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PUBLIC SERVICE  
COMMISSION

September 20, 2010

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Dear Mr. Derouen:

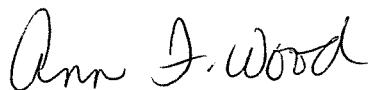
Re: East Kentucky Power Cooperative, Inc. Financial Information

In accordance with the Public Service Commission Order in Case No. 2006-00472,  
please find attached the following:

- Monthly accounting of expenses and revenues in a monthly format and a 12-month ended format
- Monthly budget information for calendar year 2010
- Calculation of TIER and DSC for the 12-month period ended August 31, 2010

If you have any questions, please contact me at (859) 745-9670.

Very truly yours,



Ann F. Wood  
Manager, Regulatory Services

Attachments





**East Kentucky Power Cooperative**  
**Budgeted Statement of Operations**  
**2010**

**STATEMENT OF OPERATIONS**

|  | JAN-10<br>Budget    | FEB-10<br>Budget    | MAR-10<br>Budget    | APR-10<br>Budget     | MAY-10<br>Budget     | JUNE-10<br>Budget   | JULY-10<br>Budget   | AUG-10<br>Budget    | SEPT-10<br>Budget   | OCT-10<br>Budget     | NOV-10<br>Budget    | DEC-10<br>Budget    | Totals               |
|--|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| <b>Electric Energy Revenues</b>                        |                     |                     |                     |                      |                      |                     |                     |                     |                     |                      |                     |                     |                      |
| Power Sales-Member Coops - Base Rate                   | \$83,364,986        | \$71,949,275        | \$69,060,805        | \$66,483,705         | \$68,717,621         | \$66,532,467        | \$74,057,025        | \$73,148,657        | \$64,146,614        | \$58,911,834         | \$67,431,993        | \$62,227,410        | \$825,028,383        |
| Power Sales-Member Coops - Fuel Charge                 | (6,052,675)         | (5,451,409)         | (6,647,952)         | (7,590,558)          | (7,015,196)          | (6,097,427)         | (7,432,973)         | (7,718,837)         | (9,050,648)         | (5,626,396)          | (3,050,648)         | (5,462,169)         | (79,879,758)         |
| Power Sales-Member Coops - Environmental Surcharge     | 6,798,882           | 8,091,864           | 7,152,024           | 4,314,671            | 4,970,068            | 6,597,760           | 9,014,810           | 8,993,007           | 7,318,139           | 5,711,907            | 7,421,523           | 10,886,254          | 87,270,729           |
| Power Sales-Member Coops - Steam                       | 1,124,980           | 1,034,169           | 933,168             | 920,399              | 945,527              | 979,760             | 911,497             | 878,595             | 1,046,678           | 1,018,983            | 1,046,678           | 1,135,542           | 11,768,278           |
| Power Sales - Off System                               | 215,111             | 638,144             | 333,168             | 275,243              | 149,075              | 115,899             | 486,654             | 580,466             | 120,433             | 130,929              | 77,063              | 130,757             | 3,136,142            |
| Wholesaling Revenue                                    | 222,880             | 211,322             | 209,635             | 183,930              | 159,711              | 178,807             | 190,089             | 190,346             | 221,281             | 297,770              | 306,684             | 130,396             | 2,466,284            |
| Other Operating Revenue - Income                       | 183,930             | 183,930             | 183,930             | 183,930              | 183,930              | 183,930             | 183,930             | 183,930             | 183,930             | 183,930              | 183,930             | 183,930             | 2,207,169            |
| <b>Total Operating Revenue &amp; Patronage Capital</b> | <b>\$85,654,904</b> | <b>\$76,656,295</b> | <b>\$69,271,158</b> | <b>\$64,734,744</b>  | <b>\$68,116,736</b>  | <b>\$65,389,875</b> | <b>\$77,407,156</b> | <b>\$76,289,066</b> | <b>\$65,136,784</b> | <b>\$60,511,767</b>  | <b>\$73,417,233</b> | <b>\$69,232,139</b> | <b>\$826,018,237</b> |
| <b>Operation Expenses</b>                              |                     |                     |                     |                      |                      |                     |                     |                     |                     |                      |                     |                     |                      |
| Production Costs Excludes Fuel                         | \$5,325,335         | \$5,212,598         | \$5,482,660         | \$5,244,244          | \$5,153,881          | \$5,791,680         | \$5,571,982         | \$5,645,345         | \$5,312,677         | \$5,215,289          | \$5,411,095         | \$7,621,943         | \$66,968,629         |
| Fuel   | 34,761,007          | 29,866,302          | 30,709,221          | 25,110,557           | 26,087,973           | 28,410,381          | 34,173,904          | 33,653,652          | 27,998,574          | 27,998,288           | 34,347,338          | 35,243,247          | 388,854,629          |
| Other Power Supply                                     | 10,556,060          | 9,520,162           | 3,254,459           | 3,530,959            | 3,632,445            | 3,376,171           | 3,990,182           | 3,178,166           | 3,462,000           | 3,462,000            | 3,462,000           | 3,462,000           | 34,851,442           |
| Transmission   | 3,273,928           | 2,398,665           | 2,592,487           | 2,314,468            | 2,398,665            | 2,478,171           | 2,314,468           | 2,478,171           | 2,478,171           | 2,478,171            | 2,478,171           | 2,478,171           | 24,825,316           |
| Customer Accounts                                      | 0                   | 0                   | 122,489             | 126,487              | 133,616              | 119,161             | 118,776             | 118,777             | 118,748             | 118,924              | 118,669             | 131,983             | 1,475,436            |
| Customer Service & Information                         | 237,262             | 228,589             | 236,703             | 216,643              | 222,664              | 221,166             | 214,268             | 217,631             | 221,677             | 218,722              | 214,323             | 270,705             | 2,700,383            |
| Sales  | 1,908               | 1,565               | 1,714               | 1,629                | 1,616                | 1,590               | 1,602               | 1,668               | 1,590               | 1,590                | 1,590               | 1,851               | 19,951               |
| Administration and General                             | 3,333,879           | 2,296,583           | 2,788,115           | 2,117,834            | 2,372,252            | 2,233,150           | 3,604,750           | 2,275,550           | 2,255,956           | 2,117,771            | 2,399,195           | 2,238,500           | 30,033,435           |
| <b>Total Operation Expenses</b>                        | <b>\$7,613,733</b>  | <b>\$49,189,374</b> | <b>\$45,128,160</b> | <b>\$38,865,767</b>  | <b>\$39,770,868</b>  | <b>\$42,600,306</b> | <b>\$50,221,927</b> | <b>\$48,650,296</b> | <b>\$41,563,050</b> | <b>\$41,872,976</b>  | <b>\$48,948,154</b> | <b>\$57,364,725</b> | <b>\$561,169,336</b> |
| <b>Maintenance Expenses</b>                            |                     |                     |                     |                      |                      |                     |                     |                     |                     |                      |                     |                     |                      |
| Production   | \$2,546,388         | \$3,345,048         | \$3,964,377         | \$4,320,144          | \$5,289,641          | \$5,125,955         | \$3,820,274         | \$3,636,195         | \$3,374,591         | \$4,376,553          | \$4,401,048         | \$3,929,029         | \$48,349,243         |
| Transmission Expense                                   | 352,919             | 533,713             | 546,874             | 532,055              | 534,763              | 591,941             | 532,055             | 536,676             | 521,861             | 525,954              | 525,954             | 525,954             | 4,848,877            |
| Customer Expense                                       | 14,182              | 14,182              | 14,182              | 14,182               | 14,182               | 14,182              | 14,182              | 14,182              | 14,182              | 14,182               | 14,182              | 14,182              | 141,820              |
| Other  | 94,184              | 161,183             | 133,709             | 311,489              | 269,183              | 269,640             | 141,284             | 81,890              | 83,240              | 81,982               | 178,284             | 245,827             | 2,145,466            |
| <b>Total Maintenance Expenses</b>                      | <b>\$3,107,656</b>  | <b>\$4,218,691</b>  | <b>\$4,825,161</b>  | <b>\$5,355,966</b>   | <b>\$6,272,334</b>   | <b>\$6,186,125</b>  | <b>\$4,671,991</b>  | <b>\$4,633,650</b>  | <b>\$4,171,061</b>  | <b>\$5,174,288</b>   | <b>\$5,206,028</b>  | <b>\$4,980,453</b>  | <b>\$58,799,534</b>  |
| <b>Fixed Costs</b>                                     |                     |                     |                     |                      |                      |                     |                     |                     |                     |                      |                     |                     |                      |
| Depreciation/Amortization                              | \$5,911,946         | \$5,921,644         | \$5,972,801         | \$6,005,519          | \$6,331,193          | \$6,377,335         | \$6,380,102         | \$6,404,206         | \$6,405,708         | \$6,414,047          | \$6,415,844         | \$6,503,698         | \$75,044,143         |
| Taxes  | 0                   | 0                   | 0                   | 0                    | 0                    | 0                   | 0                   | 0                   | 0                   | 0                    | 0                   | 0                   | 0                    |
| Interest on Long-Term Debt                             | 9,601,847           | 9,577,167           | 9,681,622           | 9,959,937            | 9,989,722            | 9,988,770           | 11,200,102          | 11,003,657          | 11,656,642          | 12,357,179           | 12,301,647          | 12,342,156          | 129,630,600          |
| Interest During Construction                           | 3,387               | 3,069               | 3,387               | 3,388                | 3,387                | 3,388               | 3,387               | 3,387               | 3,387               | 3,387                | 3,387               | 3,387               | 38,989               |
| Other  | 162,615             | 172,178             | 171,859             | 171,776              | 171,853              | 172,512             | 172,022             | 171,902             | 172,022             | 171,988              | 171,812             | 182,696             | 1,965,745            |
| <b>Total Fixed Costs</b>                               | <b>\$15,879,805</b> | <b>\$15,874,057</b> | <b>\$15,830,778</b> | <b>\$16,140,520</b>  | <b>\$16,396,165</b>  | <b>\$16,511,905</b> | <b>\$17,756,124</b> | <b>\$17,583,162</b> | <b>\$18,237,660</b> | <b>\$18,946,621</b>  | <b>\$18,892,591</b> | <b>\$19,031,949</b> | <b>\$206,681,337</b> |
| <b>Total Cost of Electric Service</b>                  | <b>\$76,401,184</b> | <b>\$69,062,122</b> | <b>\$65,784,099</b> | <b>\$60,357,273</b>  | <b>\$62,438,367</b>  | <b>\$65,288,336</b> | <b>\$72,649,952</b> | <b>\$70,267,308</b> | <b>\$63,971,771</b> | <b>\$65,994,885</b>  | <b>\$73,046,773</b> | <b>\$81,377,127</b> | <b>\$826,650,207</b> |
| <b>Operating Margins</b>                               | <b>\$9,453,710</b>  | <b>\$7,594,173</b>  | <b>\$3,487,439</b>  | <b>(\$5,622,529)</b> | <b>(\$4,322,631)</b> | <b>\$91,639</b>     | <b>\$4,757,204</b>  | <b>\$6,021,759</b>  | <b>\$1,165,013</b>  | <b>(\$5,483,118)</b> | <b>\$370,460</b>    | <b>\$7,855,012</b>  | <b>\$25,366,030</b>  |
| <b>Non-Operating Items</b>                             |                     |                     |                     |                      |                      |                     |                     |                     |                     |                      |                     |                     |                      |
| Interest Income  | \$259,886           | \$344,126           | \$259,728           | \$254,424            | \$259,572            | \$254,269           | \$292,860           | \$292,773           | \$287,464           | \$292,606            | \$287,294           | \$292,438           | \$3,277,440          |
| Allowance for Funds used for Construction              | 0                   | 0                   | 0                   | 0                    | 0                    | 0                   | 0                   | 0                   | 0                   | 0                    | 0                   | 0                   | 0                    |
| Other Non-Operating Income                             | (6,958)             | (6,104)             | (5,748)             | (4,985)              | (4,704)              | (4,770)             | (4,648)             | (4,734)             | (4,819)             | (4,909)              | (4,643)             | (5,144)             | (61,762)             |
| Other Capital Credits/Patronage Dividends              | 4,166               | 4,166               | 4,166               | 4,166                | 4,166                | 4,166               | 4,166               | 4,166               | 4,166               | 4,166                | 4,166               | 4,174               | 150,000              |
| <b>Total Non-Operating Items</b>                       | <b>\$257,034</b>    | <b>\$242,188</b>    | <b>\$258,148</b>    | <b>\$254,005</b>     | <b>\$259,034</b>     | <b>\$253,665</b>    | <b>\$292,380</b>    | <b>\$292,205</b>    | <b>\$286,811</b>    | <b>\$291,863</b>     | <b>\$286,817</b>    | <b>\$291,468</b>    | <b>\$3,365,678</b>   |
| <b>Net Patronage Capital &amp; Margins (Deficits)</b>  | <b>\$9,710,804</b>  | <b>\$7,635,361</b>  | <b>\$3,745,597</b>  | <b>(\$5,368,524)</b> | <b>(\$4,063,597)</b> | <b>\$345,204</b>    | <b>\$5,048,584</b>  | <b>\$6,413,963</b>  | <b>\$1,451,824</b>  | <b>(\$5,191,255)</b> | <b>\$657,277</b>    | <b>\$8,146,480</b>  | <b>\$28,733,708</b>  |