

July 20, 2010

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

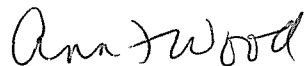
**RECEIVED**  
JUL 20 2010  
PUBLIC SERVICE  
COMMISSION

Re: Case No. 2010-00167

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-reference case, an original and ten copies of the May 31, 2010 monthly budget variance report, as required by 807 KAR 5:001, Section 10(9)(o).

Very truly yours,



Ann F. Wood  
Manager, Regulatory Services

Enclosures



**EAST KENTUCKY POWER COOPERATIVE**  
**STATEMENT OF OPERATIONS**  
 RUS FORM 12A, SECTION A  
 Report as of: May 31, 2010

2010-05-31

	Period 5 - 2010-05-01			
	Actual	Budget	Variance	Explanation of Variance
<b>Operating Revenues &amp; Patronage Capital</b>				
<b>Electric Energy Revenues</b>				
Power Sales-Mbr Cooperatives	47,732,072	56,672,493	(8,940,421)	
Power Sales-Off System	1,013,052	149,075	863,977	
<b>Total Electric Energy Revenue</b>	<b>48,745,124</b>	<b>56,821,568</b>	<b>(8,076,444)</b>	Volume variance of 21,527 MWh sales or \$1.8 mm under budget; Fuel Adjustment under budget \$5.2 mm; and Environmental Surcharge under budget \$2.0 mm Off-System Sales volume variance of 33,222 MWh and over budget \$0.9 mm
Other Operating Revenue-Income	8,945,454	1,295,168	7,651,286	Revenue subject to refund unbudgeted \$7.7 mm
<b>Total Operating Revenue &amp; Patronage Capital</b>	<b>57,691,578</b>	<b>58,116,736</b>	<b>(425,158)</b>	
<b>Operation Expenses</b>				
Production Costs Excludes Fuel	3,489,745	5,153,881	(1,664,136)	
Fuel Accounts	22,680,984	26,067,973	(3,386,990)	Cooper Station under budget \$0.3 mm; and Spurlock Station under budget \$1.2 mm
Other Power Supply	4,200,410	3,232,445	967,965	Cooper Station under budget \$1.7 mm; and Spurlock Station under budget \$2.5 mm
Transmission	2,574,385	2,566,421	(12,036)	
Distribution	71,169	133,616	(62,447)	
Customer Accounts	0	0	0	
Customer Service & Information	115,280	222,664	(107,384)	
Sales	499	1,616	(1,117)	
Administration and General	1,650,758	2,372,252	(721,494)	
<b>Total Operation Expenses</b>	<b>34,783,228</b>	<b>39,770,868</b>	<b>(4,987,640)</b>	
<b>Maintenance Expenses</b>				
Production	2,382,713	5,289,641	(2,906,928)	Spurlock Station under budget \$1.9 mm; Dale Station under budget \$0.4 mm; and Landfill Gas Plants under budget \$0.3 mm
Transmission Expense	293,961	534,763	(240,802)	
Distribution Expense	87,193	178,747	(91,554)	
General Plant	39,938	269,183	(229,245)	
<b>Total Maintenance Expenses</b>	<b>2,803,804</b>	<b>6,272,334</b>	<b>(3,468,530)</b>	
<b>Operating Expenses</b>				
Depreciation/Amortization	5,935,248	6,331,193	(395,945)	
Taxes	0	0	0	
Interest on Long Term Debt	9,596,073	9,989,722	(393,649)	
Interest on Construction	0	0	0	
Other Interest Expense	17,735	3,397	14,338	
Other Deductions	715,033	71,853	643,180	
<b>Total Operating Expenses</b>	<b>16,264,089</b>	<b>16,396,165</b>	<b>(132,076)</b>	
<b>Total Cost of Electric Service</b>	<b>53,851,121</b>	<b>62,439,367</b>	<b>(8,588,246)</b>	
<b>Operating Margins</b>	<b>3,840,457</b>	<b>(4,322,631)</b>	<b>8,163,088</b>	
<b>Non-Operating Items</b>				
Interest Income	281,304	259,572	21,732	
Allowance Funds Used for Const	0	0	0	
Other Non-Operating Income	(3,700)	(4,704)	1,004	
Oh Cap. Credits/Patronage Div	810	4,166	(3,356)	
<b>Total Non-Operating Items</b>	<b>278,413</b>	<b>259,034</b>	<b>19,379</b>	
<b>Net Patronage Capital &amp; Margins</b>	<b>4,118,870</b>	<b>(4,063,597)</b>	<b>8,182,467</b>	