,322
Apr-07	\$370,851	\$340,223	\$81,202	\$190,524
May-07	\$348,613	\$431,204	(\$60,353)	\$130,172
Jun-07	\$404,083	\$349,006	(\$393)	\$129,779

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	Not available	-	-

Cumulative 18-month (Over)/Under Recovery				<b>(\$118,545)</b>
Monthly Recovery (per month for six months)				<b>(\$19,758)</b>
Monthly Recovery (per month for two months)				<b>(\$59,273)</b>

<b>Shelby Energy Cooperative - Environmental Surcharge: 18-Month Review</b>
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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)
Jan-06	\$122,157	\$182,454	(\$60,297)	(\$60,297)
Feb-06	\$153,977	\$120,080	\$33,897	(\$26,400)
Mar-06	\$163,936	\$164,076	(\$140)	(\$26,540)
Apr-06	\$134,262	\$153,315	(\$19,053)	(\$45,593)
May-06	\$152,929	\$144,274	\$8,655	(\$36,938)
Jun-06	\$181,425	\$162,695	\$18,730	(\$18,208)
Jul-06	\$201,761	\$197,457	\$4,304	(\$13,904)
Aug-06	\$269,005	\$241,516	\$27,489	\$13,585
Sep-06	\$194,214	\$207,259	(\$13,045)	\$540
Oct-06	\$184,863	\$176,943	\$7,920	\$8,460
Nov-06	\$159,426	\$187,661	(\$28,235)	(\$19,775)
Dec-06	\$184,976	\$219,266	(\$34,290)	(\$54,065)
Jan-07	\$178,792	\$169,472	\$9,320	(\$44,745)
Feb-07	\$219,964	\$207,511	\$12,453	(\$32,292)
Mar-07	\$192,710	\$190,717	\$1,993	(\$30,299)
Apr-07	\$170,052	\$184,044	(\$13,992)	(\$44,291)
May-07	\$150,078	\$166,751	(\$16,673)	(\$60,964)
Jun-07	\$168,887	\$192,993	(\$24,106)	(\$85,070)

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)

Cumulative 18-month (Over)/Under Recovery				<b>(\$38,611)</b>
Monthly Recovery (per month for six months)				<b>(\$6,435)</b>
Monthly Recovery (per month for two months)				<b>(\$19,305)</b>

**South Kentucky RECC - Environmental Surcharge: 18-Month Review**

Mo/Yr	EKPC Invoice Month recorded on EKPC's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)
Jan-06	\$357,162	\$726,083	\$2,647	\$2,647
Feb-06	\$474,657	\$325,045	\$32,117	\$34,764
Mar-06	\$448,494	\$449,967	\$24,690	\$59,454
Apr-06	\$346,488	\$447,678	\$816	\$60,270
May-06	\$378,015	\$336,947	\$9,541	\$69,811
Jun-06	\$456,980	\$401,688	(\$23,673)	\$46,138
Jul-06	\$526,569	\$516,626	(\$59,646)	(\$13,508)
Aug-06	\$686,000	\$541,117	(\$14,548)	(\$28,056)
Sep-06	\$487,283	\$627,754	\$58,246	\$30,191
Oct-06	\$504,236	\$512,758	(\$25,475)	\$4,715
Nov-06	\$458,683	\$561,040	(\$56,804)	(\$52,089)
Dec-06	\$555,586	\$585,499	(\$126,816)	(\$178,905)
Jan-07	\$550,835	\$512,413	\$43,173	(\$135,732)
Feb-07	\$650,579	\$589,467	(\$38,632)	(\$174,364)
Mar-07	\$512,454	\$571,366	\$79,213	(\$95,152)
Apr-07	\$457,478	\$455,174	\$57,280	(\$37,871)
May-07	\$368,519	\$472,784	(\$15,306)	(\$53,177)
Jun-07	\$422,647	\$365,932	\$2,587	(\$50,590)

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	Not available	-	-
Feb-09	\$722,685	Not available	-	-

Cumulative 18-month (Over)/Under Recovery	<b>(\$150,137)</b>
Monthly Recovery (per month for six months)	<b>(\$25,023)</b>
Monthly Recovery (per month for two months)	<b>(\$75,069)</b>

**Taylor County RECC - Environmental Surcharge: 18-Month 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)
Jan-06	\$293,326	\$282,218	\$11,108	\$11,108
Feb-06	\$151,391	\$148,262	\$3,129	\$14,237
Mar-06	\$196,567	\$216,309	(\$19,742)	(\$5,505)
Apr-06	\$185,176	\$187,352	(\$2,176)	(\$7,681)
May-06	\$146,511	\$180,972	(\$34,461)	(\$42,142)
Jun-06	\$163,772	\$157,015	\$6,757	(\$35,385)
Jul-06	\$205,192	\$193,783	\$11,409	(\$23,976)
Aug-06	\$232,421	\$227,554	\$4,867	(\$19,109)
Sep-06	\$302,703	\$308,521	(\$5,818)	(\$24,927)
Oct-06	\$215,834	\$260,919	(\$45,085)	(\$70,012)
Nov-06	\$210,957	\$200,749	\$10,208	(\$59,804)
Dec-06	\$189,947	\$204,099	(\$14,152)	(\$73,956)
Jan-07	\$238,284	\$212,532	\$25,752	(\$48,204)
Feb-07	\$234,207	\$204,722	\$29,485	(\$18,719)
Mar-07	\$276,890	\$281,924	(\$5,034)	(\$23,753)
Apr-07	\$219,865	\$219,785	\$80	(\$23,673)
May-07	\$203,220	\$224,116	(\$20,896)	(\$44,569)
Jun-07	\$169,977	\$153,253	\$16,724	(\$27,845)

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)

Cumulative 18-month (Over)/Under Recovery				<b>(\$59,984)</b>
Monthly Recovery (per month for six months)				<b>(\$9,997)</b>
Monthly Recovery (per month for two months)				<b>(\$29,992)</b>



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039  
ENVIRONMENTAL SURCHARGE  
APPENDIX B  
FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09  
REQUEST 3**

**RESPONSIBLE PARTY: Gerard B. Bordes**

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

a. For the sulfur dioxide ("SO<sub>2</sub>") emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

b. For the nitrogen oxide ("NO<sub>x</sub>") emission allowance inventory, explain the reason(s) for all purchases of allowances reported during these expense months.

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

**Response 3.**

a. Please see page 3 of this response.

b. Please see page 4 of this response.

c. Each year, EKPC projects the number of tons of SO<sub>2</sub> and NO<sub>x</sub> to be emitted from its plants. Emission levels are also considered in EKPC's least-cost planning methodology as a factor in evaluating new generation resources or

environmental related capital projects. EKPC monitors the number of tons of SO<sub>2</sub> and NO<sub>x</sub> emitted from its generating stations. Based on these measured emissions, the projected generation and fuel consumption for the remainder of the year, and allowances allocated to EKPC by EPA, EKPC projects the number of SO<sub>2</sub> and NO<sub>x</sub> allowances that will be needed to be held at the end of each year in order to comply with state and federal emissions limitations. 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 SO<sub>2</sub> and NO<sub>x</sub> allowances. In order to comply with the Clean Air Interstate Rules (“CAIR”), EKPC began purchasing annual NO<sub>x</sub> allowances for use in 2009. Beginning in 2009, the CAIR rules have requirements for seasonal as well as annual NO<sub>x</sub> allowances.

The goal of EKPC’s Emissions Allowance Strategy Plan is to be in compliance with regulatory requirements while stabilizing costs to EKPC Member Systems. EKPC regularly reviews compliance options and their costs. EKPC’s strategy 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 SO<sub>2</sub> and NO<sub>x</sub> emission allowances, and operation of Selective Catalytic Reduction (“SCR”) equipment on its Spurlock 1 and Spurlock 2 units. One scrubber addition on the Spurlock 2 unit became operational in January 2009, and a scrubber addition to the Spurlock 1 unit is planned to be commercial in the summer of 2009.

## SO2 Emission Allowances

Month	Quantity Acquired	Reason for Purchase
7/1/2007	700	For 2007 Compliance
8/1/2007	0	
9/1/2007	4000	For 2008 compliance or for other anticipated future needs
10/1/2007	2000	For 2008 compliance or for other anticipated future needs
11/1/2007	0	
12/1/2007	0	
1/1/2008	57064	For 2008 compliance (includes annual allocation from EPA)
2/1/2008	3500	For 2008 compliance or for other anticipated future needs
3/1/2008	8000	For 2008, 2009, and 2010 compliance or for other anticipated future needs
4/1/2008	3900	For 2008 and 2009 compliance or for other anticipated future needs
5/1/2008	1500	For 2008 and 2009 compliance or for other anticipated future needs
6/1/2008	500	For 2009 compliance or for other anticipated future needs
7/1/2008	0	
8/1/2008	0	
9/1/2008	0	
10/1/2008	0	
11/1/2008	1500	For 2009 compliance or for other anticipated future needs
12/1/2008	0	



## NOx (seasonal and annual) Emission Allowances

Month	Quantity Acquired	Reason for Purchase
7/1/2007	1150	For 2007 and 2008 compliance or for other anticipated future needs (450 adjustment to purchases recorded in 9/07; no impact on surcharge as filed)
8/1/2007	0	
9/1/2007	350	For 2008 compliance or for other anticipated future needs
10/1/2007	0	
11/1/2007	1032	For 2007 compliance or for other anticipated future needs
12/1/2007	0	
1/1/2008	3046	For 2008 compliance (annual allocation from EPA)
2/1/2008	0	
3/1/2008	0	
4/1/2008	900	For 2008 and 2009 compliance or for other anticipated future needs
5/1/2008	700	For 2008 and 2009 compliance or for other anticipated future needs
6/1/2008	100	For 2009 compliance or for other anticipated future needs
7/1/2008	350	For 2008 and 2009 compliance or for other anticipated future needs (Adjustment made in 8/08 to reclassify 150 allowances as 2009 vintage)
8/1/2008	0	
9/1/2008	0	
10/1/2008	0	
11/1/2008	0	
12/1/2008	0	



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039**

**ENVIRONMENTAL SURCHARGE**

**APPENDIX B**

**FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09**

**REQUEST 4**

**RESPONSIBLE PARTY:            Ann F. Wood**

**Request 4.**            Refer to Form 2.5, Operating and Maintenance Expenses, for each of the expense months covered by each billing period under review. For each of the 20 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 10 of this response.

East Kentucky Power Cooperative, Inc.  
 Environmental Surcharge Monthly Comparative Analysis of  
 Operating and Maintenance Expenses  
 For Expense Months July 2007 - December 2008

Expense Acct #	Account Description	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008
50144	Fuel Coal Gilbert Ash Removal Expense Dollars	\$124,517	\$142,683 \$18,166 14.59%	\$181,593 \$38,911 27.27%	\$183,788 \$2,194 1.21%	\$109,065 (\$74,723) -40.66%	\$10,801 (\$98,264) -90.10%	\$172,079 \$161,278 1493.17%	\$6,885 (\$165,193) -96.00%	\$9,271 \$2,385 34.64%	\$315,440 \$306,169 3302.52%
*	Month over month expense change										
	Percent of change										

Expense Acct #	Account Description	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
50144	Fuel Coal Gilbert Ash Removal Expense Dollars	\$146,783 (\$168,657) -53.47%	\$73,234 (\$73,549) -50.11%	\$177,789 \$104,555 142.77%	\$156,421 (\$21,368) -12.02%	\$114,262 (\$42,159) -26.95%	\$189,517 \$75,255 65.86%	\$71,026 (\$118,491) -62.52%	\$6,376 (\$64,649) -91.02%	\$202,828 \$196,452 3081.09%
*	Month over month expense change									
	Percent of change									

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

East Kentucky Power Cooperative, Inc.  
 Environmental Surcharge Monthly Comparative Analysis of  
 Operating and Maintenance Expenses  
 For Expense Months July 2007 - December 2008

Expense Acct #	Account Description	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	
	Air Permit Fees																				
	Expense \$'s																				
50621	Steam Environmental Dale	\$250	\$213	\$0	\$0	\$1,834	\$273,751	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$320,691	
50631	Steam Environmental Cooper	\$0	\$100	\$675	\$0	\$0	\$316,414	(\$316,414)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$361,888
50645	Steam Environmental Spurlock	\$0	\$1,463	\$0	\$0	\$0	\$315,407	(\$315,407)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$367,826
	Total Air Permit Fees	\$250	\$1,775	\$675	\$0	\$1,834	\$905,572	(\$905,572)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,050,404
	Expense Change																				
50621	Steam Environmental Dale		(\$38)	(\$213)	\$0	\$1,834	\$271,916	(\$273,751)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$320,691
50631	Steam Environmental Cooper		\$100	\$575	(\$675)	\$0	\$316,414	(\$316,414)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$361,888
50645	Steam Environmental Spurlock		\$1,463	(\$1,463)	\$0	\$0	\$315,407	(\$315,407)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$367,826
	Total Increase or (Decrease)		\$1,525	(\$1,100)	(\$675)	\$1,834	\$903,737	(\$905,572)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,050,404
	Percentage Change																				
50621	Steam Environmental Dale		-15.00%	-100.00%	0.00%	100.00%	14823.50%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	320691%
50631	Steam Environmental Cooper		100.00%	575.00%	-100.00%	0.00%	316414%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	361888%
50645	Steam Environmental Spurlock		1463.00%	-100.00%	0.00%	0.00%	315407%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	367826%
	Total Percentage Change		610.16%	-61.98%	-100.00%	100.00%	49267.18%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1050404%

Increase:  
Expensed  
air permit  
fees in  
December  
2008.

Decrease:  
Air Permit  
fees were  
expensed  
November  
2007.

Increase:  
Expensed  
air permit  
fees in  
November  
2007.

Decrease:  
Air quality  
consulting  
services.

Increase:  
Air quality  
consulting  
services.

Decrease:  
Air permit  
renewal  
cost only  
no August  
consulting  
service.

East Kentucky Power Cooperative, Inc.  
Environmental Surcharge Monthly Comparative Analysis of  
Operating and Maintenance Expenses  
For Expense Months July 2007 - December 2008

Expense Acct #	Account Description	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
	<b>Ammonia &amp; Limestone</b>																			
	Expense \$'s																			
50641	Spur-1 Ammonia	\$121,682	\$153,775	\$159,648	\$163,043	\$61,328	\$105,148	\$261,100	\$98,325	\$258,285	\$178,028	\$159,517	\$147,157	\$151,307	\$289,517	\$325,106	\$241,303	\$225,901	\$41,714	\$137,074
50642	Spur-2 Ammonia	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,890	\$66,434	\$219,302
50644	Gilbert Limestone	\$261,592	\$288,832	\$279,160	\$188,532	\$244,968	\$337,260	\$307,626	\$288,054	\$309,329	\$277,337	\$308,609	\$320,152	\$223,018	\$217,978	\$299,693	\$301,389	\$185,763	\$162,207	\$341,835
	<b>Total Amon. &amp; Limestone</b>	<b>\$383,274</b>	<b>\$442,607</b>	<b>\$438,828</b>	<b>\$351,575</b>	<b>\$306,296</b>	<b>\$442,408</b>	<b>\$568,726</b>	<b>\$386,379</b>	<b>\$567,614</b>	<b>\$455,365</b>	<b>\$468,126</b>	<b>\$467,309</b>	<b>\$374,325</b>	<b>\$507,495</b>	<b>\$624,998</b>	<b>\$542,691</b>	<b>\$487,574</b>	<b>\$270,355</b>	<b>\$697,211</b>
	Expense Change																			
50641	Spur-1 Ammonia	\$32,093	\$5,873	\$5,873	\$3,395	(\$101,715)	\$43,821	\$155,952	(\$162,775)	\$159,960	(\$80,258)	(\$18,511)	(\$12,361)	\$4,151	\$138,210	\$35,589	(\$83,803)	(\$15,402)	(\$184,186)	\$95,360
50642	Spur-2 Ammonia	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,890	(\$9,456)	\$151,868
50644	Gilbert Limestone	\$27,240	(\$9,651)	(\$9,651)	(\$87,253)	\$56,436	\$92,292	(\$29,634)	(\$19,571)	\$21,275	(\$31,992)	\$31,272	\$11,544	(\$97,135)	(\$5,040)	\$61,915	\$1,496	(\$115,605)	(\$23,576)	\$179,628
	<b>Increase or (Decrease)</b>	<b>\$59,333</b>	<b>(\$3,779)</b>	<b>(\$3,779)</b>	<b>(\$87,253)</b>	<b>(\$45,279)</b>	<b>\$136,113</b>	<b>\$126,318</b>	<b>(\$182,346)</b>	<b>\$181,235</b>	<b>(\$112,249)</b>	<b>\$12,761</b>	<b>(\$817)</b>	<b>(\$92,984)</b>	<b>\$133,170</b>	<b>\$117,504</b>	<b>(\$82,307)</b>	<b>(\$55,117)</b>	<b>(\$217,219)</b>	<b>\$426,855</b>
	Percentage Change																			
50641	Spur-1 Ammonia	26.37%	3.82%	3.82%	2.13%	-62.39%	71.45%	148.32%	-62.34%	162.68%	-31.07%	-10.40%	-7.75%	2.82%	91.34%	12.29%	-25.76%	-6.38%	-81.53%	228.60%
50642	Spur-2 Ammonia	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	75890.00%	-12.46%	228.60%
50644	Gilbert Limestone	10.41%	-3.34%	-3.34%	-32.47%	29.93%	315.41%	-8.79%	-6.36%	7.39%	-10.34%	11.28%	3.74%	-30.34%	-2.26%	37.58%	0.50%	-38.36%	-12.69%	110.74%
	<b>Total Percentage Change</b>	<b>15.48%</b>	<b>-0.85%</b>	<b>-0.85%</b>	<b>-19.88%</b>	<b>-12.88%</b>	<b>44.44%</b>	<b>28.55%</b>	<b>-32.06%</b>	<b>46.91%</b>	<b>-19.78%</b>	<b>2.80%</b>	<b>-0.17%</b>	<b>-19.90%</b>	<b>35.58%</b>	<b>23.15%</b>	<b>-13.17%</b>	<b>-10.16%</b>	<b>-44.55%</b>	<b>157.89%</b>

Account 50641: Charges represent payments for anhydrous ammonia which increase during the ozone season (May-September), as anhydrous ammonia is used in the operation of the SCR's. A small amount of ammonia is used on Spurlock 1's chimney to help protect the liner from corrosion. The reason for the increased expense in December 2007 and forward is due to the EPA settlement in late 2007. According to the Consent Decree, the SCR must now run anytime the unit is in operation.

Account 50642: Note that charges for anhydrous ammonia for both unit 1 and unit 2 SCR was charged to account 50641 until October of 2008 when it was charged separately.

Account 50644: This account is based upon the tons of limestone used in the Gilbert Unit and the average cost of the limestone. The table below reflects the tons used by month.

Tons Used	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
	32,682	36,187	35,015	23,656	20,254	32,682	31,762	32,812	29,684	28,478	31,234	32,307	20,922	20,440	28,508	28,671	17,401	15,683	35,427

East Kentucky Power Cooperative, Inc.  
**Environmental Surcharge Monthly Comparative Analysis of  
 Operating and Maintenance Expenses**  
 For Expense Months July 2007 - December 2008

Expense Acct #	Account Description	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008
51241	Maintenance of Boiler Spurlock 1										
	Expense Dollars	\$69,790	\$34,755	\$32,774	\$22,545	\$17,445	\$50,304	\$2,816	(\$11,022)	\$14,184	\$19,685
	Month over month expense change		(\$35,035)	(\$1,981)	(\$10,230)	(\$5,099)	\$32,859	(\$47,488)	(\$13,837)	\$25,205	\$5,502
	Percent of change		-50.20%	-5.70%	-31.21%	-22.62%	188.36%	-94.40%	-491.45%	-228.69%	38.79%

Expense Acct #	Account Description	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
51241	Maintenance of Boiler Spurlock 1									
	Expense Dollars	\$97,593	\$2,941	\$26,230	\$8,292	\$10,143	\$48,567	\$3,348	\$3,226	\$6,498
	Month over month expense change	\$77,907	(\$94,651)	\$23,289	(\$17,938)	\$1,851	\$38,424	(\$45,219)	(\$122)	\$3,272
	Percent of change	395.76%	-96.99%	791.83%	-68.39%	22.32%	378.83%	-93.11%	-3.65%	101.45%

Decrease from June 2007 to July 2007 of (\$35.0K):  
 Incurred contractor payments for clean air engineering testing for unit 1 SCR

Decrease from July 2007 to August 2007 of (\$2.0K):

EKPC issued \$23K of maintenance material from the warehouse for the precipitator and incurred (\$25K) less in contractor engineering testing expense for unit 1 SCR

Decrease from August 2007 to September 2007 of (\$10.2K):  
 Result of a (\$23K) reduction in maintenance material issued for the precipitator and a \$14K increase in maintenance material issued for unit 1 SCR.

Decrease from September 2007 to October 2007 of (\$5.1K):  
 Reduction of (\$14K) in maintenance material issued for unit 1 SCR offset by a \$14K expense for purchased services to water wash and vacuum unit 1 SCR and (\$5K) lower precipitator and SCR EKPC maintenance labor and benefits.

Increase from October 2007 to November 2007 of \$32.8K:  
 EKPC issued \$14K of maintenance material from the warehouse for unit 1 SCR and \$19K payment to contractor for water washing and vacuuming unit 1 SCR, a \$5K increase from prior month. Contractor labor and material to repair corken pump of \$8K plus \$6K increase in EKPC labor and benefits for unit 1 SCR.

Decrease from November 2007 to December 2007 of (\$47.4K):  
 A \$14K credit was booked in December for maintenance material issued from the warehouse for unit 1 SCR a (\$28K) reduction from prior month. Contractor payments were down by (\$15K) and EKPC labor and benefits (\$4k) lower for unit 1 SCR from prior month.

Decrease from December 2007 to January 2008 of (\$13.8K):  
 Due to having no contractor payments in January 2008 a reduction of (\$13K)

Increase from January 2008 to February 2008 of \$25.2K:  
 No credits issued for maintenance material issued from the warehouse in February a \$13K increase from January. Also had contractor payments of \$12.5K for erecting and dismantling scaffolding and a 1200 AMP circuit breaker for unit 1 SCR.

Increase from February 2008 to March 2008 of \$5.5K:  
 Issued maintenance material from the warehouse in March \$2.7K for precipitator and \$13.4K for unit 1 SCR. No contractor payments for March a \$12.5 reduction from February.

Increase from March 2008 to April 2008 of \$77.9K:  
 April contractor cost were \$86.8K (\$75.5K to inspect and repair unit 1 precipitator and \$11.3K to erect and dismantle scaffolding for unit 1 SCR). No warehouse material issues for April.

Decrease from April 2008 to May 2008 of (\$94.6K):  
 No contractor payments in May a (\$86.8K) savings with the balance of saving in EKPC labor and benefits.

Increase from May 2008 to June 2008 of \$23.2K:  
 Contractor payment of \$24.2K in June to assist EKPC with inspection of unit 1 precipitator.

Decrease from June 2008 to July 2008 of (\$17.9K):  
 Contractor payments in July of \$5.1K for technical and engineering services for unit 1 SCR or (\$17.1) lower than June.

Increase from July 2008 to August 2008 of \$1.8K:  
 August contractor payments of \$8.9K to remove and re-insulate areas and various equipment for unit 1 SCR a \$3.8K increase over July. EKPC labor and benefits were lower in August for unit 1 SCR.

Increase from August 2008 to September 2008 of \$38.4K:

Contractor payments in September of \$48.2K for diagnostic testing for Nox distribution profile and technical engineering support, \$39.3K more than in August.

Decrease from September 2008 to October 2008 of (\$45.2K):

Only \$2.4K of contractor payments in October (\$45.8K) lower than in September

Decrease from October 2008 to November 2008 of (\$0.1K):

EKPC labor and benefits lower in November for unit 1 SCR.

Increase from November 2008 to December 2008 of \$3.2K:

December contractor payments of \$5.6K to remove and re-insulate areas and various equipment for unit 1 SCR. EKPC labor and benefits were lower in December for unit 1 SCR and precipitator.



East Kentucky Power Cooperative, Inc.  
 Environmental Surcharge Monthly Comparative Analysis of  
 Operating and Maintenance Expenses  
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Expense Acct #	Account Description	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008
51242	Maintenance of Boiler Spurlock 2										
	Expense Dollars	\$21,593	\$23,671	\$3,791	\$26,148	\$1,667	\$7,014	\$3,885	\$559	\$3,777	\$14,502
	Month over month expense change		\$2,078	(\$19,880)	\$22,357	(\$24,482)	\$5,347	(\$3,129)	(\$3,326)	\$3,218	\$10,725
	Percent of change		9.62%	-83.98%	589.67%	-93.63%	320.82%	-44.61%	-85.61%	575.48%	283.95%

Expense Acct #	Account Description	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
51242	Maintenance of Boiler Spurlock 2									
	Expense Dollars	\$20,019	\$13,526	\$6,238	\$6,012	\$250	\$52,644	\$9,863	\$552	\$3,226
	Month over month expense change	\$5,517	(\$6,493)	(\$7,289)	(\$226)	(\$5,762)	\$52,395	(\$42,781)	(\$9,311)	\$2,674
	Percent of change	38.05%	-32.43%	-53.89%	-3.62%	-95.85%	20978.79%	-81.26%	-94.40%	484.39%

Increase from June 2007 to July 2007 of \$2.1K:

The July increase was in EKPC's labor and benefit cost for maintenance on unit 2 SCR Contractor payments in July were \$18.7K (Engineering testing Clean Air) or (\$7.3K) lower than in June

Decrease from July 2007 to August 2007 of (\$19.8K):

August contractor payments were only \$1K in August down (\$17.7K) from July Issued \$1.9K of maintenance material from the warehouse for unit 2 SCR.

Increase from August 2007 to September 2007 of \$22.3K:

Contractor payment in September of \$26.1K for Technical service labor on unit 2 SCR EKPC's labor and benefits for maintenance on unit 2 SCR were lower in September than August

Decrease from September 2007 to October 2007 of (\$24.4K):

No contractor payments in October a (\$26.1K) reduction but issued \$1.6K of maintenance for unit 2 SCR from the warehouse

Increase from October 2007 to November 2007 of \$5.3K:

November costs are comprised of EKPC labor and benefit cost for unit 2 SCR maintenance.

Decrease from November 2007 to December 2007 of (\$3.1K):

December decrease in EKPC labor and benefits for unit 2 SCR maintenance Contractor payment of \$2.6K to erect scaffolding

Decrease from December 2007 to January 2008 of (\$3.3K):

No contractor payments in January reduction of (\$2.6K) from December Remaining reduction is for EKPC labor and benefits

Increase from January 2008 to February 2008 of \$3.2K:

Contractor payment in February of \$3.1K for erection and dismantling of scaffolding for maintenance on unit 2 SCR.

Increase from February 2008 to March 2008 of \$10.7K:

Contractor payment of \$12.9K for service tech and materials for repairs on unit 2 SCR This is a \$9.8K increase over February

Increase from March 2008 to April 2008 of \$5.5K:

April contractor payments were \$17.1K to erect scaffolding and cleaning of unit 2 SCR This is \$4.2K increase over March Also issued \$1.7K of maintenance material from the warehouse for unit 2 SCR in April

Decrease from April 2008 to May 2008 of (\$6.5K):

Contractor payments for May were \$2.7 a reduction from April of (\$14.4K) EKPC labor and benefits increase for May maintenance on unit 2 SCR lowered the purchased service savings

Decrease from May 2008 to June 2008 of (\$7.2K):

June contractor payments of \$6.8K for labor, equipment and material for repairs on unit 2 SCR This is a \$4.1 increase over May with EKPC labor and benefits lower in June than in May

Decrease from June 2008 to July 2008 of (\$0.2K):

July contractor payments were \$2.0 or (\$4.8K) lower than June Issued maintenance material from the warehouse for unit 2 SCR in July of \$1.5K with the remaining increase coming from EKPC labor and benefits

Decrease from July 2008 to August 2008 of (\$5.7K):

The August decrease is due to lower EKPC labor and benefits cost for maintenance on unit 2 SCR and a reduction of (\$1.9K) in August contractor payments

Increase from August 2008 to September 2008 of \$52.4K:

September contractor payments were \$52.5K for diagnostic testing for Nox distribution profile and technical engineering services relating to unit 2 SCR.

Decrease from September 2008 to October 2008 of (\$42.7K):

Contractor payment in October for \$4.4K or (\$48.1K) lower than September. Also issued maintenance material for unit 2 SCR from the warehouse of \$1.5K and higher EKPC labor and benefit cost in October.

Decrease from October 2008 to November 2008 of (\$9.3K):

The only charges to unit 2 SCR maintenance in November are \$0.5K of contractor expenses.

Increase from November 2008 to December 2008 of \$2.6K:

Contractor payment for labor and material cost to inspect and re-insulate areas and equipment for unit 2 SCR of \$3.1K

East Kentucky Power Cooperative, Inc.  
Environmental Surcharge Monthly Comparative Analysis of  
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Expense Acct #	Account Description	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008
51244	Maintenance of Boiler Gilbert										
	Expense Dollars	\$207,591	\$67,786	\$49,347	\$62,502	\$321,031	\$349,129	\$66,838	\$53,353	\$46,063	\$156,253
	Month over month expense change		(\$139,805)	(\$18,439)	\$13,155	\$258,530	\$28,098	(\$282,291)	(\$13,484)	(\$7,290)	\$110,190
	Percent of change		-67.35%	-27.20%	26.66%	413.64%	8.75%	-80.86%	-20.17%	-13.66%	239.22%

Expense Acct #	Account Description	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
51244	Maintenance of Boiler Gilbert									
	Expense Dollars	\$57,296	\$85,218	\$32,491	\$188,265	\$263,003	\$27,330	\$192,099	\$253,195	\$490,811
	Month over month expense change	(\$98,957)	\$27,921	(\$52,727)	\$155,774	\$74,739	(\$235,674)	\$164,769	\$61,096	\$237,616
	Percent of change	-63.33%	48.73%	-61.87%	479.44%	39.70%	-89.61%	602.90%	31.80%	93.85%

Decrease from June 2007 to July 2007 of (\$139.8K):

Lower payments in July for contract work for labor, equipment and material for maintenance to Gilbert unit pollution control equipment of (\$163K). This is offset set by \$8.4K more maintenance material issued in July from the warehouse and increased EKPC labor and benefits cost for July accounting for the remainder.

Decrease from July 2007 to August 2007 of (\$18.4K):

Increase in August contract payments of \$23.1K for labor and equipment to water wash and maintenance to Gilbert unit. Maintenance material issued by the warehouse was lower (\$9.8K) and EKPC labor and benefits were (\$31.7K).

Increase from August 2007 to September 2007 of \$13.1K:

September increase of maintenance material issued from the warehouse of \$11.3K and remaining increase due to more EKPC labor and benefits cost incurred.

Increase from September 2007 to October 2007 of \$258.5K:

Contractor expenses totaling \$125.6K or a \$98.9K increase for washing/vacuuming bag house and pollution control equipment, scaffolding, feasibility review, field engineer services and equipment repair. Also issued \$45.3K more maintenance material from the warehouse in October for pollution control equipment. EKPC labor and benefits cost increase accounted for the remainder of the increase.

Increase from October 2007 to November 2007 of \$28.1K:

Purchased service contractor payments were \$319.6K an increase of \$194.0K in November. The services included service technician labor, replacement of gaskets on Gilbert unit 3 damper valves, inspection and repair of two limestone mills, washing and vacuuming equipment and scaffolding. This increase was offset by (\$31.6K) reduction in maintenance material issued from the warehouse and lower EKPC labor and benefits cost in November of (\$134.3K).

Decrease from November 2007 to December 2007 of (\$282.3K):

Contract payments in December of \$67.8K or (\$251.8) lower than November. The services included technician labor, washing and vacuuming, scaffolding and repairs to pollution control equipment. Additional reduction in December credit issued for maintenance material returned to the warehouse of (\$14.6K) and (\$27.5K) less in maintenance material issued to Gilbert unit 3.

Decrease from December 2007 to January 2008 of (\$13.5K):

January contractor payments were \$20.1K a reduction of (\$47.7K) from December. Maintenance material issued from the warehouse increased \$17.1K in January along with EKPC Labor and benefits increase of \$17K.

Decrease from January 2008 to February 2008 of (\$7.3K):

Purchases of repair materials down (\$17.6K) with increased contractor expense of \$2.7K for February. Material charges from the warehouse were up by \$8.3K.

Increase from February 2008 to March 2008 of \$110.2K:

Contractor expenses in March of \$31K or \$28.3K more than in February. Expenses were for installation of valves on Spurlock unit 3, 3A, 3B FBAC boxes, water washing/vacuuming, insulating and scaffolding. Material charges from the warehouse totaled \$102.8K an increase of \$92K from February.

Decrease from March 2008 to April 2008 of (\$98.9K):

Total contractor expenses of \$52.9K for April a \$21.9K increase from March mostly due to the installation of valves on Gilbert unit 3, 3A & 3B FBAC boxes due to tube leaks. Maintenance material charges from the warehouse were lower in April by (\$103.6K) and EKPC labor and benefit cost were (\$15.3K) lower.

Increase from April 2008 to May 2008 of \$27.9K:

Maintenance material charges from the warehouse were up \$16.2K while contractor expense were \$43.3K or (\$9.6K) less in May to repair/rebuild journal assemblies. The remaining increase was in EKPC maintenance labor and benefits cost.

Decrease from May 2008 to June 2008 of (\$52.7K):

Contractor expenses incurred for June only \$2.2K a (\$41.1K) reduction from May. Warehouse material charges were (\$2K) lower in June as was EKPC labor and benefits.

Increase from June 2008 to July 2008 of \$155.7K:

Incurred \$103.7K of contractor payments for labor and equipment to wash and vacuum pollution control equipment and bag house, erect and dismantle scaffolding and engineering technical services. This expense represents a \$101.5 increase over June. Warehouse charges for material was \$20.8K more in July.

Increase from July 2008 to August 2008 of \$74.5K:

Contractor expenses for August were \$163.8K or a \$60.1K increase over July. This increase in contract expense related to the labor, equipment and consumables for radiography during the unit 3 emergency boiler tube leak outage. Maintenance material charges from the warehouse were \$63.7K an increase of \$28.7K in August.

Decrease from August 2008 to September 2008 of (\$235.6K):

Reduction in contractor expense of (\$145K) with material charges from the warehouse at \$4.6K a decrease of (\$59.1) for September. Also a credit for material returned to the warehouse of (\$19.1K) in September.

Increase from September 2008 to October 2008 of \$164.7K:

Contractor expense at \$93.1K for October an increase of \$74.3K over September. The increase in contractor expense relates to technical engineer services for unit 3 environmental pollution controls and limestone mill silo chutes, dump plates and AR material. Material charges from the warehouse for maintenance increased \$70K (\$20K of increase due to credit for returned material in September) with the remaining increase from EKPC labor and benefits.

Increase from October 2008 to November 2008 of \$61.1K:

Contractor expense of \$112.5K mostly for vacuuming unit 3 equipment during the fall outage such as 2 FBAC boxes, seal pots, cyclone separators, bag house, FDR, boiler etc. This is an increase of \$9.4K increase over October. EKPC labor and benefit cost increased \$51K during fall outage.

Increase from November 2008 to December 2008 of \$237.6K:

The December increase related to contractor work done during the fall outage such as fabricate new top section of FDA turn vanes, refractory repairs for unit 3 boiler combustion section, seal pots expansion joints, ash return lines, tube penetrations, cyclones inlet etc. including scaffolding.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039**

**ENVIRONMENTAL SURCHARGE**

**APPENDIX B**

**FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09**

**REQUEST 5**

**RESPONSIBLE PARTY: Frank J. Oliva**

**Request 5.** Provide the percentage of EKPC's debt issuances directly related to projects in the approved compliance plan that have a variable interest rate as of the November 2008 expense month.

**Response 5.** The percentage is 0%. The debt issuances directly related to projects in the approved compliance plan are at fixed interest rates.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039  
ENVIRONMENTAL SURCHARGE  
APPENDIX B  
FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09  
REQUEST 6**

**RESPONSIBLE PARTY: Frank J. Oliva**

**Request 6.** The Settlement Agreement in Case No. 2004-00321 provides that the reasonable rate of return on compliance-related capital expenditures will be determined by multiplying the weighted average debt cost of the debt issuances directly related to projects in the approved compliance plan times a Times Interest Earned Ratio (“TIER”) of 1.15. However, in Case No. 2008-00115,<sup>6</sup> the Commission accepted an agreement that found that a TIER of 1.35 was reasonable to apply when determining EKPC’s environmental surcharge. As part of Case No. 2008-00115, EKPC agreed to credit the surcharge in January 2009 by any amount of net margin, for the 12-month period ending December 31, 2008, that exceeded a 1.35 TIER return up to \$3,500,000. Prepare a summary schedule showing the calculation of the net margins for the 12-month period ending December 31, 2008 and any amounts of the surcharge over-recoveries as result of any excess TIER return over 1.35.

**Response 6.** Please see page 2 of this response. EKPC’s TIER for the year ending December 31, 2008 was 1.268. Please note that EKPC’s 2008 audit has not been finalized. TIER did not exceed 1.35; therefore, a credit to the environmental surcharge was not applicable.



**East Kentucky Power Cooperative, Inc.**  
**TIER Calculation for 12-Month Period Ending 12/31/ 2008**

**For 2008: RUS Mortgage Agreement and Credit Facility Agreement**

<b><u>TIER</u></b>	(a) Net Margins	29,486,790		
	(b) Interest on Long Term Debt	109,848,439		
	<b>TIER = (a) + (b) / (b) =</b>	<u>139,335,229</u>	/	109,848,439 = <b>1.268</b>



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039**

**ENVIRONMENTAL SURCHARGE**

**APPENDIX B**

**FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09**

**REQUEST 7**

**RESPONSIBLE PARTY: Frank J. Oliva**

**Request 7.** The Settlement Agreement approved in Case No. 2004-00321 provides that EKPC's rate of return on compliance-related capital expenditures will be updated to reflect current average debt cost at the conclusion of the 6-month surcharge review. Provide the following information as of November 30, 2008:

a. The debt issuances directly related to projects in the approved compliance plan and subsequent amendment 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 and subsequent amendment.

c. EKPC'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 7.** a-c. Please see the schedule on page 2 of this response. For the compliance plan projects contained in the amendment, only Spurlock 4 has specific debt issuances associated as of November 30, 2008.

**Weighted Average Cost of Debt**

Compliance Project	Loan Source (1)	NBV as of 11/30/2008 (2)	Cost (3)	Weights (4)=(2)*(3)	Rate of Return (5) = (4)*1.35
1. Gilbert (Environmental Portion)	Z-8	\$ 62,431,077	4.72%	1.122%	
2. Spurlock 1 - Precipitator	Y-8	\$ 19,621,327	4.92%	0.367%	
3. Spurlock 1 - SCR	Y-8	\$ 65,406,118	4.92%	1.225%	
4. Spurlock 2 - SCR	Y-8	\$ 30,311,525	4.92%	0.568%	
5. Spurlock #4 (Environmental Portion)	AD-8	\$ 84,800,000	4.58%	1.480%	
		<u>\$ 262,570,047</u>		<u>4.762%</u>	<u>6.429%</u>

**Y-8 30-year**

Note Number (1)	Current Liability 11/30/2008 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
HO720	\$ 23,119,134	4.460%	\$ 1,031,113	
HO725	\$ 23,214,936	4.819%	\$ 1,118,728	
HO730	\$ 23,062,948	4.950%	\$ 1,141,616	
HO750	\$ 23,284,974	5.091%	\$ 1,185,438	
HO755	\$ 23,299,627	5.149%	\$ 1,199,698	
HO760	\$ 23,278,373	5.065%	\$ 1,179,050	
HO765	\$ 23,264,601	5.011%	\$ 1,165,789	
HO770	\$ 25,163,597	5.149%	\$ 1,295,674	
HO885	\$ 6,183,445	4.890%	\$ 302,370	
HO960	\$ 10,872,097	4.338%	\$ 471,632	
HO1005	\$ 4,200,000	4.306%	\$ 180,852	
	<u>\$ 208,943,733</u>		<u>\$ 10,271,959</u>	<u>4.92%</u>

**Z-8 30-year**

Note Number (1)	Current Liability 11/30/2008 (2)	Interest Rate (3)	Yearly Interest (4)	Composite Rate Total (4) / Total (2) (5)
HO810	\$ 48,084,130	4.744%	\$ 2,281,111	
HO815	\$ 48,112,585	4.825%	\$ 2,321,432	
HO820	\$ 48,154,440	4.946%	\$ 2,381,719	
HO825	\$ 24,026,767	4.658%	\$ 1,119,167	
HO830	\$ 23,997,590	4.497%	\$ 1,079,172	
HO835	\$ 24,035,152	4.705%	\$ 1,130,854	
HO840	\$ 23,966,954	4.332%	\$ 1,038,248	
HO845	\$ 18,213,742	4.324%	\$ 787,562	
HO855	\$ 28,790,712	4.468%	\$ 1,286,369	
HO860	\$ 28,791,154	4.470%	\$ 1,286,965	
HO870	\$ 28,855,770	4.769%	\$ 1,376,132	
HO890	\$ 14,579,814	5.345%	\$ 779,291	
HO895	\$ 9,719,222	5.333%	\$ 518,326	
HO915	\$ 22,555,911	4.776%	\$ 1,077,270	
HO920	\$ 22,800,033	4.812%	\$ 1,097,138	
	<u>\$ 414,683,976</u>		<u>\$ 19,560,755</u>	<u>4.72%</u>

**AD-8 30-year**

Note Number (1)	Current Liability 11/30/2008 (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	
	<u>\$ 430,900,000</u>		<u>\$ 19,751,322</u>	<u>4.58%</u>



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2009-00039**

**ENVIRONMENTAL SURCHARGE**

**APPENDIX B**

**FIRST DATA REQUEST RESPONSE**

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 2/23/09**

**REQUEST 8**

**RESPONSIBLE PARTY: James C. Lamb, Jr.**

**Request 8.** In Case No. 2007-00378,<sup>7</sup> the Commission ordered that EKPC and its member Cooperatives would present any changes to the retail pass-through mechanism necessary to address the revenue allocation issue during the next 6-month surcharge review cases. Provide all documentation and workpapers available for any discussions and calculations that EKPC has had with its member cooperatives regarding changes to its retail pass-through methodology.

**Response 8.** Please see pages 2 through 33 of this response. Pages 2 through 13 represent a PowerPoint presentation given to member system CEOs on September 9, 2008. Two alternatives were presented; EKPC has recommended Alternative 1 to any distribution member who is seeking an allocation change. Pages 14 through 33 are working papers used to support the PowerPoint presentation mentioned above.

Note that EKPC does not intend to modify its calculation of the environmental surcharge at wholesale.

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<sup>7</sup> Case No. 2007-00378, An Examination By the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Six-Month Billing Periods Ending June 30, 2006 and December 31, 2006, for the Two-Year Billing Period Ending June 30, 2007, and the Pass-Through Mechanism for Its Sixteen Member Distribution Cooperatives, final Order Dated August 1, 2008.

**East Kentucky  
Power Cooperative**

***Environmental Surcharge - Status  
And EK / Member System Options***

**EKPC Member System CEO Meeting  
September 9, 2008**

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- **PSC Case 2004-00321 established the environmental surcharge**
- **EK's approach closely followed the utilities who had previously filed for the surcharge**
- **2 Important items**
  1. This case describes the method by which environmental surcharge revenue is to be collected – in other words, EK is on the record with regards to how the surcharge is to be applied
  2. A mechanism exists whereby member systems collect environmental surcharge revenue from the retail members with a shorter billing lag process than exists with the FAC



## **Revenue Allocation Inequity**

East  
Kentucky  
Power  
Cooperative

- **First identified by Owen**
  - The PSC approved method, determined in case 2004-00321, has produced an unusual result relating to Gallatin Steel
    - Each year, Owen is collecting approximately \$800,000 less from GSC than they are being billed by EK
    - The difference is being made up from Owen's other classes
    - This problem is exacerbated because GSC is so large relative to Owen's other retail members
- **Two member systems, in their responses to the 4 questions also mentioned the current revenue allocation as being less than desirable, and proposed an alternative method**
  - The existing method allocates the surcharge using dollars of revenue
  - Two member systems have suggested that the surcharge be allocated using MWh energy

September 9, 2008

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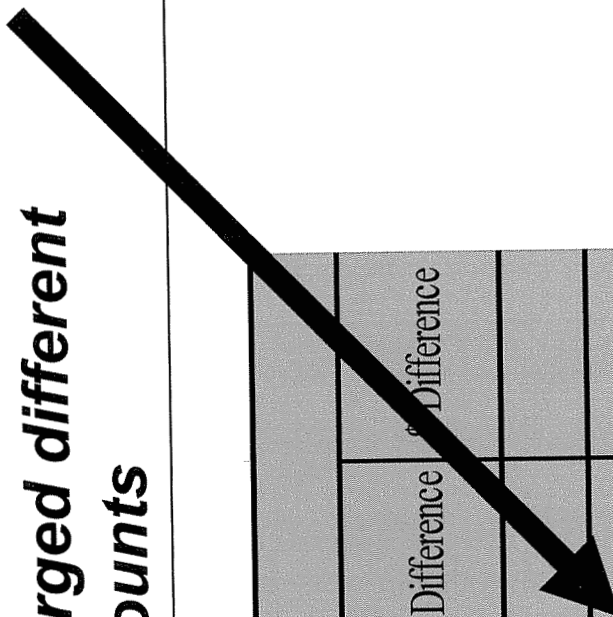
- **2007-00378**
  - 2 year review case
  - Order issued August 1
  - This case had each member system answer 4 questions relating to the environmental surcharge
  - “ ... the Commission finds the Member Cooperatives’ retail pass through mechanism is reasonable and should be continued in its current form. However, during EKPC’s next 6-month surcharge review case, the issue which has been identified by several of the Member Cooperatives as a revenue allocation inequity will be reviewed, and EKPC and its Member Cooperatives should be prepared to present any changes necessary to address that issue in a fair and reasonable manner” .

## ***What EK Is Doing About It***

- **The rest of this presentation describes 2 alternative methods for collecting environmental surcharge revenue**
  - PSC approval will be needed to do either one
- **Alternative 1**
  - EK continues to develop a single percentage factor for recovery, however member systems allocate \$ by Rates B, C, E, and Special Contracts.
  - In other words, Owen charges Gallatin Steel exactly what EK charges Owen (for Gallatin Steel), Salt River charges its B & C members exactly what EK charges Salt River, etc.
- **Alternative 2**
  - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.

**Summary Of Methods – 12 Months Ending  
September 2006**

**Impact to EK is the same  
under any method , but  
different classes are  
charged different  
amounts**



Total Impacts		
	Environmental Surcharge	% Difference
Current Method	\$57,400,000	% Difference
Alternative 1	\$57,400,000	
Alternative 2	\$57,400,000	

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**September 9, 2008**

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# Summary Using A Member System W/O B, C, Or Special Contracts

		Big Sandy Rate E		
	Environmental Surcharge	% Difference	\$ Difference	
Current Method	\$1,300,000			
Alternative 1	\$1,300,000	0.00%	\$0	
Alternative 2	\$1,236,293	-4.90%	(\$63,707)	
<b>Total Impacts</b>				
	Environmental Surcharge	% Difference	\$ Difference	
Current Method	\$1,300,000			
Alternative 1	\$1,300,000			
Alternative 2	\$1,236,293	-4.90%	(\$63,707)	

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September 9, 2008

# Summary Using A Member System With B / C Contracts

	Farmers Rate E			Farmers Rate B, C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,254,282			\$245,718		
Alternative 1	\$2,226,690	-1.22%	(\$27,592)	\$273,310	11.23%	\$27,592
Alternative 2	\$2,080,513	-7.71%	(\$173,769)	\$311,746	26.87%	\$66,028
<b>Total Impacts</b>						
	Environmental Surcharge	% Difference	\$ Difference			
Current Method	\$2,500,000					
Alternative 1	\$2,500,000					
Alternative 2	\$2,392,259	-4.31%	(\$107,741)			

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September 9, 2008

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**Summary Using A Member System With B, C,  
and Special Contracts**

	Fleming-Mason Rate E			Fleming-Mason Rate B, C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,414,386			\$1,169,266		
Alternative 1	\$2,101,046	-12.98%	(\$313,340)	\$1,269,179	8.54%	\$99,913
Alternative 2	\$1,971,906	-18.33%	(\$442,480)	\$1,274,453	9.00%	\$105,187
<b>Total Impacts</b>						
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$5,200,000			\$1,616,347		
Alternative 1	\$5,200,000			\$1,829,775	13.20%	\$213,428
Alternative 2	\$5,596,702	7.63%	\$396,702	\$2,350,343	45.41%	\$733,996

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September 9, 2008

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Power  
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**Owen Electric**

	Owen Rate E			Owen Rate B, C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$5,418,887			\$746,924		
Alternative 1	\$4,641,513	-14.35%	(\$777,374)	\$767,245	2.72%	\$20,321
Alternative 2	\$4,523,438	-16.52%	(\$895,449)	\$963,156	28.95%	\$216,232
<b>Total Impacts</b>						
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$9,200,000			\$3,034,189		
Alternative 1	\$9,200,000			\$3,791,242	24.95%	\$757,053
Alternative 2	\$10,626,666	15.51%	\$1,426,666	\$5,140,072	69.41%	\$2,105,883

September 9, 2008

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**Summary Of Methods – 12 Months Ending  
September 2006**

	Rate E			B, C, Specials Exc Gallatin		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$46,736,298			\$7,629,514		
Alternative 1	\$44,975,148	-3.77%	(\$1,761,150)	\$8,633,610	13.16%	\$1,004,096
Alternative 2	\$42,113,621	-9.89%	(\$4,622,677)	\$10,146,307	32.99%	\$2,516,793
<b>Total Impacts</b>						
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$57,400,000			\$3,034,189		
Alternative 1	\$57,400,000			\$3,791,242	24.95%	\$757,053
Alternative 2	\$57,400,000			\$5,140,072	69.41%	\$2,105,883

# Summary And Recommendation Going Forward

- **Alternative 1**
  - Fixes the Owen / GSC issue
- **Alternative 2**
  - Big Rivers has received PSC approval for this method, however they claim a special reason
  - Since the PSC has previously approved EK / members' existing method, and since EK cannot claim the special reason that Big Rivers has, approval of this alternative will mean convincing the PSC to make the change
- **Recommendation**
  - EK intends to work with Owen on Alternative 1, and will work with any other interested member systems
  - EK does not believe that Alternative 2 would survive the regulatory process

12 Months Ending 9/30/06  
(EKPC's Test Year In Its Last Rate Case)

	All Members Rate E			All Members Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$46,736,298			\$10,663,703		
Flow Through Method	\$44,975,148	-3.77%	(\$1,761,150)	\$12,424,852	16.52%	\$1,761,149
Allocation On MWh	\$42,113,621	-9.89%	(\$4,622,677)	\$15,286,379	43.35%	\$4,622,676
	Big Sandy Rate E			Big Sandy Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,300,000			\$0		
Flow Through Method	\$1,300,000	0.00%	\$0	\$0		\$0
Allocation On MWh	\$1,236,293	-4.90%	(\$63,707)	\$0		\$0
	Blue Grass Rate E			Blue Grass Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$5,136,531			\$863,469		
Flow Through Method	\$5,011,686	-2.43%	(\$124,845)	\$988,314	14.46%	\$124,845
Allocation On MWh	\$4,542,873	-11.56%	(\$593,658)	\$1,134,092	31.34%	\$270,623
	Clark Rate E			Clark Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,200,000			\$0		
Flow Through Method	\$2,200,000	0.00%	\$0	\$0		\$0
Allocation On MWh	\$2,054,534	-6.61%	(\$145,466)	\$0		\$0
	Cumberland Valley Rate E			Cumberland Valley Rate B, C, Special		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,600,000			\$0		
Flow Through Method	\$2,600,000	0.00%	\$0	\$0		\$0
Allocation On MWh	\$2,413,546	-7.17%	(\$186,454)	\$0		\$0
	Farmers Rate E			Farmers Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,254,282			\$245,718		
Flow Through Method	\$2,226,690	-1.22%	(\$27,592)	\$273,310	11.23%	\$27,592
Allocation On MWh	\$2,080,513	-7.71%	(\$173,769)	\$311,746	26.87%	\$66,028

	Fleming-Mason Rate E			Fleming-Mason Rate B, C, Special		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,414,386			\$2,785,613		
Flow Through Method	\$2,101,046	-12.98%	(\$313,340)	\$3,098,954	11.25%	\$313,341
Allocation On MWh	\$1,971,906	-18.33%	(\$442,480)	\$3,624,796	30.13%	\$839,183
	Grayson Rate E			Grayson Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,245,946			\$54,054		
Flow Through Method	\$1,231,379	-1.17%	(\$14,567)	\$68,621	26.95%	\$14,567
Allocation On MWh	\$1,170,421	-6.06%	(\$75,525)	\$78,257	44.78%	\$24,203
	Inter-County Rate E			Inter-County Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,018,594			\$181,406		
Flow Through Method	\$1,989,815	-1.43%	(\$28,779)	\$210,185	15.86%	\$28,779
Allocation On MWh	\$1,882,591	-6.74%	(\$136,003)	\$244,442	34.75%	\$63,036
	Jackson Rate E			Jackson Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$4,541,353			\$258,647		
Flow Through Method	\$4,481,530	-1.32%	(\$59,823)	\$318,470	23.13%	\$59,823
Allocation On MWh	\$3,968,828	-12.61%	(\$572,525)	\$508,126	96.46%	\$249,479
	Licking Valley Rate E			Licking Valley Rate B, C, Special		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,300,000			\$0		
Flow Through Method	\$1,300,000	0.00%	\$0	\$0		\$0
Allocation On MWh	\$1,269,401	-2.35%	(\$30,599)	\$0		\$0
	Nolin Rate E			Nolin Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,779,292			\$620,709		
Flow Through Method	\$2,650,295	-4.64%	(\$128,997)	\$749,704	20.78%	\$128,995
Allocation On MWh	\$2,625,845	-5.52%	(\$153,447)	\$943,273	51.97%	\$322,564
	Owen Rate E			Owen Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$5,418,887			\$3,781,113		
Flow Through Method	\$4,641,513	-14.35%	(\$777,374)	\$4,558,487	20.56%	\$777,374
Allocation On MWh	\$4,523,438	-16.52%	(\$895,449)	\$6,103,228	61.41%	\$2,322,115

		Salt River Rate E			Salt River Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference	
Current Method	\$4,583,669			\$316,331			
Flow Through Method	\$4,525,524	-1.27%	(\$58,145)	\$374,476	18.38%	\$58,145	
Allocation On MWh	\$4,272,057	-6.80%	(\$311,612)	\$415,671	31.40%	\$99,340	
		Shelby Rate E			Shelby Rate B, C, Special Contracts		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference	
Current Method	\$1,439,626			\$660,374			
Flow Through Method	\$1,395,816	-3.04%	(\$43,810)	\$704,184	6.63%	\$43,810	
Allocation On MWh	\$1,294,230	-10.10%	(\$145,396)	\$824,975	24.93%	\$164,601	
		South Kentucky Rate E			South Kentucky Rate B, C, Special		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference	
Current Method	\$5,392,609			\$507,391			
Flow Through Method	\$5,297,074	-1.77%	(\$95,535)	\$602,962	18.84%	\$95,571	
Allocation On MWh	\$4,833,794	-10.36%	(\$558,815)	\$644,864	27.09%	\$137,473	
		Taylor County Rate E			Taylor County Rate B, C, Special		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference	
Current Method	\$2,111,123			\$388,878			
Flow Through Method	\$2,022,780	-4.18%	(\$88,343)	\$477,220	22.72%	\$88,342	
Allocation On MWh	\$1,973,351	-6.53%	(\$137,772)	\$452,908	16.47%	\$64,030	

	Sum Of Member System Rate E			Sum Of B, C, Specials Exc Gallatin		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$46,736,298			\$7,629,514		
Alternative 1	\$44,975,148	-3.77%	(\$1,761,150)	\$8,633,610	13.16%	\$1,004,096
Alternative 2	\$42,113,621	-9.89%	(\$4,622,677)	\$10,146,307	32.99%	\$2,516,793

	Total Impacts			Gallatin Steel		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$57,400,000			\$3,034,189		
Alternative 1	\$57,400,000			\$3,791,242	24.95%	\$757,053
Alternative 2	\$57,400,000			\$5,140,072	69.41%	\$2,105,883

*Alternative 1 - EK doesn't change its allocation method, however member systems allocate \$ by B, C, E, and Special Contracts. In other words, Owen charges Gallatin Steel exactly what EK charges Owen (for Gallatin Steel).*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

Big Sandy Rate E			
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,300,000		
Alternative 1	\$1,300,000	0.00%	\$0
Alternative 2	\$1,236,293	-4.90%	(\$63,707)

Total Impacts			
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,300,000		
Alternative 1	\$1,300,000		
Alternative 2	\$1,236,293	-4.90%	(\$63,707)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Blue Grass Rate E		Blue Grass Rate B, C	
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge
Current Method	\$5,136,531			\$863,469
Alternative 1	\$5,011,686	-2.43%	(\$124,845)	\$988,314
Alternative 2	\$4,542,873	-11.56%	(\$593,658)	\$1,134,092
				\$ Difference
				\$124,845
				\$270,623

	Total Impacts		
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$6,000,000		
Alternative 1	\$6,000,000		
Alternative 2	\$5,676,965	-5.38%	(\$323,035)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*



		Clark Rate E	
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,200,000		
Alternative 1	\$2,200,000	0.00%	\$0
Alternative 2	\$2,054,534	-6.61%	(\$145,466)

Total Impacts			
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,200,000		
Alternative 1	\$2,200,000		
Alternative 2	\$2,054,534	-6.61%	(\$145,466)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

Cumberland Valley Rate E			
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,600,000		
Alternative 1	\$2,600,000	0.00%	\$0
Alternative 2	\$2,413,546	-7.17%	(\$186,454)

Total Impacts			
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,600,000		
Alternative 1	\$2,600,000		
Alternative 2	\$2,413,546	-7.17%	(\$186,454)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Farmers Rate E			Farmers Rate B, C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,254,282			\$245,718		
Alternative 1	\$2,226,690	-1.22%	(\$27,592)	\$273,310	11.23%	\$27,592
Alternative 2	\$2,080,513	-7.71%	(\$173,769)	\$311,746	26.87%	\$66,028

	Total Impacts		
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,500,000		
Alternative 1	\$2,500,000		
Alternative 2	\$2,392,259	-4.31%	(\$107,741)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Fleming-Mason Rate E			Fleming-Mason Rate B, C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,414,386			\$1,169,266		
Alternative 1	\$2,101,046	-12.98%	(\$313,340)	\$1,269,179	8.54%	\$99,913
Alternative 2	\$1,971,906	-18.33%	(\$442,480)	\$1,274,453	9.00%	\$105,187

	Total Impacts			Inland Container Including Steam		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$5,200,000			\$1,616,347		
Alternative 1	\$5,200,000			\$1,829,775	13.20%	\$213,428
Alternative 2	\$5,596,702	7.63%	\$396,702	\$2,350,343	45.41%	\$733,996

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts. In other words, Fleming-Mason charges Inland exactly what EK charges Fleming-Mason.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Grayson Rate E		Grayson Rate B / C	
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge
Current Method	\$1,245,946			\$54,054
Alternative 1	\$1,231,379	-1.17%	(\$14,567)	\$68,621
Alternative 2	\$1,170,421	-6.06%	(\$75,525)	\$78,257

	Total Impacts		
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,300,000		
Alternative 1	\$1,300,000		
Alternative 2	\$1,248,678	-3.95%	(\$51,322)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Inter-County Rate E			Inter-County Rate B / C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,018,594			\$181,406		
Alternative 1	\$1,989,815	-1.43%	(\$28,779)	\$210,185	15.86%	\$28,779
Alternative 2	\$1,882,591	-6.74%	(\$136,003)	\$244,442	34.75%	\$63,036

	Total Impacts		
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,200,000		
Alternative 1	\$2,200,000		
Alternative 2	\$2,127,033	-3.32%	(\$72,967)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Jackson Rate E		Jackson Rate B / C	
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge
Current Method	\$4,541,353			\$258,647
Alternative 1	\$4,481,530	-1.32%	(\$59,823)	\$318,470
Alternative 2	\$3,968,828	-12.61%	(\$572,525)	\$508,126
				\$ Difference
				\$249,479

	Total Impacts		
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$4,800,000		
Alternative 1	\$4,800,000		
Alternative 2	\$4,476,954	-6.73%	(\$323,046)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

Licking Valley Rate E			
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,300,000		
Alternative 1	\$1,300,000	0.00%	\$0
Alternative 2	\$1,269,401	-2.35%	(\$30,599)

Total Impacts			
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$1,300,000		
Alternative 1	\$1,300,000		
Alternative 2	\$1,269,401	-2.35%	(\$30,599)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*



	Nolin Rate E		Nolin Rate B / C	
	Environmental Surcharge	% Difference	\$ Difference	% Difference
Current Method	\$2,414,386			
Alternative 1	\$2,101,046	-12.98%	(\$313,340)	12.72%
Alternative 2	\$1,971,906	-18.33%	(\$442,480)	37.04%
			Environmental Surcharge	\$ Difference
			\$175,153	\$22,271
			\$197,424	\$64,871
			\$240,024	

	Total Impacts			AGC		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$3,034,100			\$444,556		
Alternative 1	\$2,850,750			\$552,280	24.23%	\$107,724
Alternative 2	\$2,915,179	-3.92%	(\$118,921)	\$703,249	58.19%	\$258,693

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Owen Rate E		Owen Rate B, C	
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge
Current Method	\$5,418,887			\$746,924
Alternative 1	\$4,641,513	-14.35%	(\$777,374)	\$767,245
Alternative 2	\$4,523,438	-16.52%	(\$895,449)	\$963,156
				\$20,321
				\$216,232

	Total Impacts		Gallatin Steel	
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge
Current Method	\$9,200,000			\$3,034,189
Alternative 1	\$9,200,000			\$3,791,242
Alternative 2	\$10,626,666	15.51%	\$1,426,666	\$5,140,072
				\$757,053
				\$2,105,883

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts. In other words, Owen charges Gallatin Steel exactly what EK charges Owen (for Gallatin Steel).*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Salt River Rate E			Salt River Rate B / C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$4,583,669			\$316,331		
Alternative 1	\$4,525,524	-1.27%	(\$58,145)	\$374,476	18.38%	\$58,145
Alternative 2	\$4,272,057	-6.80%	(\$311,612)	\$415,671	31.40%	\$99,340

	Total Impacts		
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$4,900,000		
Alternative 1	\$4,900,000		
Alternative 2	\$4,687,728	-4.33%	(\$212,272)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Shelby Rate E		Shelby Rate B / C	
	Environmental Surcharge	% Difference	\$ Difference	% Difference
Current Method	\$1,439,626			
Alternative 1	\$1,395,816	-3.04%	(\$43,810)	6.63%
Alternative 2	\$1,294,930	-10.05%	(\$144,696)	24.93%
			Environmental Surcharge	\$ Difference
			\$660,374	\$43,810
			\$704,184	\$164,601
			\$824,975	

	Total Impacts	
	Environmental Surcharge	% Difference
Current Method	\$2,100,000	
Alternative 1	\$2,100,000	
Alternative 2	\$2,119,905	0.95%
		\$19,905

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	South Kentucky Rate E			South Kentucky Rate B, C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$5,392,609			\$507,391		
Alternative 1	\$5,297,074	-1.77%	(\$95,535)	\$602,926	18.83%	\$95,535
Alternative 2	\$4,833,794	-10.36%	(\$558,815)	\$644,864	27.09%	\$137,473

	Total Impacts		
	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$5,900,000		
Alternative 1	\$5,900,000		
Alternative 2	\$5,478,658	-7.14%	(\$421,342)

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts. In other words, Fleming-Mason charges Inland exactly what EK charges Fleming-Mason.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*

	Taylor County Rate E			Taylor County Rate B / C		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,111,123			\$100,324		
Alternative 1	\$2,022,780	-4.18%	(\$88,343)	\$107,638	7.29%	\$7,314
Alternative 2	\$1,973,351	-6.53%	(\$137,772)	\$129,402	28.98%	\$29,078

	Total Impacts			TGP		
	Environmental Surcharge	% Difference	\$ Difference	Environmental Surcharge	% Difference	\$ Difference
Current Method	\$2,500,000			\$288,554		
Alternative 1	\$2,500,000			\$369,582	28.08%	\$81,028
Alternative 2	\$2,426,259	-2.95%	(\$73,741)	\$323,506	12.11%	\$34,952

*Alternative 1 - EK doesn't change its allocation method, however member systems flow \$ through to B, C, E, and Special Contracts.*

*Alternative 2 - Both EK and members change the allocation procedure. Instead of allocating surcharge on \$ of revenue, the allocation is made using MWh.*