

2006  
EAST KENTUCKY POWER COOPERATIVE  
COAL RECEIPTS, USAGE, STOCKPILE  
TONNAGE (1000)

	DALE STATION				SPURLOCK - Above .7% Sulphur			
	Received Tons	BTU	MMBTU	Cost/ TON	Used Tons	Stockpile Tons	Used Tons	Stockpile Tons
Jan.	39	12247	2,305	56.46	50	62	88	103
Feb.	48	12211	2,518	61.49	47	63	82	109
Mar.	38	12474	2,410	60.14	43	58	89	121
Apr.	33	12500	2,398	59.96	33	59	87	122
May	38	12560	2,390	60.03	31	66	88	128
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	196	12385	2,410	59.62	204		434	0

	COOPER STATION				SPURLOCK - Below .7% Sulphur			
	Received Tons	BTU	MMBTU	Cost/ TON	Used Tons	Stockpile Tons	Used Tons	Stockpile Tons
Jan.	80	11926	2,327	55.51	83	135	0	139
Feb.	54	11856	2,289	54.28	75	115	0	128
Mar.	81	12320	2,337	57.58	66	130	0	117
Apr.	68	12051	2,293	55.27	73	125	0	127
May	73	12081	2,232	53.93	62	137	0	149
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	356	12061	2,298	55.42	359		0	673

	GILBERT STATION				TOTAL SYSTEM			
	Received Tons	BTU	MMBTU	Cost/ TON	Used Tons	Stockpile Tons	Used Tons	Stockpile Tons
Jan.	55	11197	1,378	30.85	45	235	418	674
Feb.	59	10974	1,254	27.52	76	218	408	701
Mar.	68	10776	1,267	27.31	81	206	396	745
Apr.	30	11096	1,283	28.46	0	235	320	785
May	41	10890	1,280	27.88	0	277	357	814
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total	253	10970	1,292	28.36	202		1670	

000001

INDEX OF ALL COAL PURCHASE COMMITMENTS  
(May 2006 Commitments)

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Through	05/31/2006						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007			265,760	265,971	-211	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008			704,842	350,118	354,724	0.000	12300	2.3990
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009			480,000	46,347	433,653	0.000	12000	2.4060
B & W RESOURCES INC	0000151081	03/10/2004	02/28/2007			240,000	150,723	89,277	0.000	12000	2.0630
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008			142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008			112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

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**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( May 2006 Commitments)**

Cooper

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	333,246	462,295	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	208,735	271,265	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	46,144	193,856	0.000	11000	2.1140
INTERNATIONAL COAL GROUP LLC	0000251219	04/24/2006	06/30/2006	20,000	11,925	8,075	0.000	11000	2.0910
TRINITY COAL MARKETING LLC	0000251220	05/01/2006	06/29/2006	30,000	10,076	19,924	0.000	12000	1.7920 A
JAMIESON CONSTRUCTION CO	0000251221	05/01/2006	07/29/2006	45,000	12,826	32,174	0.000	12000	2.3230
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000003**

**INDEX OF ALL COAL PURCHASE COMMITMENTS  
( May 2006 Commitments)**

Spurlock#1

Through 05/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	443,292	556,708	1.820	12000	2.0730
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2009	686,845	114,845	572,000	1.820	11800	2.2440
KEYSTONE INDUSTRIES LLC	0000003422	01/01/2002	06/30/2007	1,625	1,625	0	4.022	12000	1.8560
KIVA SYN-FUEL SALES LLC	0000351217	04/01/2006	06/15/2006	40,000	25,567	14,433	1.820	11500	2.0360 A
KOCH CARBON LLC	0000351222	05/01/2006	12/31/2007	400,000	18,777	381,223	1.820	11250	2.5140
PROGRESS FUELS CORPORATION	000351200A	01/01/2006	05/31/2006	3,200	6,460	-3,260	4.022	12000	2.8760
KOCH CARBON LLC	000351203A	01/11/2006	05/31/2006	40,000	42,009	-2,009	1.820	11500	2.7750
PROGRESS FUELS CORPORATION	000351204A	01/11/2006	12/31/2006	1,595	8,062	-6,467	4.022	12000	2.7240
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.022	11800	2.2340

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000004**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**(May 2006 Commitments)**  
**Spurlock#2**

Through 05/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2009	1,523,950	590,736	933,214	1.820	12000	1.5870
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2009	656,404	350,444	305,960	4.022	12000	1.8560
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	736,598	803,402	1.820	12000	2.4370
MC MINING, LLC	0000000428	01/01/2005	12/31/2007	544,800	166,490	378,310	8.800	12500	2.5520
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	84,958	395,042	4.022	12000	2.5450
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	345,026	-6,465	4.022	12000	1.5990
PROGRESS FUELS CORPORATION	0000451200	01/01/2006	05/31/2006	104,800	101,503	3,297	4.022	12000	2.8760
KOCH CARBON LLC	0000451203	01/11/2006	05/31/2006	38,750	38,267	483	1.820	11500	2.7750
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	238,405	75,552	162,853	4.022	12000	2.7240
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	128,618	53,726	74,892	4.022	12400	2.7530
COALSALLES LLC	0000451229	05/15/2006	06/09/2006	9,000	9,693	-693	5.285	10800	2.6760
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000005

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**(May 2006 Commitments)**  
**Gilbert**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	199,762	2,200,238	3.640	11400	1.2675 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	139,199	460,801	2.980	11200	1.2911 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	06/30/2006	135,000	124,600	10,400	2.349	10500	1.2905 A

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000006**

**Run-of-Mine Cost Analysis - Monthly**  
**ACTIVITY FOR THE MONTH OF: May 2006**  
(thru 05/31/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	\$/Ton	\$/M/BTU	BTU	Ash	Sulfur
DIXIE FUEL COMPANY LLC	0000751208	957.07	57.64	0.00	0.000	0.00	57.64	2.309	12,478	11.38	1.15
JAMIESON CONSTRUCTION CO	0000751218	3,120.00	54.70	0.00	0.000	0.00	54.70	2.309	11,844	11.31	1.27
Weighted Average - Cooper		<u>4,077.07</u>	<u>55.39</u>				<u>55.39</u>	<u>2.309</u>	<u>11,993</u>	<u>11.33</u>	<u>1.24</u>
INTERNATIONAL COAL GROUP LLC	0000951224	1,100.29	48.00	0.00	0.000	0.00	48.00	2.118	11,351	16.97	0.93
Weighted Average - Dale		<u>1,100.29</u>	<u>48.00</u>				<u>48.00</u>	<u>2.118</u>	<u>11,351</u>	<u>16.97</u>	<u>0.93</u>

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of May 2006 was \$3.119/MMBtu or \$74.81/ton, based on 11,993 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$3.20/MMBtu or \$76.80/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Dale Station during the month of May 2006 was \$2.986/MMBtu or \$67.79/ton, based on 11,351 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Dale Station during the same month, which was \$3.161/MMBtu or \$75.87/ton, based on 12,000 Btu/lb.

000007

**STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF FUNDED MEDICAL PLAN  
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY  
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

(1) 2006	(2) No. of Employees	(3) Monthly (a) Contributions	(4) Y.T.D. (a) Contributions	(5) Monthly (b) Admin. Fees		(6) Y.T.D. (b) Admin. Fees		(7) Total Cost Monthly	(8) Y.T.D. Total Cost	(9) Benefits Received (c)		(10) Benefits vs. Cost Y.T.D.	
				Cost	Cost	Cost	Cost			Monthly	Y.T.D.	Contributions Minus	Benefits (Margins)
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	267,939		
Feb.	2,028	1,347,855	2,697,998	139,411	278,822	279,008	2,977,005	2,977,005	1,604,650	2,686,854	11,144		
Mar.	2,030	1,344,185	4,042,183	139,473	418,481	418,481	4,460,664	4,460,664	2,210,259	4,897,113	(854,930)		
Apr.	2,037	1,348,212	5,390,395	140,158	558,639	558,639	5,949,034	5,949,034	1,477,476	6,374,589	(984,193)		
May	2,044	1,350,137	6,740,532	140,351	698,990	698,990	7,439,522	7,439,522	1,680,504	8,055,093	(1,314,561)		

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.  
 (b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.  
 (c) Includes excess risk reimbursements: \$15,461.38 for Owen, \$57,384.22 for Salt River, \$18,109.44 for EKPC.

000008



STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF-FUNDED DENTAL PLAN  
EAST KENTUCKY POWER COOPERATIVE

2006	(1) No. Emp.	Monthly Employer Contributions			(5) Surplus (Deficit)	(6) No. Emp.	Monthly Employee Contributions			(9) Surplus (Deficit)	(2)+(7) (10) Amount of Contr.	(3)+(8) (11) Claims Paid	(12) Admin. Fee	(10)-(11)-(12) (13) Surplus (Deficit)	(14) Y.T.D. Surplus (Deficit)
		(2) Amount of Contr. (a)	(3) Claims Paid	(4) Admin. Fee			(7) Amount of Contr. (b)	(8) Claims Paid	(8) Claims Paid						
Jan.	664	15,936	11,249	1,328	3,359	448	15,301	15,579	(278)	31,237	26,828	1,328	3,081	3,081	
Feb.	664	15,936	21,740	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(7,720)	(4,638)	
Mar.	663	15,912	16,848	1,326	(2,262)	450	15,334	17,320	(1,986)	31,246	34,169	1,326	(4,249)	(8,887)	
Apr.	662	15,888	12,272	1,324	2,292	450	15,290	21,476	(6,185)	31,178	33,748	1,324	(3,894)	(12,781)	
May	666	15,984	15,476	1,332	(824)	454	15,323	15,347	(24)	31,307	30,823	1,332	(848)	(13,629)	
<b>Total</b>	<b>3,319</b>	<b>79,656</b>	<b>77,585</b>	<b>6,638</b>	<b>(4,567)</b>	<b>2,253</b>	<b>76,560</b>	<b>85,622</b>	<b>(9,062)</b>	<b>156,216</b>	<b>163,208</b>	<b>6,638</b>			

Employer		Employee	
Contr. Rate	\$22.00	Claims Paid	\$23.38
Admin. fee	2.00	Admin. fee	2.00
	\$24.00	Contr. Rate	\$33.98
		Claims Paid	\$ 38.00

(a) Includes Administration Fee of \$2.00 per employee.  
(b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00  
Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

000009

**TO:** Roy Palk

**FROM:** Randy Dials (Original Initialed)

**DATE:** June 12, 2006

**SUBJECT:** Economy Coal Purchase—Spurlock Power Station Unit No. 2

**KEY MEASURE(S):** This Supports Reliable and Competitive Energy Costs

## **Background**

Trinity Coal Marketing, LLC, (“Trinity”) loaded a Crouse Corporation barge on June 9, 2006, at the Sandy River Dock on the Big Sandy River. This barge was rejected by Trinity’s customer due to the ash content (15.25 percent) being higher than the required specification. East Kentucky Power Cooperative, Inc., (“EKPC”) can now utilize this coal with Spurlock Power Station now testing coal on Spurlock Power Station Unit No. 2 with an ash content up to 16 percent.

Coal pricing for 1.2 lbs. SO<sub>2</sub>/MMBtu coal on the Big Sandy River is in the \$58 range f.o.b. barge for a 12,000 Btu/lb. product. This equated to \$2.42/MMBtu. The fuel process has arranged to buy this barge at an f.o.b. barge price of \$51 or \$2.17/MMBtu based on a 11,730 Btu/lb. This is a savings of \$5.87 per ton or approximately \$9,090 on this barge lot of coal.

The recommended purchase is described in detail below:

1. Trinity Coal—1,600 tons of coal at a delivered price of \$2.25/MMBtu or \$52.82 per ton based on 11,730 Btu/lb. This product is 1.15 lbs. SO<sub>2</sub> and 15.25 percent ash. Trinity is a producer with mines in Kentucky and West Virginia.

## **Justification and Strategic Analysis**

The purchase of this coal will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems and provide an adequate fuel supply source during times of coal supply and transportation disruptions. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

Mr. Roy Palk  
Page 2  
June 12, 2006

## **Recommendation**

Your approval is requested to issue a purchase order to Trinity for the tons and term herein described.

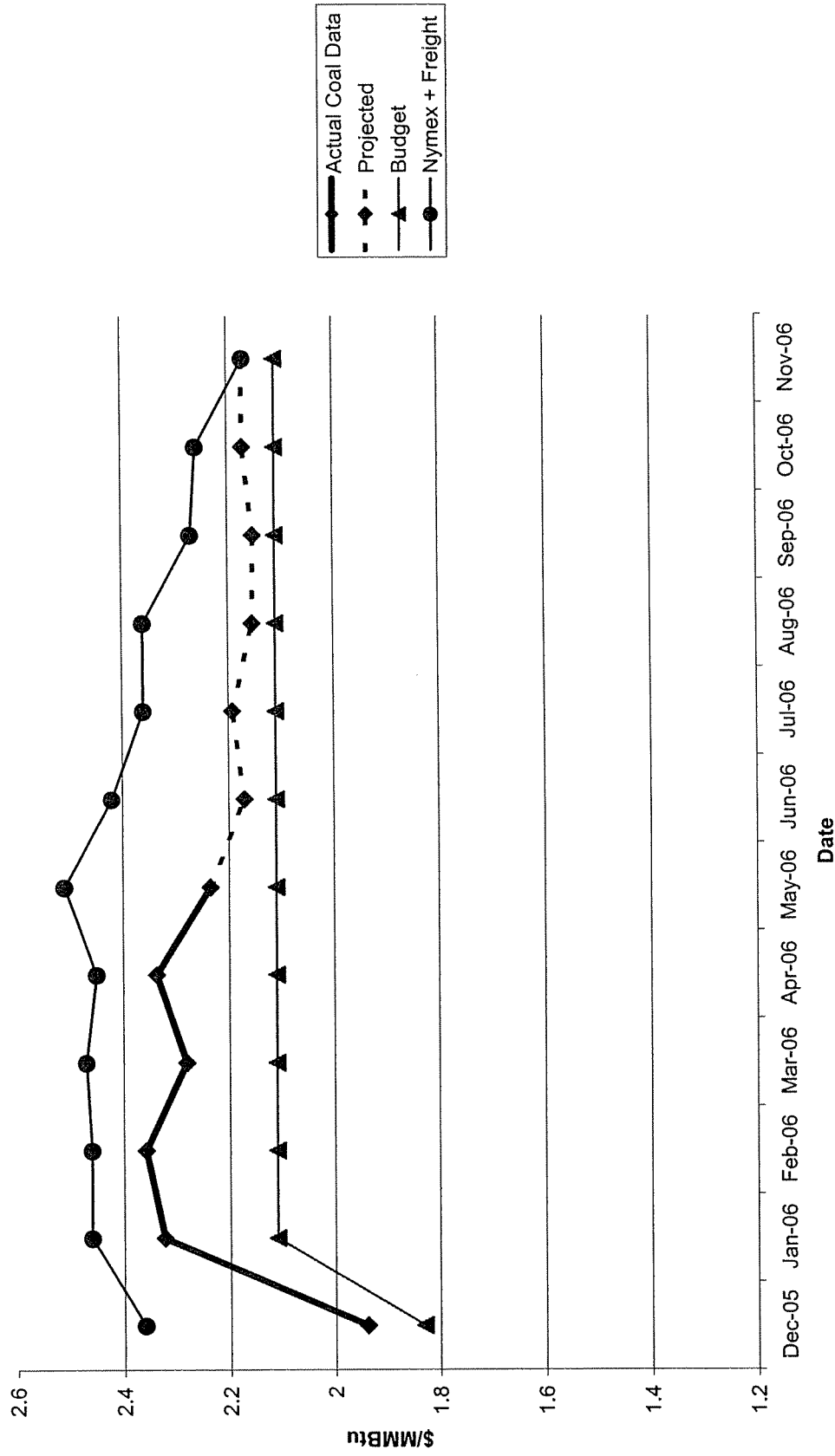
**Approved by:** Original Approved

**Date:** Original Dated June 12, 2006

eh/gv

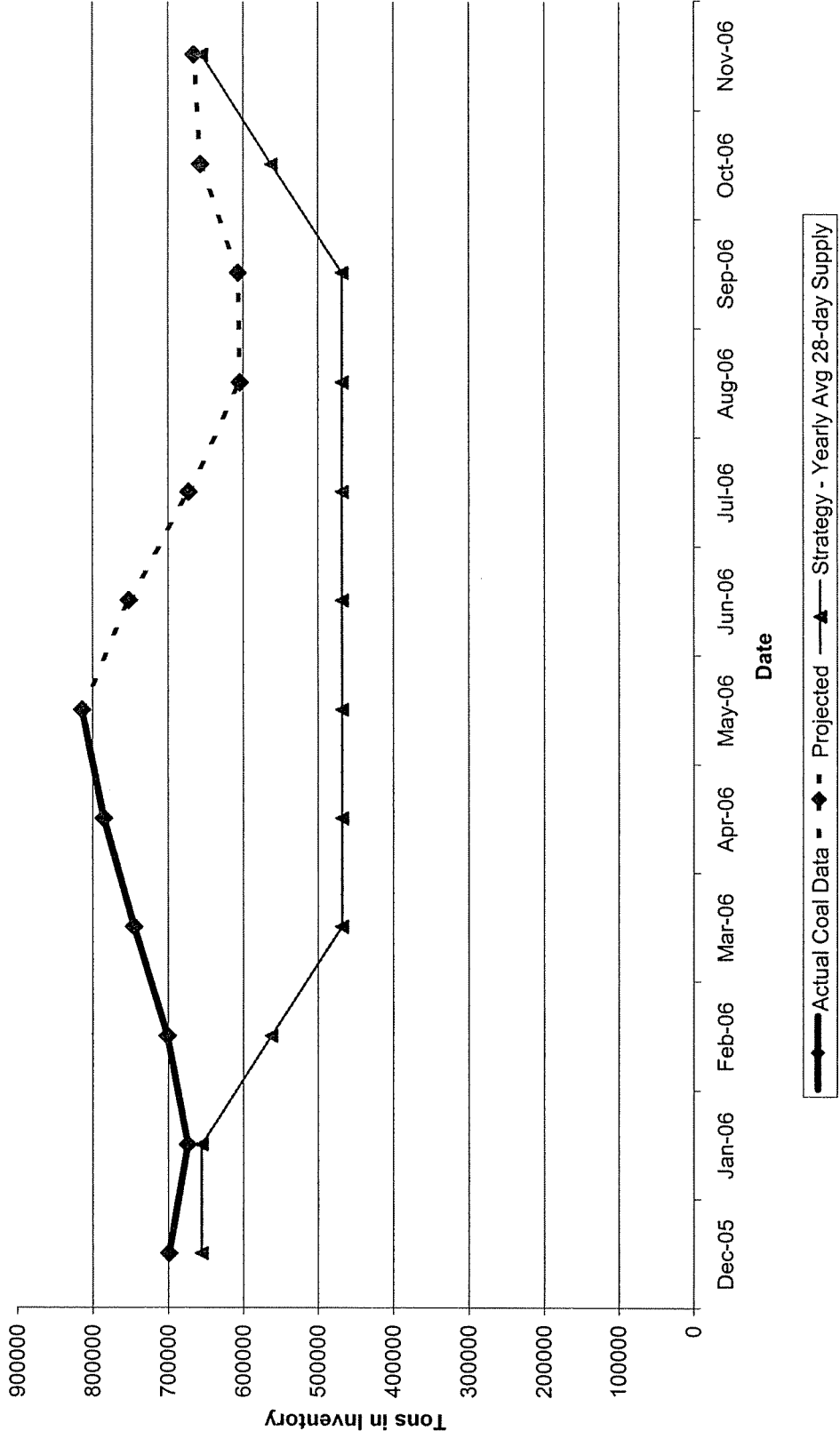
**000011**

# Actual and projected Coal Cost - System



000012

### Actual and projected Coal Inventory - System (Based on Maximum Daily Burn)



**000013**

**TO:** Roy Palk  
**FROM:** Randy Dials (Original Initialed)  
**DATE:** June 8, 2006  
**SUBJECT:** Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of May 2006 as shown below:

<b>Date</b>	<b>Quantity (MMBtu)</b>	<b>Price \$/MMBtu</b>
05/08/06	4,750	\$7.1553
05/24/06	3,202	\$6.6019
05/25/06	6,094	\$7.0000
05/26/06	30,564	\$7.0000
05/27/06	42,452	\$6.9029
05/28/06	6,073	\$6.9029
05/29/06	33,532	\$6.8641
05/30/06	68,626	\$7.0291
05/31/06	<u>34,490</u>	<u>\$7.0097</u>
	229,783	\$6.9675

gv

**Approved by:** Original Approved

**Date:** Original Dated June 12, 2006

**000014**

**RUN-OF-MINE COAL PURCHASE REPORT  
FOR PERIOD MAY 23, 2006 TO JUNE 23, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Cooper Station</u> Ikerd Terminal Somerset, KY	51225	Cooper Station Winchester, KY	4,000	Cooper Station	\$25.00	10,100

gv

**000015**

**TO:** Roy Palk

**FROM:** Randy Dials (Original Initialed)

**DATE:** June 7, 2006

**SUBJECT:** Spot Coal Purchase—Spurlock Power Station Unit No. 2

**KEY MEASURE(S)** This Supports Reliable and Competitive Energy Costs

## Background

Current projections show that East Kentucky Power Cooperative, Inc., (“EKPC”) will need an additional 20,000 tons of coal per month for Spurlock Power Station Unit No. 2 during the months of October, November, and December 2006. Compliance coal required for Spurlock Power Station Unit No. 2 continues to be in great demand and commands a premium price.

The fuel process issued a written solicitation for this coal on May 23, 2006, with responses being due on Friday, June 2, 2006. Requests were also made at that time for coal during 2007. These responses are still being considered. All responses have been evaluated and attached.

The lowest bid that meets the specifications for Spurlock Power Station Unit No. 2 was from Coaltrade, LLC, at an evaluated price of \$3.049/MMBtu, using current rail rates. However, the fuel process constantly monitors the Nymex and OTC (over the counter) coal pricing to see if opportunities are available to purchase coal from these markets at a cost savings to EKPC. Coal can be purchased at this time for the fourth quarter from one of the “coal traders,” SSM Coal America, LLC, (“SSM”) at an evaluated cost of \$3.019/MMBtu, using current rail rates. This would be a savings to EKPC of \$.75 per ton or a net savings of \$45,000. Sales agreements used for purchases from the OTC agreements have been reviewed by our legal process and were deemed fair and equitable for short-term purchases.

The recommended purchase is described in detail below:

1. SSM Coal America—60,000 tons at a delivered price of \$2.59/MMBtu or \$64.75 per ton based on 12,500 Btu/lb. This product will be 1.15 lbs. SO<sub>2</sub> and 12 percent ash. Deliveries will begin October 1, 2006, and continue through December 24, 2006, and will consist of six, 10,000-ton trains.

**000016**



Mr. Roy Palk  
Page 2  
June 7, 2006

SSM is a coal trading company headquartered in Baltimore, Maryland, with an office in Boyd County, Kentucky.

## **Justification and Strategic Analysis**

The purchase recommended by management will provide an adequate fuel supply source for EKPC's generating units and will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

## **Recommendation**

Your approval is requested to enter into a sales agreement with SSM for the tons and term herein described.

**Approved by:** Original Approved

**Date:** Original Dated June 8, 2006

eh/gv  
Attachment

**00001'7**

**FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2**

**FOURTH QUARTER 2006**

*Scrubbers Off Model*

Date: 06/07/2006  
 Event Nbr: 70  
 Bid End Date: 06/06/2006

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO <sub>2</sub> Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	Ton
SSM Coal America Wayne Monthly Non-Union /Broker	18	12,500 0.74 12.00	20,000	2	1.823	8.910	56.250	8.500	64.750	2.590	75.483	3.019
Coaltrade LLC Boone Monthly Non-Union /Producer	7	12,500 0.74 12.00	20,000	3	1.823	8.910	57.000	8.500	65.500	2.620	76.233	3.049
Coaltrade LLC Boone Monthly Non-Union /Producer	8	12,500 0.74 12.00	20,000	12	1.823	8.910	57.000	8.500	65.500	2.620	76.233	3.049
Root Hog Coal Co. Johnson Monthly Non-Union /Broker	17	11,500 0.68 14.00	10,000	15	2.313	8.187	58.000	1.820	59.820	2.601	70.320	3.057
Koch Carbon Various Monthly Non-Union /Broker	9	11,250 0.66 16.00	20,000	3	2.702	7.946	56.500	1.820	58.320	2.592	68.968	3.065
Koch Carbon Various Monthly Non-Union /Broker	10	11,250 0.66 16.00	20,000	12	2.702	7.946	56.750	1.820	58.570	2.603	69.218	3.076
Black Gold Kanawha Monthly Non-Union /Broker	3	12,500 0.74 12.00	20,000	3	1.823	8.910	57.800	8.500	66.300	2.652	77.033	3.081
Magnum Coal Sales Kanawha Weekly / Non-Union /Producer	16	12,000 0.71 13.50	25,000	12	2.137	8.548	59.000	4.020	63.020	2.626	74.001	3.083

**Cost Factors used in Model**  
 Weekly Pay Factor: 0.005 Unit Boiler  
 SO<sub>2</sub> Cost/Ton: \$602.00 Maintenance Factor: 0.1652

**000018**

**FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2**

**FOURTH QUARTER 2006**

*Scrubbers Off Model*

Date: 06/07/2006  
 Event Nbr: 70  
 Bid End Date: 06/06/2006

Coal Supplier	Number	Quality Btu % Sulfur	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO <sub>2</sub> Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
											\$	Ton MMBtu
Black Gold Kanawha Monthly Non-Union /Broker	4	12,500 0.74 12.00	20,000	12	1.823	8.910	58.550	8.500	67.050	2.682	77.783	3.111
Global Materials Kanawha Monthly Non-Union /Producer	12	11,800 0.70 14.00	9,000	3	2.254	8.428	58.900	4.020	62.920	2.666	73.602	3.119
Global Materials Kanawha Monthly Non-Union /Producer	13	11,800 0.70 14.00	20,000	12	2.254	8.428	60.300	4.020	64.320	2.725	75.002	3.178
M. C. Mining Pike Monthly Non-Union /Producer	2	12,500 0.73 10.00	15,000	12	1.520	8.789	61.000	8.500	69.500	2.780	79.809	3.192
M. C. Mining Pike Monthly Non-Union /Producer	1	12,500 0.73 10.00	10,000	3	1.520	8.789	61.500	8.500	70.000	2.800	80.309	3.212
Coalsales, LLC Oakland Monthly Non-Union /Producer	5	10,800 0.55 8.60	20,000	3	1.513	6.622	56.000	5.285	61.285	2.837	69.420	3.214
Black Gold LLC Pike Monthly Non-Union /Producer	14	12,000 0.71 14.00	10,000	3	2.217	8.548	65.000	1.820	66.820	2.784	77.585	3.233
Coalsales, LLC Oakland Monthly Non-Union /Producer	6	10,800 0.55 8.60	20,000	12	1.513	6.622	56.500	5.285	61.785	2.860	69.920	3.237

**Cost Factors used in Model**  
 Weekly Pay Factor: 0.005 Unit Boiler  
 SO<sub>2</sub> Cost/Ton: \$602.00 Maintenance Factor: 0.1652

**000019**

**FUEL EVALUATION FOR SPURLOCK POWER STATION UNIT NO. 2**

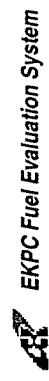
**FOURTH QUARTER 2006**

*Scrubbers Off Model*

Date: 06/07/2006  
 Event Nbr: 70  
 Bid End Date: 06/06/2006

Coal Supplier	Number	Quality Btu % Sulfur	% Ash	Tons	Term	Ash Disposal + Boiler Maint. \$/Ton	SO <sub>2</sub> Cost \$/Ton	Weekly Cost \$/Ton	Freight Cost \$/Ton	Delivery Cost \$/Ton	Delivery Cost \$/MMBtu	Evaluated Cost	
												\$	Ton MMBtu
Black Gold LLC Pike Monthly Non-Union /Producer	15	12,000 0.71 14.00		10,000	12	2.217	8.548	65.500	1.820	67.320	2.805	78.085	3.254

**Cost Factors used in Model**  
 Weekly Pay Factor: 0.005 Unit Boiler  
 SO<sub>2</sub> Cost/Ton: \$602.00 Maintenance Factor: 0.1652



000020

**TO:** Dave Eames

**FROM:** Randy Dials (Original Initialed)

**DATE:** June 23, 2006

**SUBJECT:** Test Coal Purchase—Gilbert Unit No. 3

**KEY MEASURE(S)** This Supports Reliable and Competitive Energy Costs

## **Background**

East Kentucky Power Cooperative, Inc., (“EKPC”) and Alstom Power Company (“Alstom”) plan to conduct a NO<sub>x</sub> optimization study on Gilbert Unit No. 3 at Spurlock Power Station during the last two weeks of July 2006. This study will determine the lowest achievable NO<sub>x</sub> emissions for the Gilbert unit in order to determine permit conditions.

The coal needed for this study will be the No. 9 seam from western Kentucky along with coal from the southern and central Ohio regions. EKPC has current coal orders for the Ohio coals but will need to purchase four barge lots of coal from the western Kentucky area. CoalSales, LLC, (“CoalSales”), a Peabody Energy corporation, can provide this coal to EKPC at a delivered price of \$1.468/MMBtu. The coal will be 9,700 Btu, 16 percent ash, and 8 lbs. SO<sub>2</sub>/MMBtu. Charolais Coal Sales, LLC, (“Charolais”) and American Coal Sales Company (“American”) were also contacted regarding the purchase of this coal. Charolais demanded a higher price and American did not have a raw coal available from the No. 9 seam.

## **Justification and Strategic Analysis**

The purchase of this coal, along with the other coals currently purchased, will allow EKPC and Alstom to perform the testing required to determine permit conditions for the Gilbert unit. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

## **Recommendation**

As Vice President-in-charge, in the absence of Roy Palk, your approval is requested to purchase four barge lots of coal, approximately 6,000 tons, from CoalSales at a delivered price of \$1.468/MMBtu or \$28.47 per ton. This coal will be from Henderson County, Kentucky.

**Approved by:** Original Approved

**Date:** Original Dated June 23, 2006

eh/gv

**000021**

**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Distribution Substations &amp; Taps</b>				
<i>Blue Grass Energy Cooperative</i>				
Headquarters Distribution Station 11.2/14 mVA 69-12.5 kV Rebuild	734(P)	1,396	The transmission station portion of this project has been energized but no load has been put on the distribution station side.	5/1/2006
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	503	Plan to complete the construction of this station in approximately one week.	8/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	489	RW clearing activities are approximately 95% complete. Construction activities have started. Right of entry problems have delayed this project.	8/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	87	Survey activities are complete. Awaiting drawings from their engineering firm to confirm if they want to stay with the original lay-out for the substation.	11/15/2006
West Nicholasville #2 Distr. Sub. 69-12.5 kV 15/20/25 MVA	(883)P	0	No action	5/1/2007
<i>Cumberland Valley Electric</i>				
Alex Creek 5.6/6.44 MVA Distribution Station	570(P)	24	An option has been signed for this site.	12/1/2007

000022

**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Cumberland Valley Electric</b>				
Girdler 11.2/14 MVA 69-13.2 kV Distr. Station	570(P)	21	Siting activities have started.	5/1/2007
Girdler Tap 69 kV 3.5 miles	747(P)	1	Engineering personnel are reviewing line routes.	5/1/2007
Liberty Church 11.2/14 MVA 69-13.2 Distr. Sta.	583(P)	1	Siting activities have started.	5/1/2007
Liberty Church Tap 69 kV 1.8 miles	343(P)	2	Engineering personnel are reviewing line routes.	5/1/2007
<b>Farmers RECC</b>				
Edmonton Industrial Park Sub	0	0	Survey and design activities are complete.	Project on Hold
Edmonton Industrial Park Tap	0	0	RW Clearing activities are 90 % complete and the Construction Contractor is ready to begin construction when the project is released.	Project on Hold
<b>Fleming-Mason Energy Cooperative</b>				
Snow Hill 11.2/14 MVA 69-25 kV Distr. Sta.	558(P)	113	Site acquisition and survey activities are complete. Design activities are approximately 50% complete. The ER was submitted to RUS on May 4, 2006 and approved on June 12, 2006.	6/1/2007

**000023**

**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>JACKSON ENERGY COOP.</b> Big Creek Substation 69-12.5 kV 11.2 MVA	452(P)	177	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,059	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. R/W Agents expect to have two or three condemnations on this line.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	214	A new site has been obtained for the substation site. The original site location was moved because of the flood plain area. The new site is located on the same property as the original site.	3/7/2007
Keavy #2 Distr. Sta. 11.2/14 mVA, 69-12.5 kV	456(P)	194	Construction of this station is complete.	6/30/2006
Laurel Co. Ind. Park #2 11.2/14 mVA 69-12.5 kV	456(P)	425	Construction of this station is complete. There has been no load put on this station to date.	5/1/2006

**000024**



**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>OWEN ELECTRIC COOPERATIVE</b>				
Downing #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	282	Construction activities are complete. Energization is dependent upon the Coop finishing their work.	5/1/2006
Burlington 11.2/14 mVA 69-12.5 kV Distribution Station	883(P)	1	Site activities have started.	5/1/2007
<b>Salt River RECC</b>				
Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	324	Construction activities started the week of July 3, 2006	11/30/2006
Cedar Grove Ind. Park Sub 161-12.5 kV 12/16/20 mVA Distribution Station	971 (P)	548	Construction activities are approximately 50% complete.	12/15/2006
Deatsville 11.2/14 mVA 69-12.5 kV Distribution Station	570(P)	0	Site activities have started.	5/1/2007
Little Mount Distribution Station 161-12.5 kV, 12/16/20 MVA	902(P)	953	The construction of this station is complete. This station was energized on June 20, 2006.	12/1/2005

**000025**

CONSTRUCTION IN PROGRESS

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<p><b>Salt River RECC</b> Little Mount Tap 69KV 6 miles</p>	1272(P)	1,961	Construction activities are complete. The line was energized on June 15, 2006.	12/1/2005
<p><b>South Kentucky RECC</b> Gap of the Ridge Distribution Station 11.2/14 MVA 69-25KV</p>	558(P)	169	This site has been purchased. Survey and design activities are complete.	12/1/2006
<p>Gap of the Ridge Tap 69 KV 4.5 miles</p>	929(P)	85	The survey of this line is complete. R/W acquisition are approximately 52% complete. Design activities are complete.	12/1/2006
<p>Upchurch Distribution Station 11.2/14MVA 69-12.5 KV</p>	543 (P)	679	The construction activities are complete. The station was energized on June 27, 2006.	5/2/2006
<p>Upchurch Tap 69 KV 1.75 miles</p>	375 (P)	392	Construction activities are complete. The line was energized on June 22, 2006.	5/2/2006
<p>Woodstock 11.2/14 mVA Distr. Substation</p>	570(P)	0	No action	12/1/2007

000026

**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<i>Taylor County RECC</i> Campbellsville #2 69-12.5 kV 11.2/14 MVA Distr. Station	456(P)	0	No action	5/1/2007
Garlin 11.2/14 mVA, 69-12.5 kV Distribution Station	570(P)	0	Site activities have started.	5/1/2007
<b>Transmission Facilities</b>				
Bullitt Co. 69 kV Breaker Add. (2Bkrks.)	166(P)	200	Design of this project is approximately 89% complete.	5/1/2006
Bullitt County - J. Trichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	151	Survey activities are complete. Design activities are 90% complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	643	Survey and design activities are complete. The PSC has granted a certificate. Construction activities will be delayed until Fall '06 because of environmental problems.	1/2/2007
J.K. Smith 138 kV Modifications	263(P)	533	Design activities are complete. A construction contract is being prepared for bidding within the next two to three weeks.	12/29/2006
J.K. Smith CT 345kV Trans. Substation	4300(P)	1,006	Engineering activities are approximately 75 % complete.	6/1/2007

000027

**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Transmission Facilities</b> J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	1,226	Survey activities and RW acquisitions are approximately 89% complete. Design activities are 100% complete. Plan to start the RW Clearing and Construction Contractors the week of July 10, 2006.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	202	R/W easement procurement is complete Survey and design activities are 50% complete.	6/1/2006
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	904	Engineering activities are approximately 75 % complete.	6/1/2007
West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	304	The site has been purchased. Survey and design activities are approximately 50% complete.	5/1/2006
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2006

000028

**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<p><b>WARREN RECC</b> Aberdeen Jct. 161 kV Trans. Station</p>	717(P)	43	Survey and design activities have started. Site selection dependent upon the final line route.	12/31/2007
<p>Barren County-Oakland - Magna 161kV 28.29 miles</p>	9266(P)	714	Survey and design activities are 90% complete. RW acquisition easements are 75% complete for the rebuild area and RW Agents are starting on the green field portion.	12/31/2007
<p>East Bowling Green 161 kV Breaker</p>	313(P)	271	Design activities are approximately 50% complete.	4/1/2006
<p>GM- Memphis Jct. 161 kV 14.96 miles</p>	5675(P)	1,184	Survey and design activities are complete. 90% of the easements have been acquired. A portion of this line has been sent out for bid of the construction contract.	12/31/2007
<p>Memphis Jct.- Aberdeen 161 kV 23.48 miles</p>	9486(P)	1,621	RW acquisition of easements are 90% complete. Survey and design activities are approximately 90% complete. A portion of this line has been sent out for bid of the construction contract.	12/31/2007

**000029**

**CONSTRUCTION IN PROGRESS**

June, 2006

Project Name <b>WARREN RECC</b>	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru May, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
Salmons 161-69 KV Trans. Substation	1500(P)	4	Survey activities are complete.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	496	Survey is approximately 75% and RW acquisition activities have started.	12/31/2007

(P) - Planning Estimates

(h:share/reports:project.xls)

**000030**



EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 APPLICABLE TO MAY 2006 POWER BILL  
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$25,107,183	0.02791
=		
KWH Sales to Members and Internal Use	899,616,349	
Less Cost of Fuel in Base Rate		0.02025
FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	MAY 2006	<u>0.00766</u>

DEVELOPMENT OF FUEL ADJUSTMENT RATE

	MAY 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
<b>Received</b>				
Generation				
Coal & Oil Burned	\$19,046,623	777,457,064	0.02450	0.02117
Gas & Oil Burned in CTs & Landfills	1,637,867	24,657,213	0.06643	0.00182
Fuel (Assigned Cost during F.O.)	0	-	#DIV/0!	0.00000
Fuel (Assigned Cost during F.O.)	0	-	#DIV/0!	0.00000
<hr/>				
Total Fuel Cost (a)	<u>20,684,490</u>	<u>802,114,277</u>	<u>0.02579</u>	<u>0.02299</u>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases	4,820,164	102,803,268	0.04689	0.00536
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
<hr/>				
Total Purchase Cost (b)	<u>4,820,164</u>	<u>102,803,268</u>	<u>0.04689</u>	<u>0.00536</u>
Subtotal Purchase and Fuel Cost (a+b)	<u>25,504,654</u>	<u>904,917,545</u>	<u>0.02818</u>	<u>0.02835</u>
<hr/>				
<b>Delivered</b>				
Off-System Sales Fuel Costs	(3,567)	(59,880)	(0.05957)	(0.00000)
(Over) or Under Recovery	(393,903)			(0.00044)
Inadvertent - (Net) - Out		(1,425,326)		
System Losses		<u>(3,815,990)</u>		
<hr/>				
Sales Fuel Cost (c)	(397,470)	(5,301,196)	(0.07498)	(0.00044)
Totals (a+b+c)	<u>\$25,107,184</u>	<u>899,616,349</u>	<u>0.02791</u>	<u>0.02791</u>

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

**000031**

**East Kentucky Power Cooperative  
Fuel Adjustment Rate - Fuel Cost in Base Rate**

*Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)*

2006	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892	8,402,592
March	0.00688	1,052,245,498	7,239,449	30,142,363	(397,442)	7,636,891
April	0.00763	763,046,315	5,822,043	5,822,043	(1,884,178)	7,706,221
May	0.00712	899,616,349	6,405,268	12,227,312	393,903	6,011,365
June						
July						
August						
September						
October						
November						
December						

[a] Based on previous month's costs

[b] Does not include EKP usage

[c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

**000032**





EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 YEAR-TO-DATE 2006  
 AS OF MAY 31, 2006

FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		136,924,251		0.02730
-----				
	=	-----		
KWH Sales to Members and Internal Use		5,014,740,350		
Less Cost of Fuel in Base Rate				
		Cost	KWH	Mills/kwh
				Mills/ total kwh
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned		100,333,908	4,371,272,082	0.02295
Gas & Oil Burned in CTs & Landfills		5,387,735	67,903,104	0.07934
Fuel (Assigned Cost during F.O.)		1,797,768	115,559,000	0.01556
Fuel (Assigned Cost during F.O.)		(5,535,118)	(115,559,000)	(0.04790)
		-----	-----	-----
<b>Total Fuel Cost</b>	(a)	<b>101,984,293</b>	<b>4,439,175,186</b>	<b>0.02297</b>
		-----	-----	-----
<b>Purchases</b>				
Net Energy Cost - Economy Purchases		31,475,300	684,061,301	0.04601
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		-----	-----	-----
<b>Total Purchase Fuel Cost</b>	(b)	<b>31,475,300</b>	<b>684,061,301</b>	<b>0.04601</b>
		-----	-----	-----
<b>Subtotal Purchase &amp; Fuel Cost</b>		<b>133,459,593</b>	<b>5,123,236,487</b>	<b>0.02605</b>
		-----	-----	-----
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery		(189,903)	(4,424,098)	(0.04292)
Inadvertent - (Net) - System Losses		3,654,561	38,834,815	0.00073
			(142,906,854)	
<b>Sales Fuel Cost</b>	(c)	<b>3,464,658</b>	<b>(108,496,137)</b>	<b>0.03193</b>
		-----	-----	-----
<b>Totals</b>	(a+b+c)	<b>136,924,251</b>	<b>5,014,740,350</b>	<b>0.02730</b>
		-----	-----	-----

**000033**

# East Kentucky Power Cooperative

## Member Cooperative Load Growth 2005 - 2006 Includes Inland Container Steam KWH Equivalency

Month	2006 % Increase By Months		2006 % Increase Cumulative		2006		2006		2006			
	Actual 2005	Budget 2006	Actual 2006	Budget 2006	Over (Under) 2005	Over (Under) 2006	Over (Under) 2005	Over (Under) 2006	Hourly Coincident System Peak Date	Hourly Coincident System Peak Hr. Ending	Steam Equivalent MW	
	<b>15 Minute Billing Peak</b>											
	<b>MW</b>											
Jan	2,749	2,878	2,281	(20.7)	(17.0)	(20.7)	(17.0)	(20.7)	Jan 26	0800	2,254	38
Feb	2,194	2,691	2,584	(4.0)	(1.6)	(4.0)	(1.6)	(12.6)	Feb 19	0900	2,503	40
Mar	2,291	2,451	2,283	(6.9)	(1.2)	(6.9)	(1.2)	(10.9)	Mar 21	2000	2,114	35
Apr	1,720	2,061	1,765	(14.3)	(0.4)	(14.3)	(0.4)	(11.6)	Apr 10	0700	1,763	37
May	1,724	1,970	2,106	6.9	3.2	6.9	3.2	(8.6)	May 30	1600	2,000	30
Jun	2,163	2,182										
Jul	2,346	2,377										
Aug	2,258	2,312										
Sep	1,971	2,178										
Oct	1,820	2,054										
Nov	2,283	2,346										
Dec	2,676	2,718										
YTD	26,195	28,218	11,019									
	26,195	28,218	11,019									
	<b>Hourly Coincident System Peak</b>											
	<b>MWH</b>											
Jan	1,210,092	1,284,953	1,129,229	(6.7)	(6.7)	(12.1)	(6.7)	(12.1)	Jan 18	Tues	2,711	41
Feb	1,033,719	1,096,763	1,123,099	8.6	0.4	5.3	0.4	(4.2)	Feb 10	Thur	2,175	34
Mar	1,099,981	1,066,866	1,066,910	(3.0)	(0.7)	2.8	(0.7)	(2.1)	Mar 03	Thur	2,224	39
Apr	846,765	920,708	855,558	1.0	(0.4)	(7.1)	(0.4)	(3.1)	Apr 02	Sat	1,659	34
May	847,185	944,222							May 03	Tues	1,729	33
Jun	998,590	1,027,010							Jun 28	Tues	2,048	28
Jul	1,076,222	1,152,774							Jul 25	Mon	2,181	26
Aug	1,113,529	1,091,636							Aug 20	Sat	2,227	25
Sep	946,699	982,798							Sep 12	Mon	1,917	33
Oct	893,863	975,173							Oct 3	Mon	1,778	26
Nov	980,332	1,055,114							Nov 18	Fri	2,139	41
Dec	1,303,790	1,241,722							Dec 20	Tues.	2,642	42
YTD	12,350,767	12,839,739	4,174,796									
	12,350,767	12,839,739	4,174,796									

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EAST KENTUCKY POWER COOPERATIVE  
OFF-SYSTEM SALES - 2006  
(1,000)

MONTH	2006 BUDGET												
	MWH	REVENUE	MARGIN	INCLUDES DEMAND			EXCLUDES DEMAND			MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/KWH	MARGIN	MILLS/KWH	MARGIN	MILLS/KWH					
JAN	696	35	(9)	50.78	(9)	50.78	(9)	50.78	2,620	133	5	50.76	
FEB	4,442	175	(23)	39.44	(23)	39.44	(23)	39.44	6,281	319	13	50.79	
MAR	5,516	124	(50)	22.48	(50)	22.48	(50)	22.48	7,024	301	14	42.85	
APR	1,156	53	5	46.19	5	46.19	5	46.19	23,056	989	46	42.90	
MAY	58	6	2	100.00	2	100.00	2	100.00	16,779	560	33	33.38	
JUN									12,024	460	24	38.26	
JUL									16,594	648	33	39.05	
AUG									24,904	972	50	39.03	
SEP									6,600	226	13	34.24	
OCT									6,393	209	13	32.69	
NOV									3,450	113	7	32.75	
DEC									1,020	33	2	32.35	
<b>TOTAL</b>	<b>11,868</b>	<b>393</b>	<b>(75)</b>	<b>33.11</b>	<b>(75)</b>	<b>33.11</b>	<b>(75)</b>	<b>33.11</b>	<b>126,745</b>	<b>\$4,963</b>	<b>\$253</b>	<b>39.16</b>	

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

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# EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson  
11/15/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	4,442
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	5,516
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	1,156
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	58
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
<b>Total</b>	<b>4,420,544</b>	<b>5,008,266</b>	<b>1,099,913</b>	<b>840,778</b>	<b>770,747</b>	<b>899,286</b>	<b>513,879</b>	<b>71,224</b>	<b>53,466</b>	<b>144,197</b>	<b>11,868</b>

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EAST KENTUCKY POWER COOPERATIVE  
SUMMARY OF FUEL COST FACTORS  
IN COMPUTING FUEL ADJUSTMENT RATE  
(TO BE APPLIED TO SUCCEEDING MONTH)

	MARCH 2006		APRIL 2006		MAY 2006	
	mWh	Mills per kWh	mWh	Mills per kWh	mWh	Mills per kWh
Production						
Smith Generating	5,341	118.75	553	224.62	17,149	93.53
Date	93,313	27.71	71,012	27.81	65,724	28.33
Cooper	156,041	23.48	178,869	22.70	148,677	22.89
Spurlock I	207,660	22.30	201,766	22.79	200,116	23.15
Spurlock II	285,377	26.07	304,926	26.63	363,686	25.57
Landfills	7,475	3.20	7,876	4.05	7,508	4.51
Gilbert	182,179	12.37	(1,393)	0.00	(746)	0.00
Generating Unit						
Sub-total	937,386	22.65	763,609	24.76	802,114	25.98
Physical Inventory, Outage & Adjustments						
Gallatin	0		0		0	
Sub Total	937,386	22.28	763,609	23.16	802,114	25.79
Purchases	136,681	48.04	91,371	45.91	102,803	46.89
Sales to Others (Includes Losses)	(1,969)	44.12	(1,197)	37.93	(60)	59.45
(Over) or Under Recovery						
Inadvertent Net System Losses	4,794		(3,599)		(1,425)	
	(24,648)		(5,891)		(3,816)	
Total	1,052,244		844,293		899,616	
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		26.38		27.37		27.91
Fuel Adjustment charge (credit) per kWh		6.13		7.12		7.66

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

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**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary**

**May 2006**

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	44,620	17,587,235	45.95	125,222	53.07	83,061	57.79	1,016,332
	YTD	254,111	111,381,387	43.58	939,780	52.02	455,436	56.11	6,249,714
BLUE GRASS ENERGY	Month	215,763	88,322,474	44.00	621,371	51.03	401,112	55.58	4,908,577
	YTD	1,119,494	501,462,348	42.69	4,180,748	51.03	2,018,968	55.06	27,608,409
CLARK ENERGY COOP	Month	76,984	29,901,360	46.67	212,897	53.79	143,160	58.58	1,751,676
	YTD	414,726	180,790,705	44.15	1,516,947	52.55	748,085	56.68	10,247,750
CUMBERLAND VALLEY ELECTRIC	Month	86,590	36,408,523	45.01	259,229	52.13	168,930	56.77	2,067,007
	YTD	475,793	216,997,615	43.13	1,820,347	51.52	879,865	55.57	12,058,981
FARMERS RECC	Month	82,333	37,333,177	43.27	265,811	50.39	167,442	54.88	2,048,813
	YTD	433,453	208,213,370	42.04	1,738,129	50.39	828,193	54.37	11,320,607
FLEMING MASON RECC	Month	151,699	76,605,405	42.27	462,242	48.30	304,594	52.28	4,004,718
	YTD	796,648	393,557,029	41.42	2,895,597	48.78	1,442,215	52.45	20,640,315
GRAYSON RECC	Month	44,447	18,109,841	45.91	128,943	53.03	85,470	57.75	1,045,791
	YTD	250,710	111,040,962	43.86	930,821	52.24	457,211	56.36	6,258,090
INTER-COUNTY ECC	Month	79,443	30,702,105	45.71	217,839	52.80	144,285	57.50	1,765,446
	YTD	459,241	190,340,492	43.97	1,600,138	52.38	782,465	56.49	10,752,711
JACKSON ENERGY COOP	Month	160,469	65,048,503	45.21	462,449	52.32	302,888	56.97	3,706,123
	YTD	949,831	402,637,479	43.79	3,388,103	52.20	1,649,674	56.30	22,669,325
LICKING VALLEY RECC	Month	45,114	18,366,704	45.72	130,770	52.84	86,375	57.54	1,056,873
	YTD	255,837	113,787,475	43.63	957,623	52.05	465,881	56.14	6,388,214
NOLIN RECC	Month	116,799	56,812,983	41.65	404,509	48.77	246,591	53.11	3,017,263
	YTD	664,033	311,665,482	41.70	2,589,341	50.01	1,231,682	53.96	16,818,473
OWEN EC	Month	403,581	190,412,306	36.31	1,261,259	42.93	697,898	46.59	8,872,224
	YTD	1,841,733	941,444,108	34.33	7,315,508	42.10	3,122,468	45.42	42,758,218
SALT RIVER RECC	Month	191,885	75,506,988	43.33	506,173	50.03	334,546	54.46	4,112,336
	YTD	858,366	396,748,113	42.11	3,247,879	50.30	1,575,306	54.27	21,532,006
SHELBY ENERGY COOP	Month	76,359	34,660,031	42.46	246,779	49.58	152,929	53.99	1,871,213
	YTD	374,622	185,613,591	41.16	1,538,985	49.45	727,261	53.37	9,905,392
SOUTH KENTUCKY RECC	Month	202,410	81,195,576	45.19	578,113	52.31	378,015	56.97	4,625,366
	YTD	1,172,693	487,152,031	43.96	4,090,374	52.36	2,004,816	56.48	27,511,939
TAYLOR COUNTY RECC	Month	92,574	36,543,511	47.02	228,702	53.27	163,772	57.76	2,110,582
	YTD	498,449	217,191,563	46.04	1,538,285	53.12	843,417	57.01	12,381,178
<b>Totals</b>	Month	2,071,070	893,516,722	42.54	6,112,308	49.38	3,861,068	53.70	47,980,340
	YTD	10,819,740	4,970,023,750	41.36	40,288,605	49.47	19,232,943	53.34	265,101,322

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**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary  
'E' Rates Only**

**May 2006**

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	44,620	17,587,235	45.95	125,222	53.07	83,061	57.79	1,016,332
	YTD	254,111	111,381,387	43.58	939,780	52.02	455,436	56.11	6,249,714
BLUE GRASS ENERGY	Month	184,523	67,952,252	46.42	476,335	53.43	323,087	58.19	3,953,859
	YTD	970,371	404,379,838	44.36	3,388,632	52.74	1,677,770	56.88	23,002,935
CLARK ENERGY COOP	Month	75,984	29,436,578	46.80	209,588	53.92	141,255	58.72	1,728,372
	YTD	412,726	179,882,404	44.18	1,510,919	52.58	744,343	56.72	10,202,381
CUMBERLAND VALLEY ELECTRIC	Month	86,590	36,408,523	45.01	259,229	52.13	168,930	56.77	2,067,007
	YTD	475,793	216,997,615	43.13	1,820,347	51.52	879,865	55.57	12,058,981
FARMERS RECC	Month	73,163	31,523,046	44.65	224,443	51.77	145,231	56.37	1,777,046
	YTD	389,199	181,818,409	42.87	1,525,383	51.26	733,885	55.30	10,053,785
FLEMING MASON RECC	Month	72,794	30,414,193	45.26	216,549	52.38	141,793	57.04	1,734,946
	YTD	402,038	183,201,900	43.11	1,536,086	51.50	743,463	55.56	10,178,169
GRAYSON RECC	Month	42,592	16,888,301	46.66	120,246	53.78	80,835	58.57	989,082
	YTD	238,940	104,600,388	44.30	879,455	52.71	434,286	56.86	5,947,762
INTER-COUNTY ECC	Month	71,342	26,391,102	47.03	187,905	54.15	127,193	58.97	1,556,314
	YTD	422,154	170,179,758	44.80	1,440,294	53.26	709,788	57.43	9,773,452
JACKSON ENERGY COOP	Month	149,451	59,392,627	45.93	422,877	53.05	280,438	57.78	3,431,438
	YTD	893,857	375,192,734	44.20	3,165,191	52.64	1,548,602	56.77	21,298,427
LICKING VALLEY RECC	Month	45,114	18,366,704	45.72	130,770	52.84	86,375	57.54	1,056,873
	YTD	255,837	113,787,475	43.63	957,623	52.05	465,881	56.14	6,388,214
NOLIN RECC	Month	89,749	39,400,831	44.86	280,535	51.98	182,276	56.61	2,230,308
	YTD	533,631	230,608,279	44.09	1,933,967	52.47	951,874	56.60	13,052,695
OWEN EC	Month	211,530	83,592,962	39.84	501,701	45.85	339,594	49.91	4,171,992
	YTD	905,107	438,375,601	37.93	3,207,507	45.25	1,567,619	48.82	21,402,717
SALT RIVER RECC	Month	179,408	68,224,271	44.04	454,320	50.70	306,196	55.19	3,765,452
	YTD	798,852	362,814,826	42.61	2,970,049	50.80	1,453,306	54.80	19,883,171
SHELBY ENERGY COOP	Month	52,915	19,480,825	47.35	138,703	54.47	94,440	59.32	1,155,557
	YTD	269,175	116,318,955	44.26	977,692	52.67	482,173	56.82	6,608,685
SOUTH KENTUCKY RECC	Month	181,873	70,255,254	46.32	500,218	53.44	334,166	58.20	4,088,851
	YTD	1,070,896	434,908,519	44.65	3,663,774	53.07	1,810,811	57.23	24,891,483
TAYLOR COUNTY RECC	Month	76,909	29,862,300	46.21	212,620	53.33	141,727	58.07	1,734,152
	YTD	413,845	173,089,790	44.35	1,453,373	52.74	718,486	56.90	9,847,946
<b>Totals</b>	Month	1,638,557	645,177,004	44.98	4,461,261	51.89	2,976,597	56.51	36,457,581
	YTD	8,706,532	3,797,537,878	43.21	31,370,072	51.47	15,377,588	55.52	210,840,517

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## **EKPC Generation & Transmission Coordinated Schedule**

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

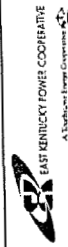
The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard.

The attached schedule has been reviewed and approved by our production, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is June 30, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.





# EKPC Generation & Transmission Coordinated Schedule

ACCEPTANCE  
 Production CJ Sys Protection  
 Lines\_TM Trans Planning\_DA  
 Subs Gen Planning\_GD

ID	Task Name	Start	Finish	2003	2004	2005	2006	2007	2008	2009	2010
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	SUBSTATION PROJECTS	Mon 1/2/06	Tue 6/30/09								
2	Smith 69KV Distr Sub	Mon 12/4/06	Wed 8/1/07								
5	Smith 138KV Substation (CTB)	Mon 1/2/06	Fri 12/29/06								
8	Smith 345KV CT Sub	Fri 6/1/07	Fri 6/1/07								
11	North Clark 345KV Substation	Fri 1/20/06	Fri 6/1/07								
14	Spurlock #4 Substation	Sun 12/17/06	Mon 12/31/07								
18	Smith 345KV CFB Substation	Sun 9/9/07	Tue 3/10/09								
21	West Garrard	Sun 12/30/07	Tue 6/30/09								
24	GENERATION PROJECTS	Wed 10/12/05	Wed 3/10/10								
25	PSC APPROVAL (Smith CT's & CFB)	Mon 7/3/06	Mon 7/3/06								
26	AIR PERMIT (Smith CT's & CFB)	Tue 5/15/07	Tue 5/15/07								
27	Smith CT #8	Mon 10/29/07	Fri 2/6/09								
32	Smith CT #9	Mon 10/1/07	Fri 1/9/09								
37	Smith CT #10	Mon 9/3/07	Fri 12/12/08								
42	Smith CT #11	Mon 8/6/07	Fri 6/20/08								
47	Smith CT #12	Mon 7/9/07	Fri 5/23/08								
52	Smith CFB Unit 1	Fri 6/1/07	Wed 3/10/10								
57	Spurlock #4	Wed 10/12/05	Wed 4/1/09								
64	Headquarters Sub & Sideview Cap Bank - COMPLETED	Mon 11/21/05	Fri 6/16/06								
65	TRANSMISSION PROJECTS	Tue 7/12/05	Tue 6/30/09								
66	Smith - North Clark (19 mile 345 kv)	Tue 7/12/05	Fri 6/1/07								
67	Board Approval	Tue 7/12/05	Tue 7/12/05								
68	Open House	Thu 11/10/05	Thu 11/10/05								

Print Date: Fri 6/30/06  
 Revision Date: 6/30/06

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BF - Backfeed from Substation  
 F - First Fire  
 C - Commercial Operation



# EKPC Generation & Transmission Coordinated Schedule

ACCEPTANCE  
Production CJ Sys Protection  
Lines TM Trans Planning DA  
Subs Gen Planning GD

ID	Task Name	Start	Finish	2005				2006				2007				2008				2009				2010							
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
69	Survey	Sun 10/30/05	Fri 12/9/05																												
70	Environmental	Mon 10/31/05	Fri 7/28/06																												
71	Design	Fri 12/9/05	Fri 5/12/06																												
72	Steel poles/materials	Fri 2/24/06	Mon 7/10/06																												
73	R/W Acquisition	Mon 12/5/05	Fri 8/18/06																												
74	File Condemnation	Fri 5/19/06	Fri 5/19/06																												
75	Construction (Avon - Spurlock 345kV Tie-in)	Mon 4/2/07	Fri 4/27/07																												
76	Construction	Mon 7/10/06	Fri 6/1/07																												
77	Avon - North Clark OP&W (FIBER)	Fri 1/19/07	Fri 11/2/07																												
80	Smith - West Garrard (35 mile 345 kv)	Tue 7/12/05	Tue 6/30/09																												
81	Board Approval	Tue 7/12/05	Tue 7/12/05																												
82	Environmental Open House	Tue 7/11/06	Tue 7/11/06																												
83	Open Houses Aug 8 & Aug 10	Tue 8/8/06	Thu 8/10/06																												
84	Survey	Mon 8/21/06	Sat 11/25/06																												
85	Design	Thu 11/30/06	Tue 6/12/07																												
86	PSC	Fri 8/11/06	Fri 2/16/07																												
87	R/W Acquisition	Thu 2/1/07	Tue 4/1/08																												
88	steel poles/materials	Mon 5/14/07	Sat 12/15/07																												
89	Environmental	Fri 7/28/06	Fri 8/17/07																												
90	Construction	Mon 10/1/07	Tue 6/30/09																												
91	Fiber Relocation at Smith	Fri 4/28/06	Mon 10/16/06																												
92	Smith CT - Smith CFB 345kV Ties	Thu 5/17/07	Mon 11/3/08																												
93	Smith CT 138kV Tie	Fri 6/2/06	Fri 6/1/07																												

Print Date: Fri 6/30/06  
Revision Date: 6/30/06

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BF - Backfeed from Substation  
F - First Fire  
C - Commercial Operation

EAST KENTUCKY POWER COOPERATIVE  
Comparative Operating Statement  
(Nearest \$1,000)

	12 Months Ended 05/31/06	12 Months Ended 05/31/05	% Increase Decrease (-)
<b>REVENUE</b>			
Member Coops-----	\$640,759	\$517,598	23.8
Power Transactions - Deliveries----	6,507	2,266	187.2
Other-----	24,395	31,142	-21.7
<b>TOTAL REVENUE-----</b>	<b>\$671,661</b>	<b>\$551,006</b>	<b>21.9</b>
<b>OPERATIONS &amp; MAINTENANCE</b>			
Production			
Fuel-----	\$281,804	\$196,821	43.2
O & M-----	96,045	100,928	-4.8
Transmission-----	22,335	26,358	-15.3
General Administration-----	69,985	37,071	88.8
Power Transactions - Receipts----	111,602	135,916	-17.9
Depreciation-----	54,650	43,288	26.2
Insurance-----	393	1,870	-79.0
Taxes-----	186	1	18500.0
<b>Total Oper. &amp; Maint.-----</b>	<b>637,000</b>	<b>542,253</b>	<b>17.5</b>
<b>Margin Before Interest-----</b>	<b>34,661</b>	<b>8,753</b>	<b>296.0</b>
Interest - Short Term Debt-----	290	521	-44.3
Interest - Long Term Debt-----	73,737	59,795	23.3
Interest Charged to Construction-	0	0	0.0
<b>Net Interest-----</b>	<b>74,027</b>	<b>60,316</b>	<b>22.7</b>
<b>NET MARGIN (DEFICIT)-----</b>	<b>(\$39,366)</b>	<b>(\$51,563)</b>	<b>-23.7</b>

**STATISTICAL SUMMARY**

TIER-----	0.47	0.14	238.6
Sales to Coops - MWH -----	12,416,255	11,737,819	5.8
% Increase of Prev Year-----	5.78	0.62	832.2
Basic Rate to Coops (Mills)-----	44.61	37.85	17.9
Fuel Rate to Coops (Mills)-----	6.99	6.25	-11.8
Net Rate to Coops (Mills)-----	51.60	44.10	17.0
Deliveries to Others - MWH -----	194,138	117,979	64.6
Production - MWH -----	11,238,138	9,298,766	20.9
Purchase Receipts - MWH -----	1,807,941	2,987,721	-39.5

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# EAST KENTUCKY POWER COOPERATIVE

## NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
<b>January</b>	8,898,355	30,491	8,898,355	30,491	5,432,227
<b>February</b>	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
<b>March</b>	(84,034)	2,986,610	12,306,899	10,892,074	12,090,862
<b>April</b>	(5,231,312)	(719,104)	7,075,587	10,172,970	6,915,169
<b>May</b>	(3,109,184)	606,557	3,966,403	10,779,527	(2,675,825)
<b>June</b>		(2,477,813)		8,301,714	(11,277,514)
<b>July</b>		(5,540,048)		2,761,666	(8,727,047)
<b>August</b>		5,090,954		7,852,620	(13,917,192)
<b>September</b>		2,853,151		10,705,771	(2,187,577)
<b>October</b>		(9,556,104)		1,149,667	(2,730,863)
<b>November</b>		1,405,668		2,555,335	1,642,650
<b>December</b>		2,422,275		4,977,610	(46,007,522)

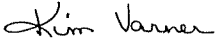
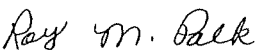
Public reporting burden for this collection of information is estimated to average 24 25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO 0572-0017, Expires 12/31/94.

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.	
USDA-REA	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette
<b>OPERATING REPORT - FINANCIAL</b>	BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	PERIOD ENDED May 31, 2006
	REA USE ONLY

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

	June 19, 2006
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
	June 19, 2006
SIGNATURE OF MANAGER	DATE

SECTION A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Electric Energy Revenues . . . . .	235,206,032	265,165,671	301,404,701	47,917,242
2. Income From Leased Property - Net . . . . .	0	0	0	0
3. Other Operating Revenue and Income . . . . .	5,582,677	5,271,552	5,507,520	1,203,234
4. Total Oper. Revenues & Patronage Capital (1 thru 3) . . . . .	240,788,709	270,437,223	306,912,221	49,120,476
5. Operation Expense - Production - Excluding Fuel . . . . .	23,268,570	23,714,600	28,901,292	4,736,732
6. Operation Expense - Production - Fuel . . . . .	91,760,379	110,129,708	116,461,717	21,465,724
7. Operation Expense - Other Power Supply . . . . .	47,140,158	42,428,743	51,206,506	7,160,931
8. Operation Expense - Transmission . . . . .	8,073,082	9,471,408	7,334,727	1,669,955
9. Operation Expense - Distribution . . . . .	333,065	331,591	850,436	100,134
10. Operation Expense - Consumer Accounts. . . . .	(444)	0	0	0
11. Operation Expense - Consumer Service & Inform . . . . .	1,356,693	1,487,186	1,872,837	413,425
12. Operation Expense - Sales . . . . .	60,404	57,039	19,233	10,452
13. Operation Expense - Administrative & General . . . . .	12,434,951	12,870,739	13,365,896	2,432,675
14. Total Operation Expense (5 thru 13) . . . . .	184,426,858	200,491,014	220,012,644	37,990,027
15. Maintenance Expense - Production . . . . .	15,462,396	14,171,675	20,726,986	4,132,789
16. Maintenance Expense - Transmission . . . . .	1,350,270	1,406,590	2,139,339	254,760
17. Maintenance Expense - Distribution. . . . .	499,753	351,364	443,667	67,991
18. Maintenance Expense - General Plant . . . . .	281,117	273,339	418,329	83,170
19. Total Maintenance Expense (15 thru 18) . . . . .	17,593,536	16,202,968	23,728,321	4,538,710
20. Depreciation & Amortization Expense . . . . .	20,292,330	22,906,416	23,745,272	4,602,897
21. Taxes . . . . .	2,362	(47,249)	800	0
22. Interest on Long-Term Debt . . . . .	27,445,124	31,611,204	32,512,132	6,834,194
23. Interest Charged to Construction - Credit . . . . .	0	0	0	0
24. Other Interest Expense . . . . .	98,232	114,567	82,513	26,941
25. Asset Retirement Obligations . . . . .	0	0	0	0
26. Other Deductions . . . . .	667,257	89,744	515,197	(521,744)
27. Total Cost of Electric Service (14 + 19 thru 25) . . . . .	250,525,699	271,368,664	300,596,879	53,471,025
28. Operating Margins (4 - 26) . . . . .	(9,736,990)	(931,441)	6,315,342	(4,350,549)
29. Interest Income. . . . .	1,955,093	2,294,330	1,248,996	633,020
30. Allowance for Funds Used During Construction . . . . .	4,991,112	2,555,573	3,283,536	618,274
31. Income (Loss) from Equity Investments. . . . .	0	0	0	0
32. Other Nonoperating Income - Net . . . . .	103,751	39,796	(76,847)	(15,542)
33. Generation & Transmission Capital Credits . . . . .	0	0	0	0
34. Other Capital Credits & Patronage Dividends . . . . .	11,209	8,145	8,500	5,614
35. Extraordinary Items . . . . .	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34) . . . . .	(2,675,825)	3,966,403	10,779,527	(3,109,184)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold . . . . .	52.95	0.00		
38. Total Operation & Maintenance Expense Per kWh Sold . . . . .	42.49	0.00		
39. Total Cost of Electric Service Per kWh Sold . . . . .	53.21	0.00		
40. Purchased Power Cost Per kWh . . . . .	49.39	0.00		

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USDA - REA  <b>OPERATING REPORT - FINANCIAL</b>	<b>BORROWER DESIGNATION</b>	
	Kentucky 59 & 63 GT Fayette	
	<b>PERIOD ENDED</b>	<b>REA USE ONLY</b>
	May 31, 2006	

**SECTION B. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service . . . . .	2,047,655,665	32. Memberships . . . . .	1,600
2. Construction Work in Progress . . . . .	218,630,216	33. Patronage Capital	
3. Total Utility Plant (1 + 2) . . . . .	2,266,285,881	a. Assigned and Assignable . . . . .	165,660,310
4. Accum. Provision for Depreciation & Amort. . . . .	793,874,201	b. Retired This Year . . . . .	0
5. Net Utility Plant (3 - 4) . . . . .	1,472,411,680	c. Retired Prior Years . . . . .	0
6. Non-Utility Property - Net . . . . .	820	d. Net Patronage Capital . . . . .	165,660,310
7. Investments in Subsidiary Companies . . . . .	0	34. Operating Margins - Prior Years . . . . .	(104,377,194)
8. Invest. in Assoc. Org. - Patronage Capital . . . . .	947,057	35. Operating Margins - Current Year . . . . .	(923,296)
9. Invest. In Assoc. Org. - Other - General Funds . . . . .	14,387,871	36. Non-Operating Margins . . . . .	35,991,855
10. Invest. In Assoc. Org. - Other - Non-General Funds . . . . .	0	37. Other Margins and Equities . . . . .	3,425,394
11. Investments in Economic Development Projects . . . . .	0	38. Total Margins & Equities (32, 33d thru 37) . . . . .	99,778,669
12. Other Investments . . . . .	37,013,260	39. Long-Term Debt - REA (Net) . . . . .	498,174
13. Special Funds . . . . .	23,483,283	(Payments-Unapplied\$ . . . . .)	
14. Total Other Property & Investments (6 thru 13) . . . . .	75,832,291	40. Long-Term Debt-Other-Econ. Devel. (net) . . . . .	0
15. Cash - General Funds . . . . .	234,678	41. Long-Term Debt-FFB-REA Guaranteed . . . . .	1,149,061,422
16. Cash - Construction Funds - Trustee . . . . .	500	42. Long-Term Debt-Other-REA Guaranteed . . . . .	0
17. Special Deposits . . . . .	425	43. Long-Term Debt-Other (Net) . . . . .	367,388,109
18. Temporary Investments . . . . .	42,410,625	44. Total Long-Term Debt (39 thru 43) . . . . .	1,516,947,705
19. Notes Receivable (Net) . . . . .	0	45. Obligations Under Capital Leases - Noncurrent . . . . .	0
20. Accounts Receivable - Sales of Energy (Net) . . . . .	50,827,573	46. Accumulated Operating Provisions . . . . .	99,170,523
21. Accounts Receivable - Other (Net) . . . . .	1,184,241	47. Total Other Noncurrent Liabilities (45 + 46) . . . . .	99,170,523
22. Fuel Stock . . . . .	91,706,208	48. Notes Payable . . . . .	0
23. Materials and Supplies - Other . . . . .	33,137,914	49. Accounts Payable . . . . .	35,312,058
24. Prepayments . . . . .	1,802,697	50. Taxes Accrued . . . . .	2,305,902
25. Other Current and Accrued Assets . . . . .	338,623	51. Interest Accrued . . . . .	12,125,397
26. Total Current and Accrued Assets (15 thru 25) . . . . .	221,643,484	52. Other Current & Accrued Liabilities . . . . .	4,392,779
27. Unamortized Debt Disc. & Extraord. Prop. Losses . . . . .	4,832,688	53. Total Current & Accrued Liabilities (48 thru 52) . . . . .	54,136,136
28. Regulatory Assets . . . . .	0	54. Deferred Credits . . . . .	4,688,155
29. Other Deferred Debits . . . . .	1,045	55. Accumulated Deferred Income Taxes . . . . .	0
30. Accumulated Deferred Income Taxes . . . . .	0	56. Total Liabilities and Other Credits . . . . .	
31. Total Assets & Other Debits (5+14+26 thru 30) . . . . .	1,774,721,188	(38+44+47+53 thru 55) . . . . .	1,774,721,188

**SECTION C. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.  
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$502,109.78 in May 2006, and \$2,434,045.87 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

May 2006 Demand/MMBTU 310.000  
Year-to-date

Energy/MMBTU 190,534.300  
Energy/MMBTU 1,022,952.600

\*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

000046

**PRODUCTION PERFORMANCE REPORT**  
**APRIL 2006**

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
<b>Net Generation -- MWH</b>	71,012	369,086	178,869	699,982	505,298	2,524,747	553	16,740	755,732	3,610,555
<b>Weighted Equip. Availability Factor</b>	66.95	87.95	95.52	94.99	70.59	87.80	84.11	96.03	77.22	90.78
<b>Load Factor --% Coal-Fired Only Including CT's</b>	55.61	68.99	77.75	72.29	86.87	81.58	0.59	1.09	80.31 68.03	78.16 57.68
<b>Running Capacity Factor --% Coal-Fired Only Including CT's</b>	76.70	75.49	86.43	84.75	85.41	87.36	59.47	65.28	84.89 84.84	85.56 85.43
<b>Total Power Cost (Busbar) \$/MWH</b>	47.951	44.486	33.518	34.308	45.244	37.856	4,941.541	731.297	46.306	41.061
<b>Safety -OSHA Lost Time Incident Rate</b>	1.57	3.27	0	0	0	0	0	0	.30	.63
<b>Environmental Emissions</b>										
SO2--Tons	748.2	3,063.0	1,750.3	7,225.8	3,069.90	13,404.50	0.000	0.150	5,568.400	23,693.400
NOx--lbs./MMBtu	0.58	0.46	0.45	976.35	0.35	0.31	0.073	0.052	0.398	0.355

**Net Generation (MWH):** Is the amount of energy produced and delivered to the transmission system.

**Load Factor (%):** Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

**Running Capacity Factor (%):** Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

**Weighted Equip. Availability Factor (%):** Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

**OSHA Lost-Time Accident Rate:** Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

**Total Power Cost (Busbar) (\$/MWH):** Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

**Environmental Emissions:** Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

**000047**

EAST KENTUCKY POWER COOPERATIVE  
 TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar	\$8,305	\$73,748	4.355 - 4.759	1 - 19	\$353,936
Apr	\$28,393	\$91,428	4.562 - 4.759	1 - 12	\$582,155
May	\$42,387	\$76,453	4.625 - 5.005	1 - 16	\$836,769
Jun	\$16,245	\$100,645	4.810 - 5.079	1 - 15.	\$1,037,347
Jul					
Aug					
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 22,394,868 (book value) with average maturities of 0.8 years at interest rates averaging 5.33 %, and accrued interest earnings year-to-date of \$ 258,295.



**AUGUST 2006**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( June 2006 Commitments)**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Through	06/30/2006						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007			265,760	265,971	-211	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008			704,842	363,471	341,371	0.000	12300	2.3990
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009			480,000	56,623	423,377	0.000	12000	2.4060
B & W RESOURCES INC	0000151081	03/10/2004	02/28/2007			240,000	161,184	78,816	0.000	12000	2.0630
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008			142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008			112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000001**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( June 2006 Commitments)**  
**Cooper**

Supplier	Contract/P.O.	Through 06/30/2006		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
		Delivery Begins	Delivery Ends						
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	353,070	442,471	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	219,000	261,000	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	50,772	189,228	0.000	11000	2.1140
INTERNATIONAL COAL GROUP LLC	0000251219	04/24/2006	09/15/2006	20,000	15,524	4,476	0.000	11000	2.0910
TRINITY COAL MARKETING LLC	0000251220	05/01/2006	07/31/2006	30,000	20,614	9,386	0.000	12000	1.7920 A
JAMIESON CONSTRUCTION CO	0000251221	05/01/2006	07/29/2006	45,000	29,615	15,385	0.000	12000	2.3230
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000002**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( June 2006 Commitments)**  
**Spurlock#1**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	471,631	528,369	1.820	11500	2.0100
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2009	686,845	135,121	551,724	1.820	11800	2.2440
KEYSTONE INDUSTRIES LLC	0000003422	01/01/2002	06/30/2007	1,625	1,625	0	4.022	12000	1.8560
KIVA SYN-FUEL SALES LLC	0000351217	04/01/2006	06/15/2006	40,000	39,717	283	1.820	11500	2.0360 A
KOCH CARBON LLC	0000351222	05/01/2006	12/31/2007	400,000	36,310	363,690	1.820	11250	2.5140
PROGRESS FUELS CORPORATION	000351204A	01/11/2006	12/31/2006	1,595	14,649	-13,054	4.022	12000	2.7240
COALTRADE, LLC	000351205A	01/11/2006	12/31/2006	1,582	3,125	-1,543	4.022	12400	2.7530
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.022	11800	2.2340

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000003**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( June 2006 Commitments)**  
**Spurlock#2**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU	Through 06/30/2006	
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2009	1,523,950	598,405	925,545	1.820	12000	1.5870		
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2009	656,404	355,316	301,088	4.022	12000	1.8560		
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	783,807	756,193	1.820	11350	2.3480		
MC MINING , LLC	0000000428	01/01/2005	12/31/2007	544,800	184,534	360,266	8.800	12500	2.5520		
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	96,340	383,660	4.022	12000	2.5450		
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	354,614	-16,053	4.022	12000	1.5990		
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	238,405	96,873	141,532	4.022	12000	2.7240		
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	128,618	58,466	70,152	4.022	12400	2.7530		
COALSLES LLC	0000451229	05/15/2006	06/09/2006	9,000	9,693	-693	5.285	10800	2.6760		<b>Completed</b>
TRINITY COAL MARKETING LLC	0000451230	06/12/2006	06/19/2006	1,600	1,611	-11	1.820	11730	2.2520		<b>A Completed</b>
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500		

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000004**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( June 2006 Commitments)**  
**Gilbert**

Through 06/30/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	219,795	2,180,205	3.640	11400	1.2675 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	154,279	445,721	2.980	11200	1.2911 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	08/15/2006	135,000	129,424	5,576	2.349	10500	1.2905 A

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000005**

2006  
EAST KENTUCKY POWER COOPERATIVE  
COAL RECEIPTS, USAGE, STOCKPILE  
TONNAGE (1000)

DALE STATION

	Received			Used			Stockpile		
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons
Jan.	39	12247	2.305	56.46	50	62			
Feb.	48	12211	2.518	61.49	47	63			
Mar.	38	12474	2.410	60.14	43	58			
Apr.	33	12500	2.398	59.96	33	59			
May	38	12560	2.390	60.03	31	66			
June	36	12442	2.343	58.29	39	63			
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
<b>Total</b>	<b>232</b>	<b>12394</b>	<b>2.399</b>	<b>59.47</b>	<b>243</b>				

COOPER STATION

	Received			Used			Stockpile		
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons
Jan.	80	11926	2.327	55.51	85	135			
Feb.	54	11856	2.289	54.28	75	115			
Mar.	81	12320	2.337	57.58	66	130			
Apr.	68	12051	2.293	55.27	73	125			
May	73	12081	2.232	53.93	62	137			
June	68	12296	2.220	54.60	66	138			
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
<b>Total</b>	<b>424</b>	<b>12098</b>	<b>2.285</b>	<b>55.29</b>	<b>425</b>				

GILBERT STATION

	Received			Used			Stockpile		
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons
Jan.	55	11197	1.378	30.85	45	235			
Feb.	59	10974	1.254	27.52	76	218			
Mar.	68	10776	1.267	27.31	81	206			
Apr.	30	11096	1.283	28.46	0	235			
May	41	10890	1.280	27.88	0	277			
June	40	11148	1.280	28.55	0	256			
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
<b>Total</b>	<b>293</b>	<b>10994</b>	<b>1.290</b>	<b>28.38</b>	<b>202</b>				

SPURLOCK - Above .7% Sulphur

	Received			Used			Stockpile		
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons
Jan.	44	11388	2.237	50.96	88	103			
Feb.	87	11628	2.333	54.25	82	109			
Mar.	102	11678	2.318	54.15	89	121			
Apr.	88	11653	2.313	53.92	87	122			
May	93	11709	2.248	52.65	88	128			
June	90	11646	2.229	51.92	78	140			
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
<b>Total</b>	<b>504</b>	<b>11640</b>	<b>2.284</b>	<b>53.17</b>	<b>512</b>	<b>0</b>			

SPURLOCK - Below .7% Sulphur

	Received			Used			Stockpile		
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons
Jan.	175	12207	2.643	64.53	0	152	139		
Feb.	184	12283	2.702	66.38	0	128	196		
Mar.	151	12172	2.651	64.52	0	117	230		
Apr.	141	12017	2.584	62.10	0	127	244		
May	112	12054	2.522	60.79	0	149	206		
June	126	11834	2.345	55.50	0	138	195		
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
<b>Total</b>	<b>889</b>	<b>12115</b>	<b>2.590</b>	<b>62.17</b>	<b>0</b>	<b>811</b>			

TOTAL SYSTEM

	Received			Used			Stockpile		
	Tons	BTU	MMBTU	Cost/TON	Tons	BTU	MMBTU	Cost/TON	Tons
Jan.	55.66	2.323	393	418	674	53			
Feb.	56.57	2.358	432	408	701	56			
Mar.	54.71	2.281	440	396	745	59			
Apr.	55.81	2.337	360	370	785	42			
May	53.41	2.235	357	330	814	43			
June	51.72	2.174	360	321	792	42			
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
<b>Total</b>	<b>54.72</b>	<b>2.287</b>	<b>2342</b>	<b>1991</b>					

000006

**Run-of-Mine Cost Analysis - Monthly**  
**ACTIVITY FOR THE MONTH OF: June 2006**  
(thru 06/30/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Servtax	S/Ton	\$M/BTU	BTU	Ash	Sulfur
IKERD TERMINAL COMPANY LLC	0000751225	1,932.36	25.44	0.00	0.000	0.00	25.44	1.153	11,045	13.57	1.96
Weighted Average - Cooper		<u>1,932.36</u>	<u>25.44</u>				<u>25.44</u>	<u>1.153</u>	<u>11,045</u>	<u>13.57</u>	<u>1.96</u>
INTERNATIONAL COAL GROUP LLC	0000951224	2,025.36	48.00	0.00	0.000	0.00	48.00	2.096	11,457	16.66	0.85
Weighted Average - Dale		<u>2,025.36</u>	<u>48.00</u>				<u>48.00</u>	<u>2.096</u>	<u>11,457</u>	<u>16.66</u>	<u>0.85</u>

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of June 2006 was \$2.50/MMBtu or \$55.24/ton, based on 11,045 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$3.20/MMBtu or \$76.80/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Dale Station during the month of June 2006 was \$2.903/MMBtu or \$66.51/ton, based on 11,457 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Dale Station during the same month, which was \$3.161/MMBtu or \$75.87/ton, based on 12,000 Btu/lb.

000007



# Summary of Capital Funds and Construction Budget

Data as of 6/30/06

	Actual Expenditures		2006 Budgeted Expenditures
	Apr~Jun	2006 YTD	
<b>Additions to Plant by Work Order:</b>			
Finance/Planning	0	0	0
Legal	16,611	25,647	6,500
Human Resources/Support Services	64,262	90,317	7,222,300
Member Services	176,202	483,199	12,198,000
Power Delivery	10,984,710	17,505,912	36,659,884
Production	40,248,042	66,160,849	525,672,342
<b>Total</b>	<b>51,489,826</b>	<b>84,265,923</b>	<b>581,759,026</b>
<b>Capital Equipment/Vehicle Purchases:</b>			
Executive	0	0	0
Legal	0	0	25,000
Finance & Planning	0	0	0
Governmental Affairs	0	0	0
Human Resources/Support Services	0	82,446	148,500
Member Services	0	0	66,000
Power Delivery	87,536	223,095	1,848,444
Production	3,111,925	3,466,570	7,703,049
<b>Total</b>	<b>3,199,460</b>	<b>3,772,110</b>	<b>9,790,993</b>

000008

**STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF FUNDED MEDICAL PLAN  
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY  
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

(1) 2006	(2) No. of Employees	(3) Monthly (a) Contributions	(4) Y.T.D. (a) Contributions	(5) Contributions, Administration and Excess Risk Insurance Cost		(6) Monthly	(7) Y.T.D.	(8) Monthly	(9) Y.T.D.	(10) Benefits vs. Cost Y.T.D. Contributions Minus Benefits (Margins)
				(4) Monthly (b) Admin. Fees Cost	(5) Y.T.D. (b) Admin. Fees Cost					
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	267,939
Feb.	2,028	1,347,855	2,697,998	139,411	279,008	1,487,266	2,977,005	1,604,650	2,686,854	11,144
Mar.	2,030	1,344,185	4,042,183	139,473	418,481	1,483,658	4,460,664	2,210,259	4,897,113	(854,930)
Apr.	2,037	1,348,212	5,390,395	140,158	558,639	1,488,371	5,949,034	1,477,476	6,374,589	(984,193)
May	2,044	1,350,137	6,740,532	140,351	698,990	1,490,487	7,439,522	1,680,504	8,055,093	(1,314,561)
June	2,047	1,354,842	8,095,373	140,489	839,479	1,495,331	8,934,853	1,432,988	9,488,081	(1,392,707)

Data Per Month Per Employee	
Contribution	Claims
Rate	Paid
\$ 663.07	\$ 777.14
\$ 68.76	\$ 68.76
\$ 731.83	\$ 845.90

- (a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.
- (b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.
- (c) Includes excess risk reimbursements: \$30,760.29 for Owen, \$69,483.23 for Salt River, \$24,154.44 for EKPC.

000009

STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF-FUNDED DENTAL PLAN  
EAST KENTUCKY POWER COOPERATIVE

2006	(1) No. Emp.	Monthly Employer Contributions			(5) Surplus (Deficit)	(6) No. Emp.	Monthly Employee Contributions			(9) Surplus (Deficit)	(10) Amount of Contr.	Total Monthly		(14) Surplus (Deficit)
		(2) Amount of Contr. (a)	(3) Claims Paid	(4) Admin. Fee			(7) Amount of Contr. (b)	(8) Claims Paid	(11) Claims Paid			(12) Admin. Fee	(13) Surplus (Deficit)	
Jan.	664	15,936	11,249	1,328	3,359	448	15,301	15,579	(278)	31,237	26,828	1,328	3,081	
Feb.	664	15,936	21,740	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(4,638)	
Mar.	663	15,912	16,848	1,326	(2,262)	450	15,334	17,320	(1,986)	31,246	34,169	1,326	(8,887)	
Apr.	662	15,888	12,272	1,324	2,292	450	15,290	21,476	(6,185)	31,178	33,748	1,324	(12,781)	
May	666	15,984	15,476	1,332	(824)	454	15,323	15,347	(24)	31,307	30,823	1,332	(13,629)	
June	663	15,912	17,741	1,326	(3,155)	451	15,202	17,445	(2,243)	31,114	35,187	1,326	(19,028)	
<b>Total</b>	<b>3,982</b>	<b>95,568</b>	<b>95,326</b>	<b>7,964</b>	<b>(7,722)</b>	<b>2,704</b>	<b>91,762</b>	<b>103,068</b>	<b>(11,306)</b>	<b>187,330</b>	<b>198,395</b>	<b>7,964</b>		

Employer		Employee	
Contr. Rate	\$22.00	Claims Paid	\$23.94
Admin. fee	2.00	Admin. fee	2.00
	\$24.00		\$25.94
		Claims Paid	\$38.12

(a) Includes Administration Fee of \$2.00 per employee.  
 (b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00  
 Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

000010

**EAST KENTUCKY POWER COOPERATIVE**  
Schedule of Bond Fund Investments

<i>Pollution Bond Fund</i>	<i>Face Amount</i>	<i>Date Invested</i>	<i>Maturity Date</i>	<i>Rate-%</i>	<i>Type</i>	<i>Year-to-Date Earnings June, 2006</i>
<b>COOPER</b>	\$1,050,000.00	11-25-03	08-01-22	4.500	Nevada Water Poll Bond	\$23,625.00
	23,625.00	02-01-06	08-15-06	4.825	CFC Note	468.44
					Current Investments	\$24,093.44
					YTD Matured Investments	115.04
					<b>Totals</b>	<b>\$24,208.48</b>
<b>SPURLOCK</b>	\$13,435,000.00	02-09-06	08-10-06	4.594	U.S. Treasury Bill	\$228,725.28
					CFC Prom. Note	
					Cash on Hand	
					Current Investments	\$228,725.28
					YTD Matured Investments	60,325.54
				<b>Totals</b>	<b>\$289,050.82</b>	
<b>SMITH</b>	\$5,670,000.00	02-09-06	08-10-06	4.594	U.S. Treasury Bill	\$96,529.37
					Cash on Hand	
					Current Investments	\$96,529.37
					YTD Matured Investments	25,460.67
					<b>Totals</b>	<b>\$121,990.04</b>

**SCHEDULE OF DEBT BY TERM  
6/30/2006**

	<u>Long-Term</u>		
	<u>Amount</u>	<u>Rate Range %</u>	<u>Composite Rate-%</u>
RUS - EKPC	\$48,357,221	2.00 - 5.125	4.96
P-12 CFC	5,140,814	3.68	3.68 [a]
R-12 CFC	5,760,240	3.68	3.68 [a]
T-62 CFC	4,555,470	3.68	3.68 [a]
CFC Sr Credit Facility	305,000,000	5.474 - 6.355	6.03
<b>FFB</b>			
L-8	96,315,004	5.452 - 10.657	7.21
M-9	30,560,717	5.177 - 7.991	6.40
N-8	74,310,597	5.913 - 7.991	7.02
P-12	1,367,064	7.413 - 10.590	8.78
R-12	14,838,111	6.297 - 6.301	6.30
S-8	88,717,873	5.451 - 6.306	6.20
T-62	13,922,532	4.557 - 5.644	5.24
U-8	5,810,217	6.067	6.07
V-8	50,227,689	4.709 - 5.729	5.29
W-8	81,342,220	4.485 - 5.678	5.07
X-8	85,506,427	4.366 - 5.020	4.61
Y-8	202,846,359	4.460 - 5.149	4.96
Z-8	381,413,433	4.324 - 5.345	4.71
AA-8	12,937,582	4.353	4.35
<b>Private Placement Bonds</b>			
Inland	9,600,000	7.70	7.70
<b>Pollution Bonds</b>			
Cooper	9,100,000	3.42	3.42 [a]
Smith	21,145,000	3.68	3.68 [a]
Spurlock	88,600,000	3.380 - 4.100	3.76 [a]
<b>Charleston Bottoms</b>			
RUS	3,666,648	2.00	2.00
CFC	5,653,936	3.68	3.68 [a]
<b>TOTAL</b>	<b>\$1,646,695,154 (b)</b>		<b>5.34</b>

**IMBEDDED COST OF DEBT**

<b><u>MONTHLY - 2006</u></b>					
<u>Month</u>	<u>Debt</u>		<u>Composite Interest Rate - %</u>	<u>YEAR-END</u>	
	<u>Outstanding</u>				
Jan	\$1,411,738,767		5.17	2005	5.14
Feb	\$1,460,341,826		5.19	2004	5.04
Mar	\$1,457,273,639		5.20	2003	4.95
Apr	\$1,507,153,679		5.22	2002	5.16
May	\$1,555,818,870		5.26	2001	5.31
June	\$1,646,695,154		5.34	2000	5.94
July				1999	5.86
Aug				1998	5.68
Sept				1997	5.85
Oct				1996	5.83
Nov				1995	6.15
Dec				1994	6.51

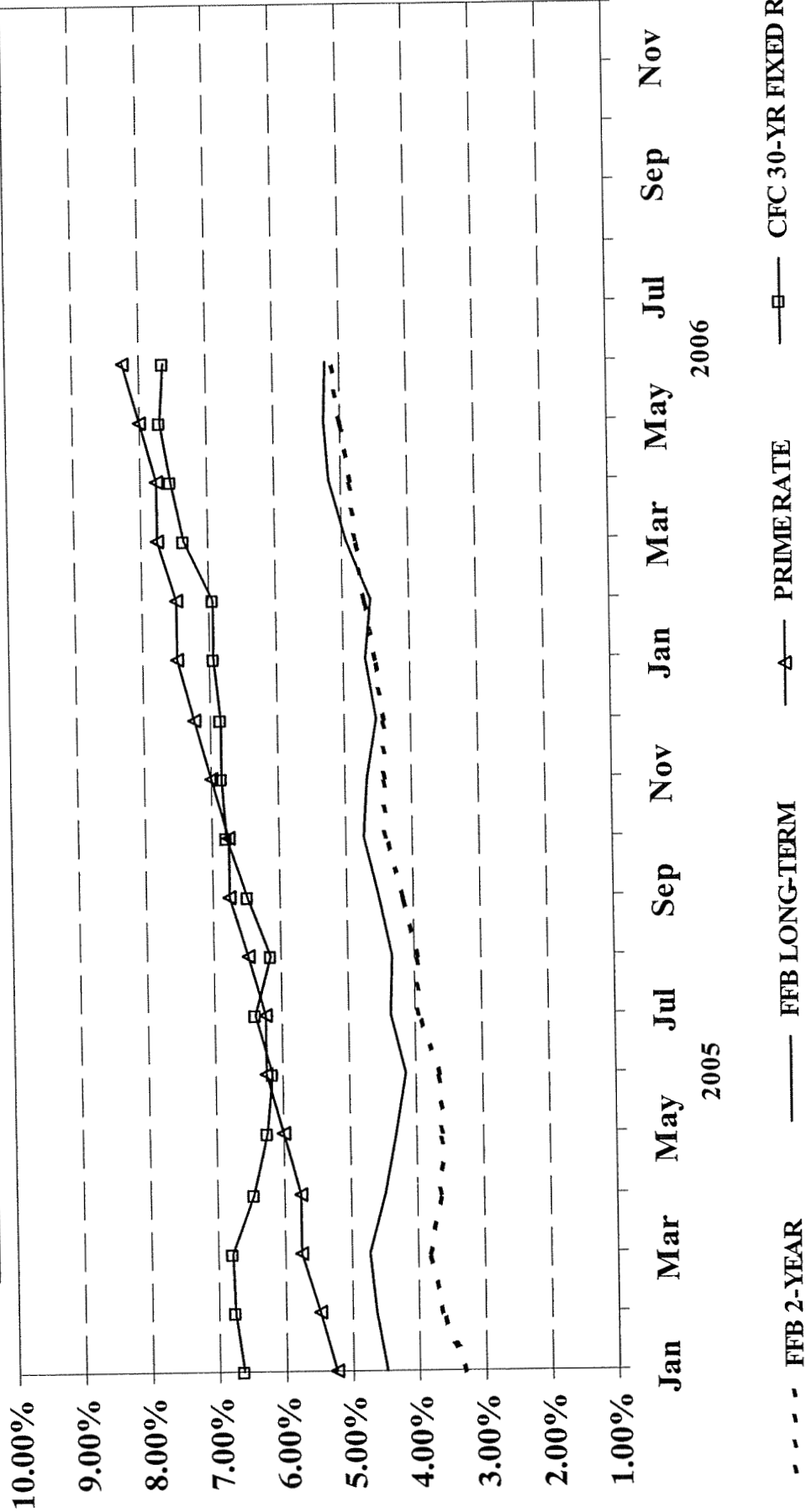
[a] Long-Term Debt; Short-Term Rates  
[b] Does not include Sick Leave Reserve

**EAST KENTUCKY POWER COOPERATIVE**  
**SUMMARY OF STATUS OF ACTIVE LONG-TERM LOANS**

June 30, 2006

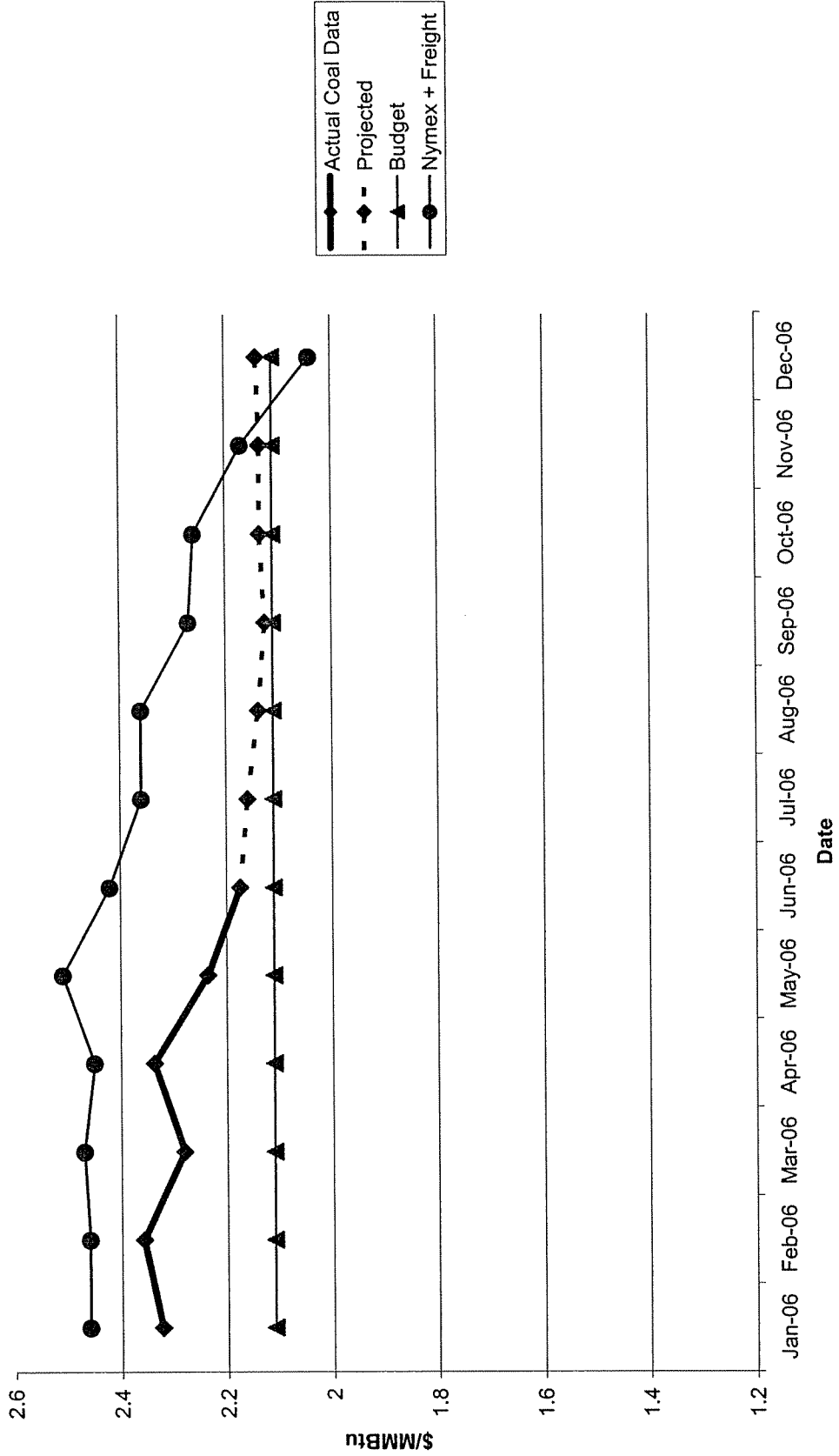
	<u>TOTAL LOAN</u>	<u>Contracts Awarded and Commitments As Approved by RUS</u>	<u>Construction Fund Expenditures</u>
<b><u>FFB</u></b>			
W8 Transmission	85,600,000	85,600,000	85,600,000
X8 Combustion Turbine 4 & 5	92,300,000	92,300,000	92,300,000
Y8 Spur SCRs	223,500,000	208,309,328	208,300,000
Z8 Gilbert - Gen & Trans	433,863,000	389,859,113	384,000,000
AA8 Landfill Gas to Energy	27,645,000	13,204,135	13,192,000
<b>Total Active Long-Term Loans Approved</b>	<b><u><u>\$862,908,000</u></u></b>	<b><u><u>\$789,272,576</u></u></b>	<b><u><u>\$783,392,000</u></u></b>

# KEY INTEREST RATES AFFECTING EKPC



0000014

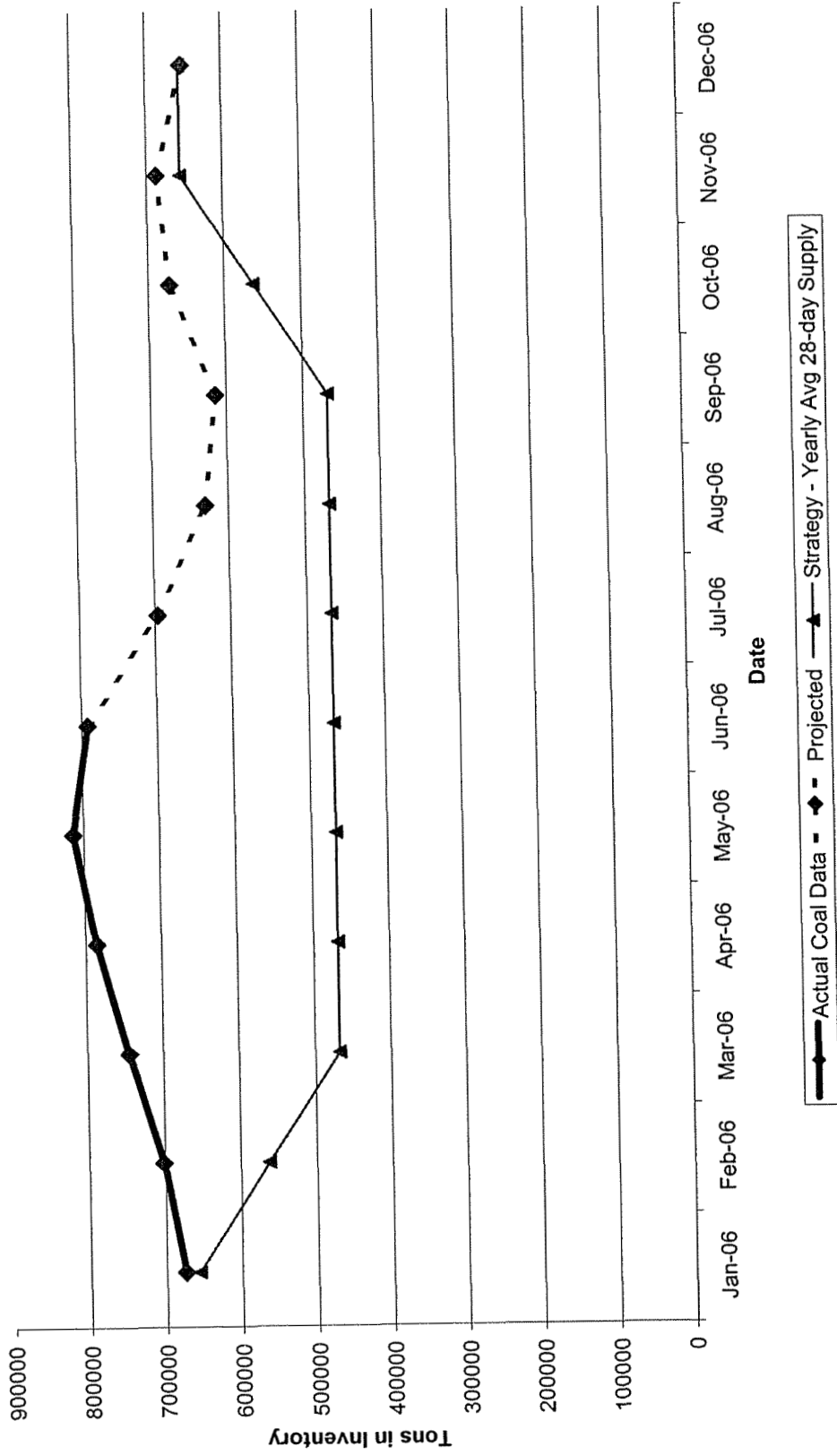
# Actual and projected Coal Cost - System



000015



### Actual and projected Coal Inventory - System (Based on Maximum Daily Burn)



000016

**TO:** Roy Palk  
**FROM:** Randy Dials (Original Initialed)  
**DATE:** July 10, 2006  
**SUBJECT:** Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of June 2006 as shown below:

<b>Date</b>	<b>Quantity (MMBtu)</b>	<b>Price \$/MMBtu</b>
06/01/06	23,884	\$7.0000
06/02/06	6,247	\$7.1165
06/03/06	190	\$7.1165
06/04/06	6,474	\$7.1165
06/09/06	20,170	\$6.7670
06/10/06	19,125	\$6.7184
06/11/06	12,479	\$6.6796
06/20/06	23,207	\$7.2136
06/21/06	37,217	\$7.3010
06/22/06	66,846	\$7.1068
06/23/06	21,111	\$6.7087
06/26/06	770	\$6.6019
06/28/06	5,936	\$6.7670
06/29/06	7,333	\$6.8350
06/30/06	<u>6,803</u>	<u>\$6.5243</u>
	257,792	\$6.9939

gv

**Approved by:** Original Approved

**Date:** Original Dated July 11, 2006

**000017**

**RUN-OF-MINE COAL PURCHASE REPORT  
FOR PERIOD JUNE 24, 2006 TO JULY 26, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Cooper Station</u> Lewis Coal Sales Hazard, KY	51228	Cooper Station Burnside, KY	5,000	Cooper Station	\$57.00	12,000
<u>Dale Station</u> ICG, LLC Ashland, KY	51224	Dale Station Winchester, KY	2,500	Dale Station	\$48.00	11,000

gv

**000018**

**TO:** Roy Palk

**FROM:** Randy Dials (Original Initialed)

**DATE:** July 11, 2006

**SUBJECT:** Spot Rail Transportation Agreement, Spurlock Power Station Unit No. 2

**KEY MEASURE(S):** This Supports Reliable and Competitive Energy Costs

## **Background**

East Kentucky Power Cooperative, Inc.'s ("EKPC") fuel process has negotiated two spot coal rail purchases for Spurlock Power Station Unit No. 2 for the last quarter of 2006. One of these purchases is from SSM Coal Americas, LLC, ("SSM") for six, 100-car trains and can be loaded in the Kanawha or Big Sandy freight districts. The other purchase is from Coaltrade, LLC, ("Coaltrade") for three, 100-car trains that will be loaded in the Kanawha freight district.

An agreement (CSXT-Core-949) has been reached between management and CSX Transportation, Inc., ("CSX") for shipment of this coal to Charleston Bottoms, Kentucky, at a rate of \$7.41/ton subject to monthly fuel surcharges and a quarterly escalation beginning October 1, 2006, by 100 percent of the quarterly change in the Association of American Railroads' All Inclusive Index, Less Fuel—Table AD ("All-LF").

## **Justification and Strategic Analysis**

This rail transportation purchase order is necessary for delivery of the coal purchased from SSM and Coaltrade that was approved on June 7, 2006, and July 11, 2006, respectively. This transportation agreement will enable EKPC to generate power at the lowest possible cost for its Member Systems. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

## **Recommendation**

Your approval is requested to enter into purchase order number CSXT-Core-949 with CSX at a transportation rate of \$7.41 per ton plus escalations from the Kanawha and Big Sandy Rivers to Spurlock Power Station Unit No. 2.

**Approved by:** Original Approved

**Date:** Original Dated July 12, 2006

eh/gv

**000019**

**CONSTRUCTION IN PROGRESS**

July, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru June, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Distribution Substations &amp; Taps</b>				
<b>Blue Grass Energy Cooperative</b>				
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	607	Construction of this station is approximately 89% complete.	8/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	496	RW clearing activities are approximately 95% complete. Construction activities have started. Right of entry problems have delayed this project.	8/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	95	This site has been obtained. The environmental clearance of this site was submitted to RUS on 7/7/06.	11/15/2006
West Nicholasville #2 Distr. Sub. 69-12.5 kV 15/20/25 MVA	(883)P	0	No action	5/1/2007
<b>Cumberland Valley Electric</b>				
Alex Creek 5.6/6.44 MVA Distribution Station	570(P)	24	An option has been signed for this site. Survey activities have started.	12/1/2007

**000020**

**CONSTRUCTION IN PROGRESS**

July, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru June, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Cumberland Valley Electric</b> Girdler 11.2/14 MVA 69-13.2 kV Distr. Station	570(P)	3	Siting activities have started.	5/1/2007
Girdler Tap 69 kV 3.5 miles	747(P)	1	Engineering personnel are reviewing line routes.	5/1/2007
Liberty Church 11.2/14 MVA 69-13.2 Distr. Sta.	583(P)	1	Siting activities have started.	5/1/2007
Liberty Church Tap 69 kV 1.8 miles	343(P)	2	Engineering personnel are reviewing line routes.	5/1/2007
<b>Farmers RECC</b> Edmonton Industrial Park Sub	0	0	Survey and design activities are complete.	Project on Hold
Edmonton Industrial Park Tap	0	0	RW Clearing activities are 90 % complete and the Construction Contractor is ready to begin construction when the project is released.	Project on Hold
<b>Fleming-Mason Energy Cooperative</b> Snow Hill 1.2/14 MVA 69-25 kV Distr. Sta.	558(P)	115	Site acquisition and survey activities are complete. Design activities are approximately 50% complete. The ER was submitted to RUS on May 4, 2006 and approved on June 12, 2006.	6/1/2007

**000021**

**CONSTRUCTION IN PROGRESS**

July, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru June, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>JACKSON ENERGY COOP.</b>				
Big Creek Substation 69-12.5 kV 11.2 MVA	452(P)	209	Survey of this site is complete. Design of this project is approximately 70%. Awaiting procurement of the Forestry Permit before proceeding.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,061	Survey and design activities are approximately 93% complete. The Forestry Permit is still pending. RW Agents expect to have two or three condemnations on this line.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	246	A site for this project has been obtained. Survey is approximately 89% complete and design is 50% complete.	3/7/2007
Keavy #2 Distr. Sta. 11.2/14 mVA, 69-12.5 kV	456(P)	374	Construction of this station is complete.	6/30/2006
Laurel Co. Ind. Park #2 11.2/14 mVA 69-12.5 kV	456(P)	429	Construction of this station is complete. There has been no load put on this station to date.	5/1/2006
<b>OWEN ELECTRIC COOPERATIVE</b>				
Downing #2 Substation Addition 69-12.5 kV 11.2/14 MVA	456	299	Construction activities are complete. This station was energized on July 21, 2006.	5/1/2006
Burlington 11.2/14 mVA 69-12.5 kV Distribution Station	883(P)	1	Site activities have started.	5/1/2007

**000022**

**CONSTRUCTION IN PROGRESS**

July, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru June, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Safe River RECC</b>				
Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	356	Construction activities are approximately 50% complete.	11/30/2006
Cedar Grove Ind. Park Sub 161-12.5 kV 12/16/20 mVA Distribution Station	971(P)	734	Construction activities are approximately 50% complete.	12/15/2006
Deatsville 11.2/14 mVA 69-12.5 kV Distribution Station	570(P)	0	Site activities have started.	5/1/2007
<b>South Kentucky RECC</b>				
Gap of the Ridge Distribution Station 11.2/14 MVA 69-25kV	558(P)	169	This site has been purchased. Survey and design activities are complete.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	88	The survey of this line is complete. RW acquisition are approximately 52% complete. Design activities are complete.	12/1/2006
Woodstock 11.2/14 mVA Distr. Substation	570(P)	0	No action	12/1/2007

**000023**



**CONSTRUCTION IN PROGRESS**

July, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru June, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Taylor County RECC</b> Campbellsville #2 69-12.5 kV 11.2/14 MVA Distr. Station	456(P)	0	No action	5/1/2007
Garlin 11.2/14 mVA, 69-12.5 kV Distribution Station	570(P)	1	Site activities have started.	5/1/2007
<b>Transmission Facilities</b>				
Bullitt Co. 69 kV Breaker Add. (2Brkrs.)	166(P)	332	Construction activities are approximately 35 % complete.	5/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	223	Survey activities are complete. Design activities are complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	656	Survey and design activities are complete. The PSC has granted a certificate and the Forestry Service will be issuing a permit on August 7, 2006. Construction activities will be delayed until Fall '06 because of bats in this area.	1/2/2007
J.K. Smith 138 kV Modifications	263(P)	853	Design activities are complete. A construction contract is being prepared for bidding.	12/29/2006
J.K. Smith CT 345kV Trans. Substation	4300(P)	2,567	Engineering activities are approximately 85 % complete.	6/1/2007

**000024**

**CONSTRUCTION IN PROGRESS**

July, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru June, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b><u>Transmission Facilities</u></b>				
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	1,385	The R/W Clearing Contractor started clearing the week of July 24, 2006. Irby Construction Co. began on the North Section on July 12, 2006 and Davis H. Elliot began on the South Section on July 18, 2006.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	204	R/W easement procurement is complete Survey and design activities are 50% complete.	6/1/2006
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	2287	Engineering activities are approximately 85 % complete.	6/1/2007
West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	556	The site has been purchased. Survey and design activities are approximately 85% complete.	5/1/2006
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2006

000025

**CONSTRUCTION IN PROGRESS**

July, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru June, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>WARREN RECC</b> Aberdeen Jct. 161 kV Trans. Station	717(P)	43	Survey and design activities have started.	12/31/2007
Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	801	Survey and design activities are 90% complete. R/W acquisition easements are 75% complete for the rebuild area and R/W Agents have obtained 20% of the easements on the green field portion.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	272	Design activities are approximately 50% complete.	4/1/2006
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	1,589	Survey and design activities are complete. 95% of the easements have been acquired. Bids have been solicited for this line.	12/31/2007
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	1,861	R/W acquisition of easements are 90% complete. Survey and design activities are approximately 95% complete. Bids have been solicited for this line.	12/31/2007
Saimons 161-69 kV Trans. Substation	1500(P)	5	Survey activities are complete.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	508	Survey is approximately 75% and R/W acquisition activities have started. Design activities are 90% complete.	12/31/2007

(P) - Planning Estimates

(h:share/reports/project.xls)

000026

## INTEREST RATES

<u>Date</u>	<u>Prime</u>	<u>CFC</u> <u>Line Of Credit</u>	<u>CFC</u> <u>Fixed</u>	<u>CFC</u> <u>Variable</u>	<u>FFB-End of Each Month</u>			<u>Long-Term RUS Loans</u> <u>Municipal Bond Rate</u>
					<u>2-Year</u>	<u>5-Year</u>	<u>30-Year</u>	
02-03-00	8.75%							
03-22-00	9.00%							
05-18-00	9.50%							
01-05-01	9.00%							
02-01-01	8.50%	8.050%	9.000%	7.800%				5.500%
03-22-01	8.00%							
04-19-01	7.50%							
05-16-01	7.00%							
06-28-01	6.75%							
08-22-01	6.50%							
09-18-01	6.00%							
10-03-01	5.50%							
11-07-01	5.00%							
12-12-01	4.75%							
11-7-02	4.25%							
06-27-03	4.00%							
06/30/04	4.25%				2.810%	3.820%	5.180%	
08/10/04	4.50%							
09/21/04	4.75%							
11/10/04	5.00%							
12/14/04	5.25%							
02/02/05	5.500%							
03/22/05	5.750%							
03/31/05					3.820%	4.170%	4.730%	
04/01/05		4.600%	6.800%	4.750%				4.250%
04/29/05					3.650%	3.890%	4.480%	
05/02/05		4.850%	6.450%	5.000%				4.250%
05/03/05	6.000%							
05/31/05					3.600%	3.750%	4.290%	
06/01/05		4.950%	6.250%	5.100%				4.250%
06/30/05	6.250%				3.640%	3.710%	4.160%	
07/01/05		5.200%	6.150%	5.350%				4.125%
07/28/05					3.950%	4.020%	4.370%	
08/01/05		5.450%	6.400%	5.600%				4.125%
08/10/05	6.500%							
08/31/05					3.950%	4.010%	4.320%	
09/01/05		5.700%	6.150%	5.850%				4.125%
09/20/05	6.750%							
09/30/05					4.160%	4.160%	4.510%	
10/03/05		5.800%	6.500%	5.950%				4.250%
10/31/05					4.380%	4.430%	4.720%	
11/01/05	7.000%	5.950%	6.800%	6.100%				4.250%
11/30/05					4.390%	4.400%	4.670%	
12/01/05		6.100%	6.850%	6.250%				4.250%
12/13/05	7.250%							
12/30/05					4.380%	4.320%	4.510%	
01/03/06		6.200%	6.850%	6.350%				4.500%
01/31/06	7.500%				4.510%	4.450%	4.660%	

00002'7



EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 YEAR-TO-DATE 2006  
 AS OF JUNE 30, 2006

FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		160,981,060		0.02693
-----		=	-----	
KWH Sales to Members and Internal Use Less Cost of Fuel in Base Rate		5,978,493,666		
		Cost	KWH	Mills/kwh Mills/ total kwh
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned		120,388,562	5,257,129,259	0.02290 0.02014
Gas & Oil Burned in CTs & Landfills		7,274,416	93,776,575	0.07757 0.00122
Fuel (Assigned Cost during F.O.)		2,248,928	133,690,000	0.01682 0.00038
Fuel (Assigned Cost during F.O.)		(6,249,872)	(133,690,000)	(0.04675) (0.00105)
		-----	-----	-----
<b>Total Fuel Cost</b>	(a)	<u>123,662,034</u>	<u>5,350,905,834</u>	<u>0.02311</u> <u>0.02068</u>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases		34,629,002	768,359,472	0.04507 0.00579
<b>Identifiable Fuel Cost - Other Purchases</b>				
<b>Identifiable Fuel Cost - Sub. For F.O.</b>				
<b>Identifiable Fuel Cost - LG&amp;E Portion of Gallatin Steel Load</b>				
		-----	-----	-----
<b>Total Purchase Fuel Cost</b>	(b)	<u>34,629,002</u>	<u>768,359,472</u>	<u>0.04507</u> <u>0.00579</u>
<b>Subtotal Purchase &amp; Fuel Cost</b>		<u>158,291,036</u>	<u>6,119,265,306</u>	<u>0.02587</u> <u>0.02648</u>
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery		(473,248) 3,163,272	(12,325,880)	(0.03839) 0.00053
Inadvertent - (Net) - System Losses			39,318,372 (142,906,854)	
		-----	-----	-----
<b>Sales Fuel Cost</b>	(c)	<u>2,690,024</u>	<u>(115,914,362)</u>	<u>0.02321</u> <u>0.00045</u>
<b>Totals</b>	(a+b+c)	<u><u>160,981,060</u></u>	<u><u>5,978,493,666</u></u>	<u><u>0.02693</u></u> <u><u>0.02693</u></u>

**East Kentucky Power Cooperative  
Fuel Adjustment Rate - Fuel Cost in Base Rate**

*Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)*

2006	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892	8,402,592
March	0.00688	1,052,245,498	7,239,449	30,142,363	(397,442)	7,636,891
April	0.00613	844,292,812	5,175,515	5,175,515	(1,274,750)	6,450,265
May	0.00712	899,616,349	6,405,268	11,580,783	393,903	6,011,365
June	0.00766	963,753,316	7,382,350	18,963,134	491,289	6,891,061

July

August

September

October

November

December

[a] Based on previous month's costs

[b] Does not include EKP usage

[c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

**000029**



EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 APPLICABLE TO JULY 2006 POWER BILL  
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$24,056,808	
	=	0.02496
KWH Sales to Members and Internal Use	963,753,316	
Less Cost of Fuel in Base Rate		0.02025
<b>FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH</b>	<b>JULY 2006</b>	<b>0.00471</b>

DEVELOPMENT OF FUEL ADJUSTMENT RATE

	JUNE 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned	\$20,054,654	885,857,177	0.02264	0.02081
Gas & Oil Burned in CTs & Landfills	1,886,681	25,873,471	0.07292	0.00196
Fuel (Assigned Cost during F.O.)	451,160	18,131,000	0.02488	0.00047
Fuel (Assigned Cost during F.O.)	(714,754)	(18,131,000)	0.03942	(0.00074)
<b>Total Fuel Cost (a)</b>	<b>21,677,741</b>	<b>911,730,648</b>	<b>0.02378</b>	<b>0.02249</b>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases	3,153,702	84,298,171	0.03741	0.00327
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
<b>Total Purchase Cost (b)</b>	<b>3,153,702</b>	<b>84,298,171</b>	<b>0.03741</b>	<b>0.00327</b>
<b>Subtotal Purchase and Fuel Cost (a+b)</b>	<b>24,831,443</b>	<b>996,028,819</b>	<b>0.02493</b>	<b>0.02577</b>
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery	(283,345)	(7,901,782)	(0.03586)	(0.00029)
Inadvertent - (Net) - System Losses	(491,289)	483,557		(0.00051)
		(24,857,278)		
<b>Sales Fuel Cost (c)</b>	<b>(774,634)</b>	<b>(32,275,503)</b>	<b>(0.02400)</b>	<b>(0.00080)</b>
<b>Totals (a+b+c)</b>	<b>\$24,056,808</b>	<b>963,753,316</b>	<b>0.02496</b>	<b>0.02496</b>

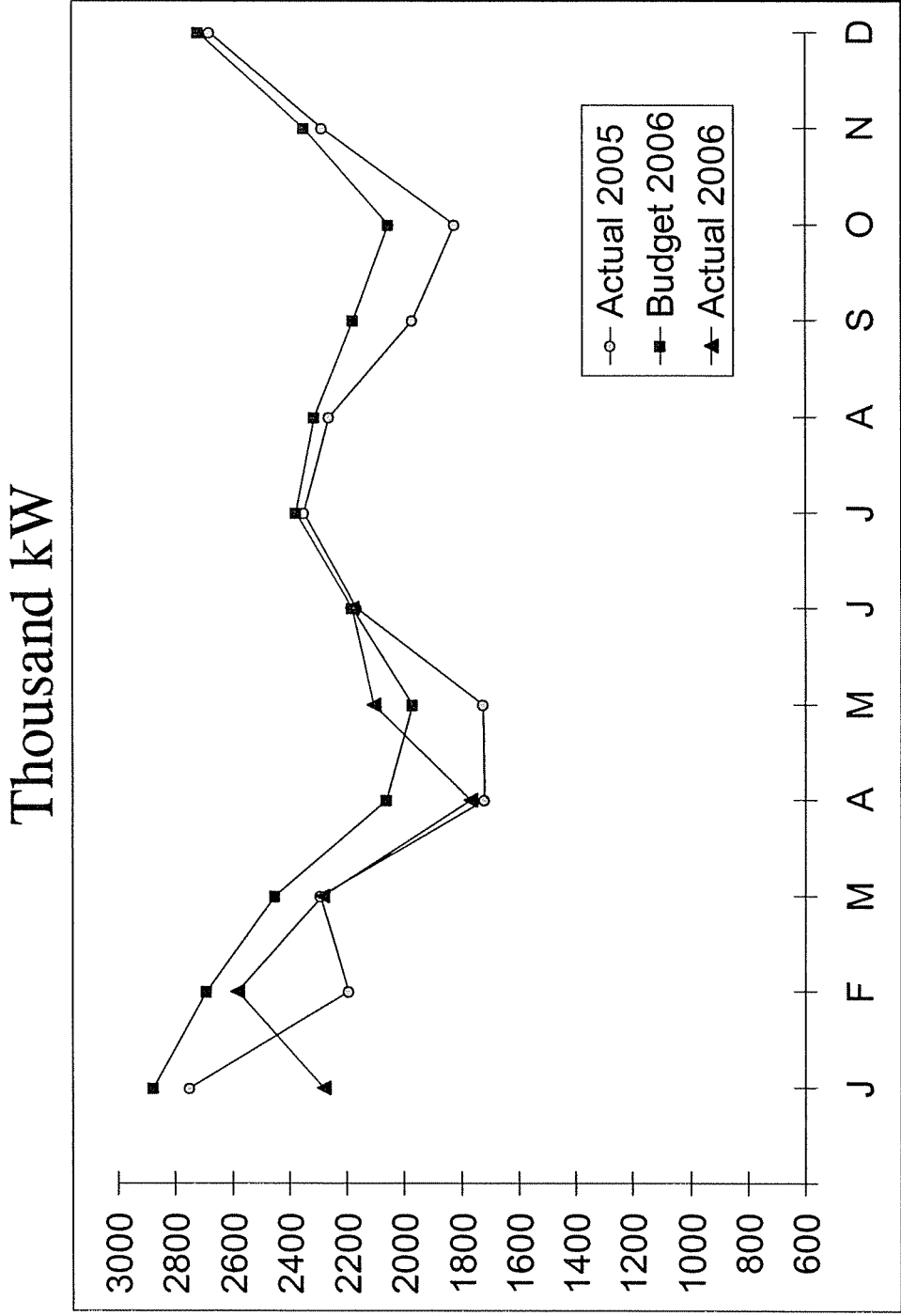
Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.



# East Kentucky Power Cooperative

## Load Growth - Plus 2006 Budget - Based On Bills

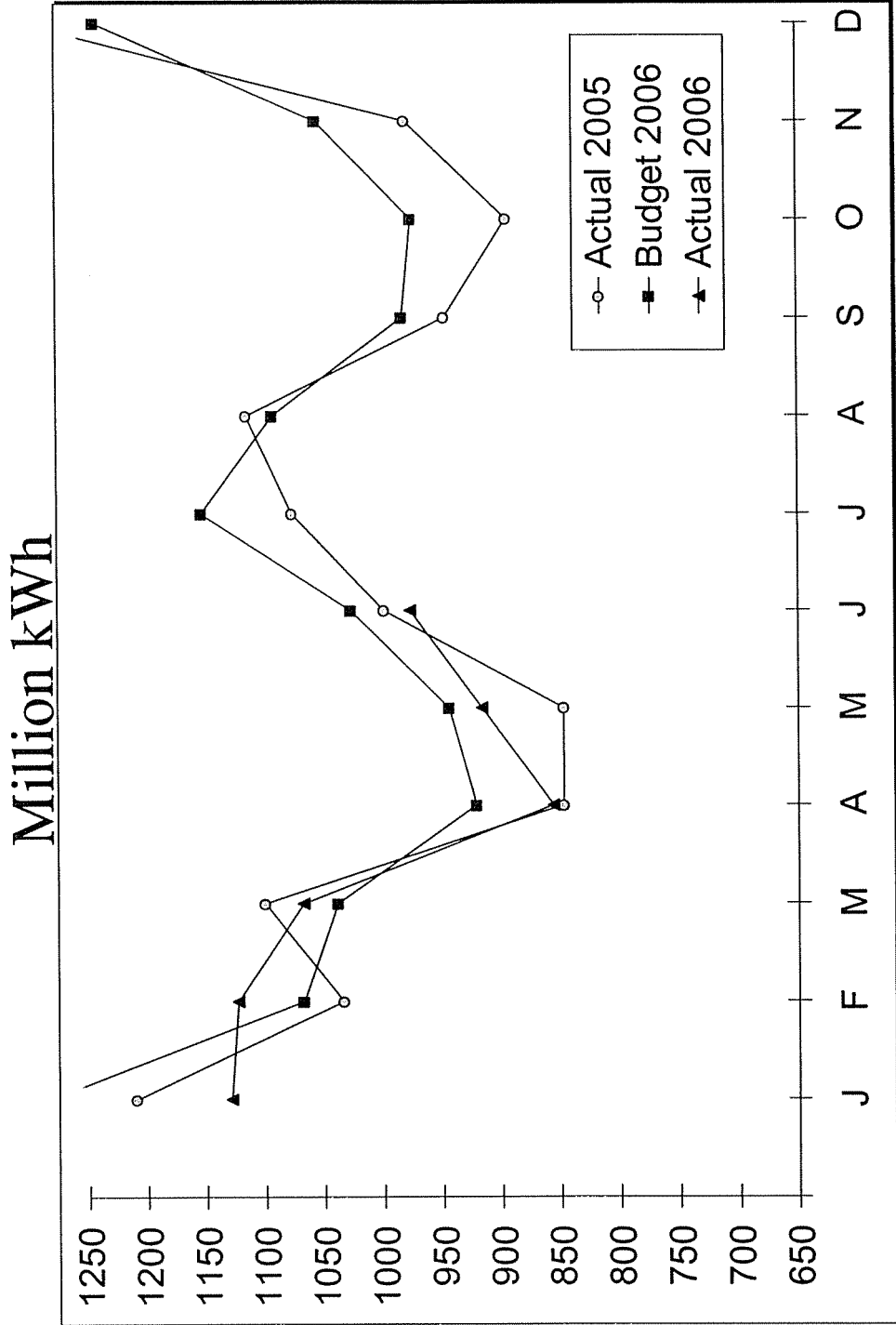






# East Kentucky Power Cooperative

## Load Growth - Plus 2006 Budget - Based On Bills



Month

000032

## East Kentucky Power Cooperative

### Member Cooperative Load Growth 2005 - 2006 Includes Inland Container Steam KWH Equivalency

Month	2006 % Increase By Months		2006 % Increase Cumulative		2006					
	Actual 2005	Budget 2006	Actual 2006	Over (Under) 2005 - 2006 Budget	Over (Under)			2006 Budget		
					2005	2006 Budget	2005	2006 Budget	2005	2006 Budget
	<b>15 Minute Billing Peak</b>									
	<b>MW</b>									
Jan	2,749	2,878	2,281	(17.0)	(20.7)	(17.0)	(20.7)	0800	2,254	38
Feb	2,194	2,691	2,584	17.8	(4.0)	(1.6)	(12.6)	0900	2,503	40
Mar	2,291	2,451	2,283	(0.3)	(6.9)	(1.2)	(10.9)	2000	2,114	35
Apr	1,720	2,061	1,765	2.7	(14.3)	(0.4)	(11.6)	0700	1,763	37
May	1,724	1,970	2,106	22.2	6.9	3.2	(8.6)	1600	2,000	30
Jun	2,163	2,182	2,180	0.8	(0.1)	2.8	(7.3)	1700	2,139	27
Jul	2,346	2,377								
Aug	2,258	2,312								
Sep	1,971	2,178								
Oct	1,820	2,054								
Nov	2,283	2,346								
Dec	2,676	2,718								
YTD	26,195	28,218	13,199							
	26,195	28,218	13,199							
	<b>Hourly Coincident System Peak</b>									
	<b>MWH</b>									
Jan	1,210,092	1,284,953	1,129,229	(6.7)	(12.1)	(6.7)	(12.1)	0800	2,711	41
Feb	1,033,719	1,096,763	1,123,099	8.6	5.3	0.4	(4.2)	2000	2,175	34
Mar	1,099,981	1,066,866	1,066,910	(3.0)	2.8	(0.7)	(2.1)	0700	2,224	39
Apr	846,765	920,708	855,558	1.0	(7.1)	(0.4)	(3.1)	1200	1,659	34
May	847,185	944,222	915,500	8.1	(3.0)	1.0	(3.1)	0700	1,729	33
Jun	998,590	1,027,010	977,321	(2.1)	(4.8)	0.5	(3.4)	1700	2,048	28
Jul	1,076,222	1,152,774						1800	2,181	26
Aug	1,113,529	1,091,636						1500	2,227	25
Sep	946,699	982,798						1700	1,917	33
Oct	893,863	975,173						1700	1,778	26
Nov	980,332	1,055,114						0700	2,139	41
Dec	1,303,790	1,241,722						0800	2,642	42
YTD	12,350,767	12,839,739	6,067,617							
	12,350,767	12,839,739	6,067,617							

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EAST KENTUCKY POWER COOPERATIVE  
OFF-SYSTEM SALES - 2006  
(1,000)

MONTH	2006 BUDGET												
	MWH	REVENUE	MARGIN	INCLUDES DEMAND			EXCLUDES DEMAND			MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/KWH	MARGIN	MILLS/KWH	MARGIN	MILLS/KWH					
JAN	696	35	(9)	50.78	(9)	50.78	(9)	50.78	2,620	133	5	50.76	
FEB	4,442	175	(23)	39.44	(23)	39.44	(23)	39.44	6,281	319	13	50.79	
MAR	5,516	124	(50)	22.48	(50)	22.48	(50)	22.48	7,024	301	14	42.85	
APR	1,156	53	5	46.19	5	46.19	5	46.19	23,056	989	46	42.90	
MAY	58	6	2	100.00	2	100.00	2	100.00	16,779	560	33	33.38	
JUN	7,805	167	(164)	21.43	(164)	21.43	(164)	21.43	12,024	460	24	38.26	
JUL									16,594	648	33	39.05	
AUG									24,904	972	50	39.03	
SEP									6,600	226	13	34.24	
OCT									6,393	209	13	32.69	
NOV									3,450	113	7	32.75	
DEC									1,020	33	2	32.35	
<b>TOTAL</b>	<b>19,673</b>	<b>560</b>	<b>(239)</b>	<b>28.47</b>	<b>(239)</b>	<b>28.47</b>	<b>(239)</b>	<b>28.47</b>	<b>126,745</b>	<b>\$4,963</b>	<b>\$253</b>	<b>39.16</b>	

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

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# EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson  
11/15/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	4,442
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	5,516
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	1,156
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	58
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	7,805
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
<b>Total</b>	<b>4,420,544</b>	<b>5,008,266</b>	<b>1,099,913</b>	<b>840,778</b>	<b>770,747</b>	<b>899,286</b>	<b>513,879</b>	<b>71,224</b>	<b>53,466</b>	<b>144,197</b>	<b>19,673</b>

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**EAST KENTUCKY POWER COOPERATIVE  
SUMMARY OF FUEL COST FACTORS  
IN COMPUTING FUEL ADJUSTMENT RATE  
(TO BE APPLIED TO SUCCEEDING MONTH)**

	APRIL 2006		MAY 2006		JUNE 2006	
	mWh	Mills per kWh	mWh	Mills per kWh	mWh	Mills per kWh
<b>Production</b>						
Smith Generating	553	224.62	17,149	93.53	18,684	98.99
Dale	71,012	27.81	65,724	28.33	82,128	29.13
Cooper	178,869	22.70	148,677	22.89	159,375	22.84
Spurlock I	201,766	22.79	200,116	23.15	175,392	23.24
Spurlock II	304,926	26.63	363,686	25.57	333,491	24.68
Landfills	7,876	4.05	7,508	4.51	7,189	5.16
Gilbert	(1,393)	0.00	(746)	0.00	135,471	13.78
Generating Unit						
Sub-total	763,609	24.76	802,114	25.98	911,730	24.23
Physical Inventory, Outage & Adjustments						
Gallatin	0	0	0	0	0	0
Sub Total	763,609	23.16	802,114	25.79	911,730	23.78
Purchases	91,371	45.91	102,803	46.89	84,298	37.41
Sales to Others (Includes Losses)	(1,197)	37.93	(60)	59.45	(7,902)	35.86
(Over) or Under Recovery						
Inadvertent Net System Losses	(3,599)		(1,425)		484	
	(5,891)		(3,816)		(24,857)	
Total	844,293		899,616		963,753	
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)						
		27.37		27.91		24.96
Fuel Adjustment charge (credit) per kWh		7.12		7.66		4.71

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

**000036**

**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary**

**June 2006**

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	48,989	18,718,130	46.63	143,381	54.29	98,468	59.55	1,114,655
	YTD	303,100	130,099,517	44.02	1,083,161	52.35	553,904	56.61	7,364,369
BLUE GRASS ENERGY	Month	223,014	96,910,220	43.54	734,038	51.12	479,822	56.07	5,433,570
	YTD	1,341,088	597,718,459	42.87	4,913,093	51.09	2,498,220	55.26	33,032,885
CLARK ENERGY COOP	Month	84,510	32,918,027	46.79	252,153	54.45	173,691	59.73	1,966,179
	YTD	499,236	213,708,732	44.56	1,769,100	52.84	921,776	57.15	12,213,929
CUMBERLAND VALLEY ELECTRIC	Month	94,787	38,490,938	45.71	294,839	53.37	199,066	58.54	2,253,410
	YTD	570,580	255,488,553	43.52	2,115,186	51.80	1,078,931	56.02	14,312,391
FARMERS RECC	Month	85,302	42,135,121	42.58	322,755	50.24	205,142	55.11	2,322,193
	YTD	518,755	250,348,491	42.14	2,060,884	50.37	1,033,335	54.50	13,642,800
FLEMING MASON RECC	Month	158,940	73,477,617	42.57	498,721	49.36	330,427	53.86	3,957,403
	YTD	955,588	467,034,646	41.60	3,394,318	48.87	1,772,642	52.67	24,597,718
GRAYSON RECC	Month	49,376	19,274,771	46.72	147,645	54.38	101,563	59.65	1,149,680
	YTD	300,086	130,315,733	44.28	1,078,466	52.56	558,774	56.84	7,407,770
INTER-COUNTY ECC	Month	82,117	34,326,483	44.86	262,151	52.50	174,615	57.58	1,976,641
	YTD	541,358	224,666,975	44.11	1,862,289	52.40	957,080	56.66	12,729,352
JACKSON ENERGY COOP	Month	172,467	69,839,345	45.50	534,424	53.15	359,680	58.30	4,071,544
	YTD	1,122,298	472,476,824	44.04	3,922,527	52.34	2,009,354	56.60	26,740,869
LICKING VALLEY RECC	Month	49,686	19,356,943	46.59	148,274	54.25	101,759	59.51	1,151,894
	YTD	305,523	133,144,418	44.06	1,105,897	52.37	567,640	56.63	7,540,108
NOLIN RECC	Month	108,912	62,126,689	40.39	475,889	48.05	289,266	52.71	3,274,482
	YTD	772,945	373,792,171	41.49	3,065,230	49.69	1,520,948	53.75	20,092,955
OWEN EC	Month	408,390	193,495,003	35.24	1,380,172	42.37	786,402	46.44	8,985,498
	YTD	2,250,123	1,134,939,111	34.49	8,695,680	42.15	3,908,870	45.59	51,743,716
SALT RIVER RECC	Month	181,869	87,392,727	41.36	635,605	48.64	410,038	53.33	4,660,461
	YTD	1,038,617	483,030,691	42.07	3,882,199	50.10	1,984,945	54.21	26,186,085
SHELBY ENERGY COOP	Month	79,911	37,569,654	42.19	287,782	49.85	181,425	54.67	2,054,098
	YTD	454,533	223,183,245	41.33	1,826,767	49.51	908,686	53.59	11,959,490
SOUTH KENTUCKY RECC	Month	214,759	89,781,302	44.87	687,725	52.53	456,980	57.62	5,172,949
	YTD	1,387,452	576,933,333	44.10	4,778,099	52.39	2,461,796	56.65	32,684,888
TAYLOR COUNTY RECC	Month	101,669	42,451,613	46.49	282,780	53.15	205,192	57.99	2,461,644
	YTD	600,118	259,643,176	46.11	1,821,065	53.13	1,048,609	57.17	14,842,822
<b>Totals</b>	Month	2,144,698	958,264,583	42.12	7,088,334	49.52	4,553,536	54.27	52,006,301
	YTD	12,961,400	5,926,524,075	41.50	47,373,961	49.49	23,785,510	53.50	317,092,147

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**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary  
'E' Rates Only**

**June 2006**

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	48,989	18,718,130	46.63	143,381	54.29	98,468	59.55	1,114,655
	YTD	303,100	130,099,517	44.02	1,083,161	52.35	553,904	56.61	7,364,369
BLUE GRASS ENERGY	Month	191,706	76,349,746	45.64	576,545	53.19	393,319	58.34	4,454,373
	YTD	1,160,657	480,075,475	44.61	3,963,484	52.86	2,070,519	57.17	27,448,214
CLARK ENERGY COOP	Month	83,510	32,437,354	46.92	248,471	54.58	171,539	59.86	1,941,821
	YTD	496,236	212,319,758	44.60	1,759,390	52.88	915,882	57.20	12,144,202
CUMBERLAND VALLEY ELECTRIC	Month	94,787	38,490,938	45.71	294,839	53.37	199,066	58.54	2,253,410
	YTD	570,580	255,488,553	43.52	2,115,186	51.80	1,078,931	56.02	14,312,391
FARMERS RECC	Month	76,101	36,671,126	43.51	280,900	51.17	181,813	56.12	2,058,112
	YTD	465,300	218,489,535	42.98	1,806,283	51.24	915,698	55.43	12,111,897
FLEMING MASON RECC	Month	80,035	32,204,391	45.95	246,685	53.61	167,290	58.80	1,893,719
	YTD	482,073	215,406,291	43.54	1,782,771	51.81	910,753	56.04	12,071,888
GRAYSON RECC	Month	47,095	17,998,012	47.41	137,865	55.07	96,043	60.41	1,087,198
	YTD	286,035	122,598,400	44.76	1,017,320	53.06	530,329	57.38	7,034,960
INTER-COUNTY ECC	Month	73,220	29,259,844	46.22	224,131	53.88	152,771	59.10	1,729,376
	YTD	495,374	199,439,602	45.01	1,664,425	53.35	862,559	57.68	11,502,828
JACKSON ENERGY COOP	Month	161,343	63,918,535	46.25	489,615	53.91	333,916	59.14	3,779,889
	YTD	1,055,200	439,111,269	44.50	3,654,806	52.82	1,882,518	57.11	25,078,316
LICKING VALLEY RECC	Month	49,686	19,356,943	46.59	148,274	54.25	101,759	59.51	1,151,894
	YTD	305,523	133,144,418	44.06	1,105,897	52.37	567,640	56.63	7,540,108
NOLIN RECC	Month	81,862	45,595,992	42.44	349,264	50.10	221,351	54.95	2,505,689
	YTD	615,493	276,204,271	43.82	2,283,231	52.08	1,173,225	56.33	15,558,384
OWEN EC	Month	222,223	93,181,893	39.38	612,355	45.95	412,830	50.38	4,694,519
	YTD	1,127,330	531,557,494	38.18	3,819,862	45.37	1,980,449	49.10	26,097,236
SALT RIVER RECC	Month	168,763	79,755,617	41.80	577,105	49.04	377,137	53.76	4,288,019
	YTD	965,997	441,460,294	42.56	3,545,869	50.59	1,830,044	54.74	24,164,808
SHELBY ENERGY COOP	Month	55,490	22,010,011	46.46	168,596	54.12	115,388	59.36	1,306,561
	YTD	324,665	138,328,966	44.61	1,146,288	52.90	597,561	57.22	7,915,246
SOUTH KENTUCKY RECC	Month	193,896	77,953,449	46.01	597,123	53.67	405,412	58.87	4,589,210
	YTD	1,264,792	512,861,968	44.85	4,260,897	53.16	2,216,223	57.48	29,480,693
TAYLOR COUNTY RECC	Month	83,629	34,561,829	45.48	264,743	53.14	177,971	58.29	2,014,613
	YTD	497,474	207,651,619	44.54	1,718,116	52.81	896,457	57.13	11,862,559
<b>Totals</b>	Month	1,712,335	718,463,810	44.40	5,359,892	51.86	3,606,073	56.88	40,863,058
	YTD	10,415,829	4,514,237,430	43.41	36,726,986	51.55	18,982,692	55.75	251,688,099

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## **EKPC Generation & Transmission Coordinated Schedule**

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

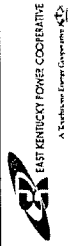
The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard.

The attached schedule has been reviewed and approved by our production, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is July 31, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.





# EKPC Generation & Transmission Coordinated Schedule

ACCEPTANCE  
 Production\_CJ\_ Sys Protection  
 Lines\_DB\_ Trans Planning\_DA  
 Subs\_MZ\_ Gen Planning\_GD

ID	Task Name	Start	Finish	2005				2006				2007				2008				2009				2010			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SUBSTATION PROJECTS																											
1	Smith 69KV Dist Sub	Mon 1/2/06	Tue 6/30/09	[Design] [Construction]																							
2	Smith 138KV Substation (CTR)	Mon 1/2/06	Fri 12/29/06	[Design] [Construction]																							
5	Smith 345KV CT Sub	Fri 1/20/06	Fri 6/1/07	[Design & Proc] [Construction]																							
8	North Clark 345KV Substation	Fri 1/20/06	Fri 6/1/07	[Design & Proc] [Construction]																							
11	Spurlock #4 Substation	Sun 12/17/06	Mon 12/31/07	[Design & Proc] [Construction]																							
14	Smith 345KV CFB Substation	Sun 9/9/07	Tue 3/10/09	[Design] [Construction]																							
21	West Garrard	Sun 12/30/07	Tue 6/30/09	[Design] [Construction]																							
GENERATION PROJECTS																											
24	PSC APPROVAL (Smith CT's & CFB)	Wed 10/12/05	Wed 3/10/10	[PSC APPROVAL (Smith CT's & CFB)]																							
25	AIR PERMIT (Smith CT's & CFB)	Mon 7/31/06	Mon 7/31/06	[AIR PERMIT (Smith CT's & CFB)]																							
26	Smith CT #8	Tue 5/15/07	Tue 5/15/07	[Construction] BF F C																							
27	Smith CT #9	Mon 10/29/07	Fri 2/6/09	[Construction] BF F C																							
32	Smith CT #10	Mon 10/1/07	Fri 1/9/09	[Construction] BF F C																							
37	Smith CT #11	Mon 9/3/07	Fri 12/12/08	[Construction] BF F C																							
42	Smith CT #12	Mon 8/6/07	Fri 6/20/08	[Construction] BF F C																							
47	Smith CFB Unit 1	Mon 7/9/07	Fri 5/23/08	[Construction] BF F C																							
52	Spurlock #4	Fri 6/1/07	Wed 3/10/10	[Construction] BF F C																							
57	Headquarters Sub & Slidview Cap Bank - COMPLETED	Wed 10/12/05	Wed 4/1/09	[Construction] BF F C																							
TRANSMISSION PROJECTS																											
64	Smith - North Clark (19 mile 345 kv)	Mon 1/12/05	Fri 6/1/07	[Construction] BF F C																							
65	Board Approval	Tue 7/12/05	Tue 7/12/05	[Board Approval]																							
66	Open House	Thu 11/10/05	Thu 11/10/05	[Open House]																							



EAST KENTUCKY POWER COOPERATIVE  
Comparative Operating Statement  
(Nearest \$1,000)

	12 Months Ended 06/30/06	12 Months Ended 06/30/05	% Increase Decrease (-)
<b>REVENUE</b>			
Member Coops-----	\$648,929	\$523,735	23.9
Power Transactions - Deliveries---	6,174	2,680	130.4
Other-----	25,404	30,011	-15.4
<b>TOTAL REVENUE-----</b>	<b>\$680,507</b>	<b>\$556,426</b>	<b>22.3</b>
<b>OPERATIONS &amp; MAINTENANCE</b>			
Production			
Fuel-----	\$280,327	\$205,694	36.3
O & M-----	98,865	106,886	-7.5
Transmission-----	23,397	25,602	-8.6
General Administration-----	69,904	37,905	84.4
Power Transactions - Receipts---	112,777	132,508	-14.9
Depreciation-----	54,749	44,602	22.8
Insurance-----	485	1,412	-65.7
Taxes-----	(48)	235	-120.4
<b>Total Oper. &amp; Maint.-----</b>	<b>640,456</b>	<b>554,844</b>	<b>15.4</b>
<b>Margin Before Interest-----</b>	<b>40,051</b>	<b>1,582</b>	<b>2431.7</b>
Interest - Short Term Debt-----	276	535	-48.4
Interest - Long Term Debt-----	74,870	61,225	22.3
Interest Charged to Construction-	0	0	0.0
<b>Net Interest-----</b>	<b>75,146</b>	<b>61,760</b>	<b>21.7</b>
<b>NET MARGIN (DEFICIT)-----</b>	<b>(\$35,095)</b>	<b>(\$60,178)</b>	<b>-41.7</b>

**STATISTICAL SUMMARY**

TIER-----	0.53	0.02	3006.6
Sales to Coops - MWH -----	12,393,223	11,802,208	5.0
% Increase of Prev Year-----	5.01	0.35	1330.8
Basic Rate to Coops (Mills)-----	44.91	38.25	17.4
Fuel Rate to Coops (Mills)-----	7.45	6.13	-21.5
Net Rate to Coops (Mills)-----	52.36	44.38	18.0
Deliveries to Others - MWH -----	182,384	130,259	40.0
Production - MWH -----	11,162,504	9,484,879	17.7
Purchase Receipts - MWH -----	1,839,078	2,881,150	-36.2

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# EAST KENTUCKY POWER COOPERATIVE

## NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
<b>January</b>	8,898,355	30,491	8,898,355	30,491	5,432,227
<b>February</b>	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
<b>March</b>	(84,034)	2,986,610	12,306,899	10,892,074	12,090,862
<b>April</b>	(5,231,312)	(719,104)	7,075,587	10,172,970	6,915,169
<b>May</b>	(3,109,184)	606,557	3,966,403	10,779,527	(2,675,825)
<b>June</b>	(4,331,140)	(2,477,813)	(364,737)	8,301,714	(11,277,514)
<b>July</b>		(5,540,048)		2,761,666	(8,727,047)
<b>August</b>		5,090,954		7,852,620	(13,917,192)
<b>September</b>		2,853,151		10,705,771	(2,187,577)
<b>October</b>		(9,556,104)		1,149,667	(2,730,863)
<b>November</b>		1,405,668		2,555,335	1,642,650
<b>December</b>		2,422,275		4,977,610	(46,007,522)

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.	
USDA-REA	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette
<b>OPERATING REPORT - FINANCIAL</b>	BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707
	PERIOD ENDED June 30, 2006
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	REA USE ONLY

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

*Kim Vanner* July 20, 2006

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SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT DATE

*Ray M. Beck* July 20, 2006

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SIGNATURE OF MANAGER DATE

<b>SECTION A. STATEMENT OF OPERATIONS</b>				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues . . . . .	279,471,468	317,270,368	352,070,158	52,104,697
2. Income From Leased Property - Net . . . . .	0	0	0	0
3. Other Operating Revenue and Income . . . . .	6,267,564	6,111,084	6,411,677	839,532
4. Total Oper. Revenues & Patronage Capital (1 thru 3) . . . . .	285,739,032	323,381,452	358,481,835	52,944,229
5. Operation Expense - Production - Excluding Fuel . . . . .	28,773,977	30,735,192	35,361,753	7,020,592
6. Operation Expense - Production - Fuel . . . . .	116,039,233	132,933,354	140,450,431	22,803,646
7. Operation Expense - Other Power Supply . . . . .	50,844,956	47,309,492	55,915,113	4,880,749
8. Operation Expense - Transmission . . . . .	9,345,463	11,675,915	8,660,289	2,204,507
9. Operation Expense - Distribution . . . . .	395,249	436,957	1,013,072	105,366
10. Operation Expense - Consumer Accounts. . . . .	(1,030)	0	0	0
11. Operation Expense - Consumer Service & Inform . . . . .	1,708,177	1,931,618	2,236,975	444,432
12. Operation Expense - Sales . . . . .	70,195	67,947	23,346	10,908
13. Operation Expense - Administrative & General . . . . .	15,109,842	15,417,476	16,037,645	2,546,737
14. Total Operation Expense (5 thru 13) . . . . .	222,286,062	240,507,951	259,698,624	40,016,937
15. Maintenance Expense - Production . . . . .	20,603,235	20,616,927	23,893,188	6,445,252
16. Maintenance Expense - Transmission . . . . .	1,645,235	1,736,433	2,583,575	329,843
17. Maintenance Expense - Distribution. . . . .	569,062	472,540	533,694	121,176
18. Maintenance Expense - General Plant . . . . .	392,383	313,892	611,337	40,553
19. Total Maintenance Expense (15 thru 18) . . . . .	23,209,915	23,139,792	27,621,794	6,936,824
20. Depreciation & Amortization Expense . . . . .	24,827,790	27,540,465	28,597,140	4,634,049
21. Taxes . . . . .	235,684	(47,249)	800	0
22. Interest on Long-Term Debt . . . . .	33,222,570	38,521,643	39,297,847	6,910,439
23. Interest Charged to Construction - Credit . . . . .	0	0	0	0
24. Other Interest Expense . . . . .	139,332	142,040	98,906	27,473
25. Asset Retirement Obligations . . . . .	0	0	0	0
26. Other Deductions . . . . .	755,461	292,919	703,354	203,175
27. Total Cost of Electric Service (14 + 19 thru 25) . . . . .	304,676,814	330,097,561	356,018,465	58,728,897
28. Operating Margins (4 - 26) . . . . .	(18,937,782)	(6,716,109)	2,463,370	(5,784,668)
29. Interest Income. . . . .	2,508,556	3,022,927	1,578,023	728,597
30. Allowance for Funds Used During Construction . . . . .	5,024,738	3,276,352	4,343,397	720,779
31. Income (Loss) from Equity Investments. . . . .	0	0	0	0
32. Other Nonoperating Income - Net . . . . .	115,765	43,671	(93,276)	3,875
33. Generation & Transmission Capital Credits . . . . .	0	0	0	0
34. Other Capital Credits & Patronage Dividends . . . . .	11,209	8,422	10,200	277
35. Extraordinary Items . . . . .	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34) . . . . .	(11,277,514)	(364,737)	8,301,714	(4,331,140)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold . . . . .		53.09	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold . . . . .		43.34	0.00	
39. Total Cost of Electric Service Per kWh Sold . . . . .		54.26	0.00	
40. Purchased Power Cost Per kWh . . . . .		48.82	0.00	

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USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette	
	PERIOD ENDED	REA USE ONLY
	June 30, 2006	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service . . . . .	2,054,814,414	32. Memberships . . . . .	1,600
2. Construction Work in Progress . . . . .	225,354,469	33. Patronage Capital	
3. Total Utility Plant (1 + 2) . . . . .	2,280,168,883	a. Assigned and Assignable . . . . .	165,660,310
4. Accum. Provision for Depreciation & Amort. . . . .	796,735,118	b. Retired This Year . . . . .	0
5. Net Utility Plant (3 - 4) . . . . .	1,483,433,765	c. Retired Prior Years . . . . .	0
6. Non-Utility Property - Net . . . . .	820	d. Net Patronage Capital . . . . .	165,660,310
7. Investments in Subsidiary Companies . . . . .	0	34. Operating Margins - Prior Years . . . . .	(104,377,194)
8. Invest. in Assoc. Org. - Patronage Capital . . . . .	947,057	35. Operating Margins - Current Year. . . . .	(6,707,686)
9. Invest. In Assoc. Org. - Other - General Funds . . . . .	14,363,010	36. Non-Operating Margins . . . . .	37,445,106
10. Invest. In Assoc. Org. - Other - Non-General Funds . . . . .	0	37. Other Margins and Equities . . . . .	3,416,290
11. Investments in Economic Development Projects . . . . .	0	38. Total Margins & Equities (32, 33d thru 37) . . . . .	95,438,426
12. Other Investments . . . . .	26,257,620	39. Long-Term Debt - REA (Net) . . . . .	(25,427,771)
13. Special Funds . . . . .	23,569,156	(Payments-Unapplied\$ . . . . .)	
14. Total Other Property & Investments (6 thru 13) . . . . .	65,137,663	40. Long-Term Debt-Other-Econ. Devel. (net). . . . .	0
15. Cash - General Funds . . . . .	1,232,270	41. Long-Term Debt-FFB-REA Guaranteed . . . . .	1,140,115,824
16. Cash - Construction Funds - Trustee . . . . .	500	42. Long-Term Debt-Other-REA Guaranteed . . . . .	0
17. Special Deposits . . . . .	425	43. Long-Term Debt-Other (Net) . . . . .	456,597,280
18. Temporary Investments . . . . .	72,968,125	44. Total Long-Term Debt (39 thru 43) . . . . .	1,571,285,333
19. Notes Receivable (Net) . . . . .	0	45. Obligations Under Capital Leases - Noncurrent . . . . .	0
20. Accounts Receivable - Sales of Energy (Net) . . . . .	55,999,211	46. Accumulated Operating Provisions . . . . .	99,872,952
21. Accounts Receivable - Other (Net) . . . . .	1,506,883	47. Total Other Noncurrent Liabilities (45 + 46) . . . . .	99,872,952
22. Fuel Stock . . . . .	95,634,211	48. Notes Payable . . . . .	0
23. Materials and Supplies - Other . . . . .	33,653,956	49. Accounts Payable . . . . .	37,090,006
24. Prepayments . . . . .	2,412,591	50. Taxes Accrued . . . . .	3,030,680
25. Other Current and Accrued Assets . . . . .	320,687	51. Interest Accrued . . . . .	2,431,324
26. Total Current and Accrued Assets (15 thru 25) . . . . .	263,728,859	52. Other Current & Accrued Liabilities . . . . .	3,665,947
27. Unamortized Debt Disc. & Extraord. Prop. Losses . . . . .	4,891,661	53. Total Current & Accrued Liabilities (48 thru 52) . . . . .	46,217,957
28. Regulatory Assets . . . . .	0	54. Deferred Credits . . . . .	4,377,280
29. Other Deferred Debits . . . . .	0	55. Accumulated Deferred Income Taxes . . . . .	0
30. Accumulated Deferred Income Taxes . . . . .	0	56. Total Liabilities and Other Credits	
31. Total Assets & Other Debits (5+14+26 thru 30) . . . . .	1,817,191,948	(38+44+47+53 thru 55) . . . . .	1,817,191,948

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.  
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$487,598.75 in June 2006, and \$2,921,644.62 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

June 2006 Demand/MMBTU	306.560	Energy/MMBTU	165,168.400
Year-to-date		Energy/MMBTU	1,188,121.000

\*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94.

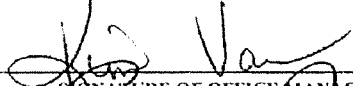
This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.

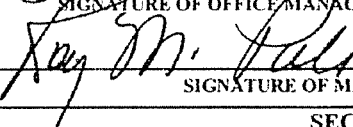
USDA-REA	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette	
<b>OPERATING REPORT - FINANCIAL</b>	BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707	
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	PERIOD ENDED June 30, 2006	REA USE ONLY

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

  
SIGNATURE OF MANAGER

July 20, 2006

DATE

July 20, 2006

DATE

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1. Electric Energy Revenues . . . . .	279,471,468	317,270,368	352,070,158	52,104,697
2. Income From Leased Property - Net . . . . .	0	0	0	0
3. Other Operating Revenue and Income . . . . .	6,267,564	6,111,084	6,411,677	839,532
4. Total Oper. Revenues & Patronage Capital (1 thru 3) . . . . .	285,739,032	323,381,452	358,481,835	52,944,229
5. Operation Expense - Production - Excluding Fuel . . . . .	28,773,977	30,735,192	35,361,753	7,020,592
6. Operation Expense - Production - Fuel . . . . .	116,039,233	132,933,354	140,450,431	22,803,646
7. Operation Expense - Other Power Supply . . . . .	50,844,956	47,309,492	55,915,113	4,880,749
8. Operation Expense - Transmission . . . . .	9,345,463	11,675,915	8,660,289	2,204,507
9. Operation Expense - Distribution . . . . .	395,249	436,957	1,013,072	105,366
10. Operation Expense - Consumer Accounts . . . . .	(1,030)	0	0	0
11. Operation Expense - Consumer Service & Inform . . . . .	1,708,177	1,931,618	2,236,975	444,432
12. Operation Expense - Sales . . . . .	70,195	67,947	23,346	10,908
13. Operation Expense - Administrative & General . . . . .	15,109,842	15,417,476	16,037,645	2,546,737
14. Total Operation Expense (5 thru 13) . . . . .	222,286,062	240,507,951	259,698,624	40,016,937
15. Maintenance Expense - Production . . . . .	20,603,235	20,616,927	23,893,188	6,445,252
16. Maintenance Expense - Transmission . . . . .	1,645,235	1,736,433	2,583,575	329,843
17. Maintenance Expense - Distribution . . . . .	569,062	472,540	533,694	121,176
18. Maintenance Expense - General Plant . . . . .	392,383	313,892	611,337	40,553
19. Total Maintenance Expense (15 thru 18) . . . . .	23,209,915	23,139,792	27,621,794	6,936,824
20. Depreciation & Amortization Expense . . . . .	24,827,790	27,540,465	28,597,140	4,634,049
21. Taxes . . . . .	235,684	(47,249)	800	0
22. Interest on Long-Term Debt . . . . .	33,222,570	38,521,643	39,297,847	6,910,439
23. Interest Charged to Construction - Credit . . . . .	0	0	0	0
24. Other Interest Expense . . . . .	139,332	142,040	98,906	27,473
25. Asset Retirement Obligations . . . . .	0	0	0	0
26. Other Deductions . . . . .	755,461	292,919	703,354	203,175
27. Total Cost of Electric Service (14 + 19 thru 25) . . . . .	304,676,814	330,097,561	356,018,465	58,728,897
28. Operating Margins (4 - 26) . . . . .	(18,937,782)	(6,716,109)	2,463,370	(5,784,668)
29. Interest Income . . . . .	2,508,556	3,022,927	1,578,023	728,597
30. Allowance for Funds Used During Construction . . . . .	5,024,738	3,276,352	4,343,397	720,779
31. Income (Loss) from Equity Investments . . . . .	0	0	0	0
32. Other Nonoperating Income - Net . . . . .	115,765	43,671	(93,276)	3,875
33. Generation & Transmission Capital Credits . . . . .	0	0	0	0
34. Other Capital Credits & Patronage Dividends . . . . .	11,209	8,422	10,200	277
35. Extraordinary Items . . . . .	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34) . . . . .	(11,277,514)	(364,737)	8,301,714	(4,331,140)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold . . . . .		53.09	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold . . . . .		43.34	0.00	
39. Total Cost of Electric Service Per kWh Sold . . . . .		54.26	0.00	
40. Purchased Power Cost Per kWh . . . . .		48.82	0.00	

USDA - REA	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette	
<b>OPERATING REPORT - FINANCIAL</b>	PERIOD ENDED June 30, 2006	REA USE ONLY

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service . . . . .	2,054,814,414	32. Memberships . . . . .	1,600
2. Construction Work in Progress . . . . .	225,354,469	33. Patronage Capital . . . . .	
3. Total Utility Plant (1 + 2) . . . . .	2,280,168,883	a. Assigned and Assignable . . . . .	165,660,310
4. Accum. Provision for Depreciation & Amort. . . . .	796,735,118	b. Retired This Year . . . . .	0
5. Net Utility Plant (3 - 4) . . . . .	1,483,433,765	c. Retired Prior Years . . . . .	0
6. Non-Utility Property - Net . . . . .	820	d. Net Patronage Capital . . . . .	165,660,310
7. Investments in Subsidiary Companies . . . . .	0	34. Operating Margins - Prior Years . . . . .	(104,377,194)
8. Invest. In Assoc. Org. - Patronage Capital . . . . .	947,057	35. Operating Margins - Current Year. . . . .	(6,707,686)
9. Invest. In Assoc. Org. - Other - General Funds . . . . .	14,363,010	36. Non-Operating Margins . . . . .	37,445,106
10. Invest. In Assoc. Org. - Other - Non-General Funds . . . . .	0	37. Other Margins and Equities . . . . .	3,416,290
11. Investments in Economic Development Projects . . . . .	0	38. Total Margins & Equities (32, 33d thru 37) . . . . .	95,438,426
12. Other Investments . . . . .	37,006,884	39. Long-Term Debt - REA (Net) . . . . .	(25,427,771)
13. Special Funds . . . . .	23,569,156	(Payments-Unapplied\$ . . . . .)	
14. Total Other Property & Investments (6 thru 13) . . . . .	75,886,927	40. Long-Term Debt-Other-Econ. Devel. (net). . . . .	0
15. Cash - General Funds . . . . .	1,232,270	41. Long-Term Debt-FFB-REA Guaranteed . . . . .	1,140,115,824
16. Cash - Construction Funds - Trustee . . . . .	500	42. Long-Term Debt-Other-REA Guaranteed . . . . .	0
17. Special Deposits . . . . .	425	43. Long-Term Debt-Other (Net) . . . . .	467,346,544
18. Temporary Investments . . . . .	72,968,125	44. Total Long-Term Debt (39 thru 43) . . . . .	1,582,034,597
19. Notes Receivable (Net) . . . . .	0	45. Obligations Under Capital Leases - Noncurrent . . . . .	0
20. Accounts Receivable - Sales of Energy (Net) . . . . .	55,999,211	46. Accumulated Operating Provisions . . . . .	99,872,952
21. Accounts Receivable - Other (Net) . . . . .	1,506,883	47. Total Other Noncurrent Liabilities (45 + 46) . . . . .	99,872,952
22. Fuel Stock . . . . .	95,634,211	48. Notes Payable . . . . .	0
23. Materials and Supplies - Other . . . . .	33,653,956	49. Accounts Payable . . . . .	37,090,006
24. Prepayments . . . . .	2,412,591	50. Taxes Accrued . . . . .	3,030,680
25. Other Current and Accrued Assets . . . . .	320,687	51. Interest Accrued . . . . .	2,431,324
26. Total Current and Accrued Assets (15 thru 25) . . . . .	263,728,859	52. Other Current & Accrued Liabilities . . . . .	3,665,947
27. Unamortized Debt Disc. & Extraord. Prop. Losses . . . . .	4,891,661	53. Total Current & Accrued Liabilities (48 thru 52) . . . . .	46,217,957
28. Regulatory Assets . . . . .	0	54. Deferred Credits . . . . .	4,377,280
29. Other Deferred Debits . . . . .	0	55. Accumulated Deferred Income Taxes . . . . .	0
30. Accumulated Deferred Income Taxes . . . . .	0	56. Total Liabilities and Other Credits . . . . .	
31. Total Assets & Other Debits (5+14+26 thru 30) . . . . .	1,827,941,212	(38+44+47+53 thru 55) . . . . .	1,827,941,212

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.  
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

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June 2006 Demand\MMBTU	306.560	Energy\MMBTU	165,168.400
Year-to-date		Energy\MMBTU	1,188,121.000

\*This computer-generated data form is identical in form and substance to REA Forms 12a-1, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.



**EAST KENTUCKY POWER COOPERATIVE  
ANALYSIS OF GENERAL FUNDS  
AS OF END OF MONTH**

(\$1,000)

Month	Used in Construction				Total General Funds Invested or Used for Construction	General Funds Used for Construction				Total General Funds Used for Construction
	Investments	Available for Immediate Advance	Requires Further Action(a)	No Funding Available		Y-8 FFB	Fundable Loans Pending	Smith / N-8	Unfunded	
<u>2005</u>										
Jan	47,767	120,469	207,073	125,778	501,087	327,541	7,589	118,189	453,320	
Feb	119,989	70,469	266,734	126,095	583,287	337,202	7,589	118,506	463,298	
Mar	81,077	72,790	273,237	126,955	554,059	346,026	7,589	119,366	472,982	
Apr	88,165	73,495	278,960	125,360	565,980	352,454	7,589	117,771	477,815	
May	109,508	62,449	269,896	125,990	567,843	332,344	7,589	118,401	458,335	
June	121,071	5,257	298,465	126,888	551,681	303,721	7,589	119,299	430,610	
July	104,231	96,271	224,152	126,825	551,479	320,422	7,589	119,236	447,248	
Aug	136,240	33,722	221,854	127,943	519,759	255,575	7,589	120,354	383,519	
Sept	102,634	34,287	231,495	128,148	496,564	265,781	7,589	120,559	393,930	
Oct	83,801	4,287	254,299	128,182	470,569	258,585	7,589	120,593	386,768	
Nov	79,472	7,920	263,458	128,152	479,002	271,377	7,589	120,563	399,530	
Dec	69,996	7,920	299,225	128,499	505,640	307,144	7,589	120,910	435,644	
<u>2006</u>										
Jan	51,185	7,920	300,790	128,795	488,690	308,709	7,589	121,206	437,505	
Feb	52,845	7,920	317,011	128,635	506,411	324,930	7,589	121,046	453,566	
Mar	41,305	1,420	332,385	128,973	504,083	333,804	7,589	121,384	462,778	
Apr	71,345	30,881	322,432	129,132	553,790	353,312	7,589	121,543	482,445	
May	65,072	5,881	334,556	134,771	540,280	340,436	7,589	127,182	475,208	
June	95,716	5,881	349,823	134,284	585,704	355,703	7,589	126,695	489,988	
July					0				0	
Aug					0				0	
Sept					0				0	
Oct					0				0	
Nov					0				0	
Dec					0				0	

(a) Includes W-8 FFB Reclassified Projects

000048

EAST KENTUCKY POWER COOPERATIVE  
TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar	\$8,305	\$73,748	4.355 - 4.759	1 - 19	\$353,936
Apr	\$28,393	\$91,428	4.562 - 4.759	1 - 12	\$582,155
May	\$42,387	\$76,453	4.625 - 5.005	1 - 16	\$836,769
Jun	\$16,245	\$100,645	4.810 - 5.079	1 - 15	\$1,037,347
Jul	\$52,000	\$93,200	5.021 - 5.203	1 - 12	\$1,336,354
Aug					
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 22,489,605 (book value) with average maturities of 0.7 years at interest rates averaging 5.33 %, and accrued interest earnings year-to-date of \$ 442,603.

**SEPTEMBER 2006**

2006  
EAST KENTUCKY POWER COOPERATIVE  
COAL RECEIPTS, USAGE, STOCKPILE  
TONNAGE (1000)

**DALE STATION**

	Received			Used			Stockpile		
	Tons	BTU	Cost/TON	Tons	MMBTU	Cost/TON	Tons	#1	#2
Jan.	39	1247	2.305	50	56.46	50.96	88	0	103
Feb.	48	1211	2.518	47	61.49	54.25	82	0	109
Mar.	38	12474	2.410	43	60.14	54.15	89	0	121
Apr.	33	12500	2.398	33	59.96	53.92	87	0	122
May	38	12560	2.390	31	60.03	52.65	88	0	128
June	36	12442	2.343	39	58.29	51.92	78	0	140
July	22	12449	2.369	46	58.99	48.16	84	0	141
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
Total	254	12399	2.397	282	59.43	52.45	596	0	0

**SPURLOCK - Above .7% Sulphur**

	Received			Used			Stockpile		
	Tons	BTU	Cost/TON	Tons	MMBTU	Cost/TON	Tons	#1	#2
Jan.	175	12207	2.643	0	64.53	64.53	152	0	139
Feb.	184	12283	2.702	0	66.38	66.38	0	128	196
Mar.	151	12172	2.651	0	64.52	64.52	0	117	230
Apr.	141	12017	2.584	0	62.10	62.10	0	127	244
May	112	12054	2.522	0	60.79	60.79	0	149	206
June	126	11834	2.345	0	55.50	55.50	0	138	195
July	121	11827	2.361	0	55.85	55.85	0	148	169
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
Total	582	11624	2.256	0	64.53	61.95	0	952	0

**SPURLOCK - Below .7% Sulphur**

	Received			Used			Stockpile		
	Tons	BTU	Cost/TON	Tons	MMBTU	Cost/TON	Tons	#1	#2
Jan.	175	12207	2.643	0	64.53	64.53	152	0	139
Feb.	184	12283	2.702	0	66.38	66.38	0	128	196
Mar.	151	12172	2.651	0	64.52	64.52	0	117	230
Apr.	141	12017	2.584	0	62.10	62.10	0	127	244
May	112	12054	2.522	0	60.79	60.79	0	149	206
June	126	11834	2.345	0	55.50	55.50	0	138	195
July	121	11827	2.361	0	55.85	55.85	0	148	169
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
Total	1010	12080	2.562	0	61.95	61.95	0	952	0

**TOTAL SYSTEM**

	Received			Used			Stockpile		
	Tons	BTU	Cost/TON	Tons	MMBTU	Cost/TON	Tons	#1	#2
Jan.	55	11197	1.378	45	30.85	30.85	45	0	235
Feb.	59	10974	1.254	76	27.52	27.52	76	0	218
Mar.	68	10776	1.267	81	27.31	27.31	81	0	206
Apr.	30	11096	1.283	0	28.46	28.46	0	235	0
May	41	10890	1.280	0	27.88	27.88	0	277	0
June	40	11148	1.280	0	28.55	28.55	0	256	0
July	53	10908	1.321	83	28.81	28.81	83	0	225
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
Total	483	12106	2.269	502	54.93	54.93	502	0	0

**GILBERT STATION**

	Received			Used			Stockpile		
	Tons	BTU	Cost/TON	Tons	MMBTU	Cost/TON	Tons	#1	#2
Jan.	55	11197	1.378	45	30.85	30.85	45	0	235
Feb.	59	10974	1.254	76	27.52	27.52	76	0	218
Mar.	68	10776	1.267	81	27.31	27.31	81	0	206
Apr.	30	11096	1.283	0	28.46	28.46	0	235	0
May	41	10890	1.280	0	27.88	27.88	0	277	0
June	40	11148	1.280	0	28.55	28.55	0	256	0
July	53	10908	1.321	83	28.81	28.81	83	0	225
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
Total	483	10981	1.295	285	28.45	28.45	285	0	0

000001

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( July 2006 Commitments)**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Through	07/31/2006						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007			265,760	265,971	-211	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008			704,842	374,574	330,268	0.000	12300	2.3990
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009			480,000	60,999	419,001	0.000	12000	2.4240
B & W RESOURCES INC	0000151081	03/10/2004	02/28/2007			240,000	165,864	74,136	0.000	12000	2.0630
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008			142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008			112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000002**

**INDEX OF ALL COAL PURCHASE COMMITMENTS  
( July 2006 Commitments)**

Cooper

Through 07/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	368,984	426,557	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	222,069	257,931	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	60,891	179,109	0.000	11000	2.1350
INTERNATIONAL COAL GROUP LLC	0000251219	04/24/2006	09/15/2006	20,000	20,057	-57	0.000	11000	2.0910
TRINITY COAL MARKETING LLC	0000251220	05/01/2006	07/31/2006	30,000	31,826	-1,826	0.000	12000	1.7920 A
JAMIESON CONSTRUCTION CO	0000251221	05/01/2006	08/31/2006	45,000	42,069	2,931	0.000	12000	2.3230
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000003

**INDEX OF ALL COAL PURCHASE COMMITMENTS  
( July 2006 Commitments)**

Spurlock#1

Through 07/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	506,152	493,848	1.820	11500	2.0100
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2009	686,845	166,121	520,724	1.820	11800	1.9120
KEYSTONE INDUSTRIES LLC	0000003422	01/01/2002	06/30/2007	1,625	1,625	0	4.022	12000	1.8560
KOCH CARBON LLC	0000351222	05/01/2006	12/31/2007	400,000	53,920	346,080	1.820	11250	2.5140
PROGRESS FUELS CORPORATION	000351204A	01/11/2006	12/31/2006	1,595	16,364	-14,769	4.022	12000	2.7240
COALTRADE, LLC	000351205A	01/11/2006	12/31/2006	1,582	3,125	-1,543	4.022	12400	2.7530
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.022	11800	2.2340

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000004**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( July 2006 Commitments)**  
**Spurlock#2**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Through 07/31/2006		Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
					Shipped To Date	Tonnage Remaining			
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2009	1,523,950	606,181	917,769	1.820	12000	1.5870
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2009	656,404	360,181	296,223	4.022	12000	1.8560
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	827,755	712,245	1.820	11350	2.3480
MC MINING , LLC	0000000428	01/01/2005	12/31/2007	544,800	194,933	349,867	8.830	12500	2.5530
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	104,289	375,711	4.022	12000	2.5450
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	364,352	-25,791	4.022	12000	1.5990
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	238,405	119,960	118,445	4.022	12000	2.7240
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	128,618	72,132	56,486	4.022	12400	2.7530
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000005**



**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( July 2006 Commitments)**  
**Gilbert**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	243,047	2,156,953	3.640	11400	1.2785 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	170,935	429,065	2.980	11200	1.3477 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	08/15/2006	135,000	135,743	-743	2.349	10500	1.2905 A
COALSALES LLC	0000851232	07/10/2006	08/15/2006	6,200	6,446	-246	4.815	9700	1.4340

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000006**

**Run-of-Mine Cost Analysis - Monthly**  
**ACTIVITY FOR THE MONTH OF: July 2006**  
(thru 07/31/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	S/Ton	SM/MTU	BTU	Ash	Sulfur
IKERD TERMINAL COMPANY LLC	0000751225	1,863.05	30.15	0.00	0.000	0.00	30.15	1.439	10,464	19.64	1.65
Weighted Average - Cooper		<u>1,863.05</u>	<u>30.15</u>				<u>30.15</u>	<u>1.439</u>	<u>10,464</u>	<u>19.64</u>	<u>1.65</u>
INTERNATIONAL COAL GROUP LLC	0000951224	628.44	48.00	0.00	0.000	0.00	48.00	2.153	11,145	17.69	0.94
LEWIS COAL SALES LLC	0000951228	1,469.20	60.77	0.00	0.000	0.00	60.77	2.313	13,136	7.95	0.85
Weighted Average - Dale		<u>2,097.64</u>	<u>56.95</u>				<u>56.95</u>	<u>2.265</u>	<u>12,540</u>	<u>10.87</u>	<u>0.88</u>

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of July 2006 was \$2.636/MMBtu or \$55.18/ton, based on 10,464 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$3.132/MMBtu or \$75.18/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Dale Station during the month of July 2006 was \$2.879/MMBtu or \$72.20/ton, based on 12,540 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Dale Station during the same month, which was \$3.135/MMBtu or \$72.25/ton, based on 12,000 Btu/lb.

000007

**STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF FUNDED MEDICAL PLAN  
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY  
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

(1) 2006 Employees	(2) Monthly (a) Contributions	(3) Y.T.D. (a) Contributions	(4) Monthly (b) Admin. Fees		(5) Y.T.D. (b) Admin. Fees	(6)+(4) Total Cost		(7) Y.T.D.	(8) Benefits Received (c)		(9) Y.T.D.	(10) Benefits vs. Cost Y.T.D.	
			Cost	Cost		Monthly	Y.T.D.		Monthly	Y.T.D.		Contributions Minus Benefits (Margins)	
2,023	1,350,143	1,350,143	139,597	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	1,082,204	1,082,204	267,939	
2,028	1,347,855	2,697,998	139,411	139,411	279,008	1,487,266	2,977,005	1,604,650	2,686,854	2,686,854	2,686,854	11,144	
2,030	1,344,185	4,042,183	139,473	139,473	418,481	1,483,658	4,460,664	2,210,259	4,897,113	4,897,113	4,897,113	(854,930)	
2,037	1,348,212	5,390,395	140,158	140,158	558,639	1,488,371	5,949,034	1,477,476	6,374,589	6,374,589	6,374,589	(984,193)	
2,044	1,350,137	6,740,532	140,351	140,351	698,990	1,490,487	7,439,522	1,680,504	8,055,093	8,055,093	8,055,093	(1,314,561)	
2,047	1,354,842	8,095,373	140,489	140,489	839,479	1,495,331	8,934,853	1,432,988	9,488,081	9,488,081	9,488,081	(1,392,707)	
2,045	1,351,014	9,446,388	140,540	140,540	980,019	1,491,554	10,426,407	1,021,426	10,509,507	10,509,507	10,509,507	(1,063,119)	

Base Benefits Admin Fee	Data Per Month Per Employee	
	Contribution Rate	Claims Paid
	\$ 662.72	\$ 737.30
	\$ 68.75	\$ 68.75
	\$ 731.47	\$ 806.06

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.  
 (b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.  
 (c) Includes excess risk reimbursements: \$12,328.80 for Jackson, \$74,813.95 for Owen, \$69,483.23 for Salt River, \$24,154.44 for EKPC.

000008

STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF-FUNDED DENTAL PLAN  
EAST KENTUCKY POWER COOPERATIVE

2006	(1) No. Emp.	Monthly Employer Contributions			(5) Surplus (Deficit)	(6) No. Emp.	Monthly Employee Contributions			(9) Surplus (Deficit)	(2)+(7) (10) Amount of Contr.	Total Monthly		(14) Y.T.D. Surplus (Deficit)
		(2) Contr. (a)	(3) Claims Paid	(4) Admin. Fee			(7) Amount of Contr. (b)	(8) Claims Paid	(11) Claims Paid			(12) Admin. Fee	(13) Surplus (Deficit)	
Jan.	664	15,936	11,249	1,328	3,359	448	15,301	15,579	(278)	31,237	26,828	1,328	3,081	3,081
Feb.	664	15,936	21,740	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(7,720)	(4,638)
Mar.	663	15,912	16,848	1,326	(2,262)	450	15,334	17,320	(1,986)	31,246	34,169	1,326	(4,249)	(8,887)
Apr.	662	15,888	12,272	1,324	2,292	450	15,290	21,476	(6,185)	31,178	33,748	1,324	(3,894)	(12,781)
May	666	15,984	15,476	1,332	(824)	454	15,323	15,347	(24)	31,307	30,823	1,332	(848)	(13,629)
June	663	15,912	17,741	1,326	(3,155)	451	15,202	17,445	(2,243)	31,114	35,187	1,326	(5,399)	(19,028)
July	658	15,792	9,200	1,316	5,276	449	15,048	12,855	2,193	30,840	22,055	1,316	7,469	(11,559)
<b>Total</b>	<b>4,640</b>	<b>111,360</b>	<b>104,526</b>	<b>9,280</b>	<b>(2,446)</b>	<b>3,153</b>	<b>106,810</b>	<b>115,923</b>	<b>(9,113)</b>	<b>218,170</b>	<b>220,450</b>	<b>9,280</b>		

Employer		Employee	
Contr. Rate	\$22.00	Claims Paid	\$22.53
Admin. fee	2.00	Admin. fee	2.00
	\$24.00	Claims Paid	\$33.88
		Conr. Rate	\$36.77

(a) Includes Administration Fee of \$2.00 per employee.

(b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00

Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

000009

**TO:** Roy Palk  
**FROM:** Randy Dials (Original Initialed)  
**DATE:** August 23, 2006  
**SUBJECT:** Argus Energy, LLC, Coal Supply Contract Amendment No. 8

The subject Board of Directors (“Board”) Agenda Item and Resolution approved by the Board on August 8, 2006, had a \$.56 per ton West Virginia coal severance tax pass through omitted from the price given for 2007 pricing on Spurlock Power Station Unit Nos. 1 and 2.

Paragraph 3 in the Executive Summary and paragraph 6 in the Board Resolution concerning the 2007 pricing should be corrected to read: from \$2.378/MMBtu beginning January 1, 2007, to \$2.311/MMBtu for Spurlock Power Station Unit No. 1 and from \$2.587/MMBtu beginning January 1, 2007, to \$2.487/MMBtu for Spurlock Power Station Unit No. 2. (See the attached Executive Summary and Board Resolution.)

The savings in the amount of \$1,954,000 as reported in the Justification and Strategic Analysis in the August 2006 Executive Summary and Board Resolution will not be affected.

Your approval is requested to make the appropriate changes and execute the amendment with Argus Energy, LLC.

**Approved by:** Original Approved

**Date:** Original Dated August 25, 2006

eh/gv  
Attachment

**000010**

# Board Agenda Item

(BOARD ITEM IN  
AUGUST 2006)

AUGUST

**TO:** Fuel and Power Supply Committee and Board of Directors

**FROM:** Roy M. Palk

**DATE:** July 28, 2006

**SUBJECT:** Approval of Coal Supply Contract Amendment No. 8 with Argus Energy, LLC—Spurlock Power Station Unit Nos. 1 and 2 (Executive Summary)

**KEY MEASURE(S)** This Supports Reliable and Competitive Energy Costs

## Background

East Kentucky Power Cooperative, Inc., (“EKPC”) currently has a coal supply contract with Argus Energy, LLC, (“Argus”) for Unit Nos. 1 and 2 at Spurlock Power Station that continues through December 31, 2007. This contract had a market reopener that was negotiated in October of 2005 and became effective January 1, 2006. The pricing and tonnage established in this reopener was 30,000 tons of coal per month for Unit No. 2 at a base price of \$2.564/MMBtu, f.o.b. barge, and 20,000 tons of coal per month for Unit No. 1 at a base price of \$2.355/MMBtu, f.o.b. barge. Argus is currently shipping 37,500 tons of coal per month to Spurlock Power Station Unit No. 2 at an f.o.b. barge price of \$2.361/MMBtu and 32,000 tons of coal per month to Spurlock Power Station Unit No. 1 at an f.o.b. barge price of \$1.991/MMBtu. These prices and tonnages are an average of coal committed to EKPC prior to the January 1, 2006, and the coal committed for the year of 2006. Beginning January 1, 2007, the final year of the contract, prices and tonnages were to return to the amounts set forth in the reopener amendment previously described.

The fuel process has negotiated with Argus to lower the specifications of the contract for the remaining tons and terms along with a price reduction. Current coal specifications for Spurlock Power Station Unit No. 1 are 12,000 Btu, 12 percent ash, and 1.6 lbs. SO<sub>2</sub>/MMBtu. Specifications for Spurlock Power Station Unit No. 2 are 12,000 Btu, 12 percent ash, and 1.15 lbs. SO<sub>2</sub>/MMBtu. The new lower specifications for Spurlock Power Station Unit No. 1 will be 11,500 Btu and 15 percent ash. The SO<sub>2</sub> specification will remain the same. The lower specification for Spurlock Power Station Unit No. 2 will be 11,350 Btu and 16 percent ash. Again, the SO<sub>2</sub> specification will remain the same.

In return for the lower coal specifications, EKPC will receive a price reduction of \$1.60 per ton for the Spurlock Power Station Unit No. 1 coal and \$2.40 per ton for the Spurlock Power Station Unit No. 2 coal. This new amended price will be reduced from

000011

\$1.991/MMBtu to \$1.924/MMBtu for the remainder of 2006 and from \$2.355/MMBtu beginning January 1, 2007, to \$2.288/MMBtu for Spurlock Power Station Unit No. 1. The Spurlock Power Station Unit No. 2 price for the remainder of 2006 will be reduced from \$2.361/MMBtu to \$2.261/MMBtu and from \$2.564/MMBtu beginning January 1, 2007, to \$2.464/MMBtu. All prices are f.o.b. barge.

### **Justification and Strategic Analysis**

EKPC has conducted a test burn of this lower quality coal with Argus under the pricing and specification described above since June 1, 2006, and has determined that the coal performed satisfactorily. This recommended coal supply contract amendment will yield EKPC a savings of \$2.40 per ton on the remaining 547,500 tons for Spurlock Power Station Unit No. 2 and \$1.60 per ton on the remaining 400,000 tons for Spurlock Power Station Unit No. 1. This is a total savings of \$1,954,000 over the remainder of this contract. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

### **Recommendation**

Management recommends that the Board of Directors approve the coal supply amendment No. 8 with Argus as described herein.

eh/gv

**APPROVAL OF COAL SUPPLY CONTRACT  
AMENDMENT NO. 8 WITH  
ARGUS ENERGY, LLC  
SPURLOCK POWER STATION UNIT NOS. 1 & 2**

**Whereas**, East Kentucky Power Cooperative, Inc., ("EKPC") has a coal supply contract with Argus Energy, LLC, ("Argus") for Unit Nos. 1 and 2 at Spurlock Power Station that continues through December 31, 2007;

**Whereas**, The contract had a market reopener in October 2005, and new prices of \$2.355/MMBtu at a rate of 20,000 tons of coal per month for Spurlock Power Station Unit No. 1 and \$2.564/MMBtu at a rate of 30,000 tons of coal per month for Spurlock Power Station Unit No. 2 were established;

**Whereas**, Tons that were in arrears at the time of the reopener for Spurlock Power Station Unit Nos. 1 and 2 were averaged into the new pricing and tonnage commitments for 2006 to arrive at 32,000 tons of coal per month at a price of \$1.991/MMBtu for Spurlock Power Station Unit No. 1 and 37,500 tons of coal per month for Spurlock Power Station Unit No. 2 at a price of \$2.361/MMBtu;

**Whereas**, Current coal specifications in the Argus contract for Spurlock Power Station Unit No. 1 are 12,000 Btu, 12 percent ash, and 1.6 lbs. SO<sub>2</sub>/MMBtu, and specifications for Spurlock Power Station Unit No. 2 are 12,000 Btu, 12 percent ash, and 1.15 lbs. SO<sub>2</sub>/MMBtu;

**Whereas**, Management has negotiated with Argus to lower the specifications on this contract for Spurlock Power Station Unit No. 1 to 11,500 Btu and 15 percent ash, while retaining the 1.6 lbs. SO<sub>2</sub>/MMBtu, in return for a price reduction of \$1.60 per ton; and to lower the specifications for Spurlock Power Station Unit No. 2 to 11,350 Btu and 16 percent ash, while retaining the 1.15 lbs. SO<sub>2</sub>/MMBtu, in return for a price reduction of \$2.40 per ton;

**Whereas**, These new amended prices will lower the f.o.b. barge price for Spurlock Power Station Unit No. 1 from \$1.991/MMBtu to \$1.924/MMBtu for 2006, and from \$2.355/MMBtu to \$2.288/MMBtu in 2007; and lower the f.o.b. barge price for Spurlock Power Station Unit No. 2 from \$2.361/MMBtu to \$2.261/MMBtu in 2006, and from \$2.564/MMBtu to \$2.464/MMBtu in 2007;

**Whereas**, This amendment can save EKPC \$1,954,000 in coal costs for the remaining term of the contract;

**Whereas**, This recommended contract amendment will enable EKPC to generate power for the lowest cost possible for its Member Systems and supports EKPC's key measures for reliable and competitive energy costs; and



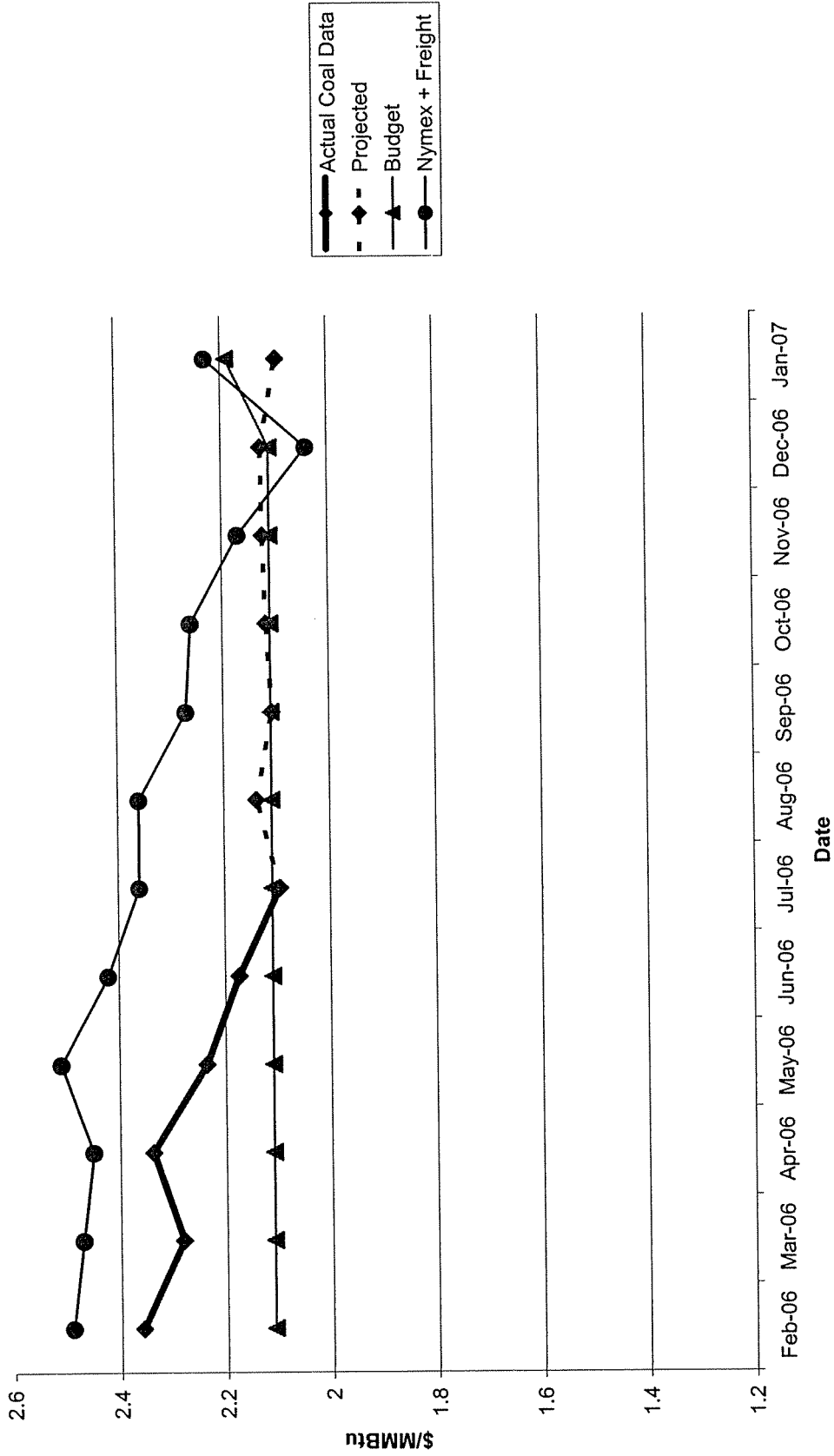
# Resolution

(RESOLUTION IN  
AUGUST 2006)

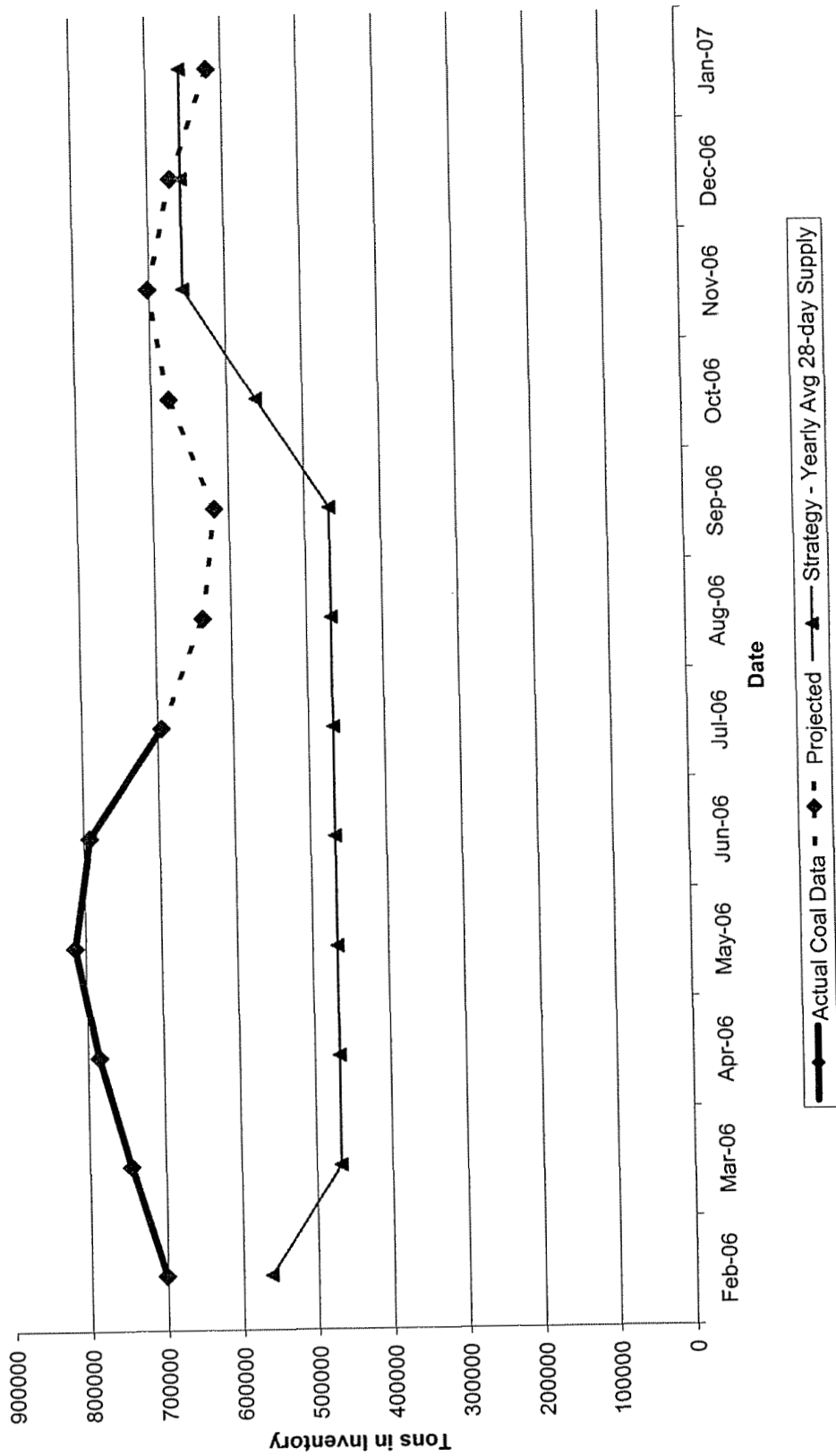
**Whereas**, EKPC management and the Fuel and Power Supply Committee have reviewed the contract terms and conditions, find them to be reasonable, and recommend the approval of a coal supply contract amendment with Argus; now, therefore, be it

**Resolved**, That the EKPC Board of Directors approves coal supply contract amendment No. 8 with Argus, as described hereinabove and in the attached Executive Summary, and the President and Chief Executive Officer, or his designee, is hereby authorized to execute said amendment based on the terms presented herein and in the Executive Summary.

# Actual and projected Coal Cost - System



### Actual and projected Coal Inventory - System (Based on Maximum Daily Burn)



000016

**TO:** Roy Palk  
**FROM:** Randy Dials (Original Initialed)  
**DATE:** August 10, 2006  
**SUBJECT:** Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of July 2006 as shown below:

<b>Date</b>	<b>Quantity (MMBtu)</b>	<b>Price \$/MMBtu</b>
07/01/06	26,681	\$6.4951
07/02/06	4,216	\$6.4951
07/03/06	10,603	\$6.4951
07/04/06	2,460	\$6.4951
07/08/06	7,583	\$6.4951
07/12/06	10,393	\$6.4272
07/13/06	22,562	\$7.0194
07/14/06	40,495	\$7.0194
07/15/06	37,085	\$7.2039
07/16/06	46,398	\$7.3592
07/17/06	57,215	\$7.2913
07/18/06	48,658	\$7.2621
07/19/06	52,741	\$7.0971
07/20/06	21,751	\$7.0097
07/21/06	19,659	\$6.7864
07/24/06	29,388	\$6.7379
07/25/06	44,570	\$7.2621
07/26/06	33,972	\$7.5437
07/27/06	43,668	\$7.7767
07/28/06	8,274	\$7.9709
07/29/06	17,359	\$8.1553
07/30/06	39,808	\$8.1942
07/31/06	<u>55,698</u>	<u>\$9.3204</u>
	681,237	\$7.4187

gv

**Approved by:** Original Approved

**Date:** Original Dated August 14, 2006

**00001'7**

**RUN-OF-MINE COAL PURCHASE REPORT  
FOR PERIOD JULY 27, 2006 TO AUGUST 25, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Dale Station</u> ICG, LLC Ashland, KY	51224	Dale Station Winchester, KY	2,500	Dale Station	\$48.00	11,000

**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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**Distribution Substations & Taps**

**Blue Grass Energy Cooperative**

Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	789	Construction of this station is complete. Awaiting completion of line construction to energize.	8/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	507	R/W clearing activities are complete. Construction activities are approximately 40% complete.	8/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	100	Site grading activities has started.	11/15/2006
West Nicholasville #2 Distr. Sub. 69-12.5 kV 15/20/25 MVA	(663)P	2	Design is approximately 50% complete.	5/1/2007
<b>Cumberland Valley Electric</b> Alex Creek 5.6/6.44 MVA Distribution Station	570(P)	24	An option has been signed for this site. Survey activities have started.	12/1/2007

**000019**

**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<i>Cumberland Valley Electric</i> Girdler 11.2/14 MVA 69-13.2 kV Distr. Station	570(P)	4	Siting activities have started.	5/1/2007
Girdler Tap 69 kV 3.5 miles	747(P)	1	Engineering personnel are reviewing line routes.	5/1/2007
Liberty Church 11.2/14 MVA 69-13.2 Distr. Sta.	583(P)	1	Siting activities have started.	5/1/2007
Liberty Church Tap 69 kV 1.8 miles	343(P)	2	Engineering personnel are reviewing line routes.	5/1/2007
<i>Farmers RECC</i> Edmonton Industrial Park Sub	0	0	Survey and design activities are complete.	Project on Hold
Edmonton Industrial Park Tap	0	0	R/W Clearing activities are 90 % complete and the Construction Contractor is ready to begin construction when the project is released.	Project on Hold
<i>Fleming-Mason Energy Cooperative</i> Snow Hill 11.2/14 MVA 69-25 kV Distr. Sta.	558(P)	115	Site acquisition and survey activities are complete. Design activities are approximately 50% complete. Environmental clearances are complete.	6/1/2007

**000020**

**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<p><b>JACKSON ENERGY COOP.</b> Big Creek Substation 69-12.5 kV 11.2 MVA</p>	452(P)	209	Survey of this site is complete. Design of this project is approximately 70%. Expect to obtain the Forestry Permit by the first part of September, 2006.	12/1/2006
Big Creek Tap 9 miles	2209(P)	1,062	Survey and design activities are approximately 93% complete. Expect to obtain the Forestry Permit by the first part of September, 2006. The R/W Clearing Contract has been sent out for bid.	12/1/2006
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	247	A site for this project has been located, but it is in the floodplain. Alternate Sites are being considered. Survey is approximately 89% complete and design is 50% complete.	3/7/2007
Keavy #2 Distr. Sta. 11.2/14 mVA, 69-12.5 kV	456(P)	399	Construction of this station is complete. Awaiting the tap line completion before energizing.	6/30/2006
Laurel Co. Ind. Park #2 11.2/14 mVA 69-12.5 kV	456(P)	432	Construction of this station is complete. There has been no load put on this station to date.	5/1/2006

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**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>OWEN ELECTRIC COOPERATIVE</b>				
Burlington 11.2/14 mVA 69-12.5 kV Distribution Station	883(P)	2	Site activities are 25% complete.	5/1/2007
<b>Salt River RECC</b>				
Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	438	Construction activities are approximately 70% complete.	11/30/2006
<b>South Kentucky RECC</b>				
Cedar Grove Ind. Park Sub 161-12.5 kV 12/16/20 mVA Distribution Station	971(P)	1,161	Construction activities are complete.	12/15/2006
Deatsville 11.2/14 mVA 69-12.5 kV Distribution Station	570(P)	1	Site activities have started.	5/1/2007
Gap of the Ridge Distribution Station 11.2/14 MVA 69-25kV	558(P)	169	This site has been purchased. Survey and design activities are complete.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	94	The survey of this line is complete. R/W acquisition are approximately 52% complete. Design activities are complete. The R/W Clearing contract has been sent out for bid.	12/1/2006
<b>South Kentucky RECC</b>				
Woodstock 11.2/14 mVA Distr. Substation	570(P)	0	No action	12/1/2007

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**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b><u>Taylor County RECC</u></b>				
Campbellsville #2 69-12.5 kV 11.2/14 MVA Distr. Station	456(P)	1	No action	5/1/2007
Garlin 11.2/14 mVA, 69-12.5 kV Distribution Station	570(P)	1	Site activities have started.	5/1/2007
<b><u>Transmission Facilities</u></b>				
Bullitt Co. 69 kV Breaker Add. (2Brkrs.)	166(P)	322	Construction activities are approximately 50 % complete.	5/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	267	Survey activities and design activities are complete. All steel poles are ready to order. R/W acquisition is approximately 40% complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	661	Survey and design activities are complete. A R/W Clearing Contract has been sent out for bid with plans to start clearing by October 15, 2006.	1/2/2007
J.K. Smith 138 kV Modifications	263(P)	876	Design activities are complete. A construction contract has been sent out for bid.	12/29/2006
<b><u>Transmission Facilities</u></b>				
J.K. Smith CT 345kV Trans. Substation	4300(P)	3,655	Engineering activities are approximately 85 % complete. Site grading activities have started.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	3,933	The R/W clearing activities are approximately 15% complete. Irby Construction Co. and Davis H. Elliot Co. are continuing the construction of the transmission line.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	206	R/W easement procurement is complete Survey and design activities are 50% complete. The material for this project is on order.	3/15/2007

**000023**

**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	2809	Engineering activities are approximately 85 % complete. Site preparation activities have started.	6/1/2007
West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	571	The site has been purchased. Survey and design activities are approximately 85% complete. Environmental clearance activities are about 90% complete.	5/20/2007
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2007

000024

**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>WARREN RECC</b> Aberdeen Jct. 161 kV Trans. Station	717(P)	52	Survey activities are complete and design activities have started.	12/31/2007
Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	846	Survey and design activities are 90% complete. R/W acquisition easements are 75% complete for the rebuild area and R/W Agents have obtained 20% of the easements on the green field portion.	12/31/2007
East Bowling Green 161 kV Breaker	313(P)	282	Survey activities are complete and design activities are approximately 50% complete	12/31/2007
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	1,987	Survey and design activities are complete. 95% of the easements have been acquired. Bids have been solicited for this line but due to environmental problems, this activity has been placed on hold.	12/31/2007
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	1,957	R/W acquisition of easements are 90% complete. Survey and design activities are complete. Bids have been solicited for this line, but due to environmental problems, this activity has been placed on hold.	12/31/2007

000025

**CONSTRUCTION IN PROGRESS**

August, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru July, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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**WARREN RECC**

Salmons 161-69 kV Trans. Substation	1500(P)	11	Survey activities are complete and design activities design activities have started.	12/31/2007
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	523	Survey is approximately 75% and R/W acquisition activities are approximately 50% complete. Design activities are approximately 90% complete.	12/31/2007

(P) - Planning Estimates  
(h:share/reports:project.xls)

**000026**

**East Kentucky Power Cooperative  
Fuel Adjustment Rate - Fuel Cost in Base Rate**

*Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)*

2006	Last FAC Rate Billed	ACTUAL kWh	FAC		Cumulative FAC		Recoverable FAC		Over or (Under) Recovery
			Revenue/Refund	Revenue/Refund	Revenue/Refund	Revenue/Refund	Revenue/Refund	Revenue/Refund	
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050			
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892	8,402,592			
March	0.00688	1,052,245,498	7,239,449	30,142,363	(397,442)	7,636,891			
April	0.00613	844,292,812	5,175,515	5,175,515	(1,274,750)	6,450,265			
May	0.00712	899,616,349	6,405,268	11,580,783	393,903	6,011,365			
June	0.00766	963,753,316	7,382,350	18,963,134	491,289	6,891,061			
July	0.00471	1,124,657,285	5,297,136	5,297,136	757,858	4,539,278			
August									
September									
October									
November									
December									

[a] Based on previous month's costs

[b] Does not include EKP usage

[c] Coincidental fuel cost and fuel revenue

Note:

Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

000027



EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 APPLICABLE TO AUGUST 2006 POWER BILL  
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$29,332,041	
	=	0.02608
KWH Sales to Members and Internal Use	1,124,657,285	
Less Cost of Fuel in Base Rate		0.02025
<b>FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH</b>	<b>AUGUST 2006</b>	<b>0.00583</b>

DEVELOPMENT OF FUEL ADJUSTMENT RATE

	JULY 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned	\$21,989,596	1,018,208,070	0.02160	0.01955
Gas & Oil Burned in CTs & Landfills	5,238,595	57,959,589	0.09038	0.00466
Fuel (Assigned Cost during F.O.)	0	-	#DIV/0!	0.00000
Fuel (Assigned Cost during F.O.)	0	-	#DIV/0!	0.00000
<b>Total Fuel Cost (a)</b>	<b>27,228,191</b>	<b>1,076,167,659</b>	<b>0.02530</b>	<b>0.02421</b>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases	3,174,099	77,549,165	0.04093	0.00282
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
<b>Total Purchase Cost (b)</b>	<b>3,174,099</b>	<b>77,549,165</b>	<b>0.04093</b>	<b>0.00282</b>
<b>Subtotal Purchase and Fuel Cost (a+b)</b>	<b>30,402,290</b>	<b>1,153,716,824</b>	<b>0.02635</b>	<b>0.02703</b>
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery	(312,391)	(7,666,558)	(0.04075)	(0.00028)
Inadvertent - (Net) - System Losses	(757,858)	6,342		(0.00067)
System Losses		(21,399,323)		
<b>Sales Fuel Cost (c)</b>	<b>(1,070,249)</b>	<b>(29,059,539)</b>	<b>(0.03683)</b>	<b>(0.00095)</b>
<b>Totals (a+b+c)</b>	<b>\$29,332,042</b>	<b>1,124,657,285</b>	<b>0.02608</b>	<b>0.02608</b>

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

000028



EAST KENTUCKY POWER COOPERATIVE  
FUEL ADJUSTMENT  
YEAR-TO-DATE 2006  
AS OF JULY 31, 2006

FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		190,313,101		0.02679
-----	=	-----		
KWH Sales to Members and Internal Use		7,103,150,951		
Less Cost of Fuel in Base Rate				
		Cost	KWH	Mills/kwh Mills/ total kwh
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned		142,378,158	6,275,337,329	0.02269 0.02004
Gas & Oil Burned in CTs & Landfills		12,513,011	151,736,164	0.08247 0.00176
Fuel (Assigned Cost during F.O.)		2,248,928	133,690,000	0.01682 0.00032
Fuel (Assigned Cost during F.O.)		(6,249,872)	(133,690,000)	(0.04675) (0.00088)
		-----	-----	-----
<b>Total Fuel Cost</b>	(a)	<u>150,890,225</u>	<u>6,427,073,493</u>	<u>0.02348</u> <u>0.02124</u>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases		37,803,101	845,908,637	0.04469 0.00532
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		-----	-----	-----
<b>Total Purchase Fuel Cost</b>	(b)	<u>37,803,101</u>	<u>845,908,637</u>	<u>0.04469</u> <u>0.00532</u>
<b>Subtotal Purchase &amp; Fuel Cost</b>		<u>188,693,326</u>	<u>7,272,982,130</u>	<u>0.02594</u> <u>0.02656</u>
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery		(785,639) 2,405,414	(19,992,438)	(0.03930) 0.00034
Inadvertent - (Net) - System Losses			39,324,714 (164,306,177)	
<b>Sales Fuel Cost</b>	(c)	<u>1,619,775</u>	<u>(144,973,901)</u>	<u>0.01117</u> <u>0.00023</u>
<b>Totals</b>	(a+b+c)	<u><u>190,313,101</u></u>	<u><u>7,103,150,951</u></u>	<u><u>0.02679</u></u> <u><u>0.02679</u></u>



# East Kentucky Power Cooperative

## Member Cooperative Load Growth 2005 - 2006 Includes Inland Container Steam KWH Equivalency

Month	Actual		Budget		2006 % Increase By Months		2006 % Increase Cumulative		2006				
	2005	2006	2006	2006	2005	2006	2005	2006	Hourly Coincident System Peak		Steam		
	15 Minute Billing Peak								Date	Day	Hr. Ending	MW	Equivalent MW
Jan	2,749	2,878	2,878	2,283	(17.0)	(20.7)	(17.0)	(20.7)	Jan 26	Thur	0800	2,254	38
Feb	2,194	2,691	2,691	2,585	17.8	(3.9)	(1.5)	(12.6)	Feb 19	Sun	0900	2,503	40
Mar	2,291	2,451	2,451	2,283	(0.3)	(6.9)	(1.1)	(10.8)	Mar 21	Tues	2000	2,114	35
Apr	1,720	2,061	2,061	1,763	2.5	(14.5)	(0.4)	(11.6)	Apr 10	Mon	0700	1,763	37
May	1,724	1,970	1,970	2,104	22.0	6.8	3.2	(8.6)	May 30	Tues	1600	2,000	30
Jun	2,163	2,182	2,177	2,177	0.6	(0.2)	2.8	(7.3)	Jun 22	Thurs	1700	2,139	27
Jul	2,346	2,377	2,385	2,385	1.7	0.3	2.6	(6.2)	Jul 19	Wed	1700	2,301	27
Aug	2,258	2,312											
Sep	1,971	2,178											
Oct	1,820	2,054											
Nov	2,283	2,346											
Dec	2,676	2,718											
YTD	26,195	28,218	15,580	15,580									
	26,195	28,218	15,580	15,580									

Month	Actual		Budget		2005		2006		2005				
	2005	2006	2006	2006	2005	2006	2005	2006	Hourly Coincident System Peak		Steam		
	15 Minute Billing Peak								Date	Day	Hr. Ending	MW	Equivalent MW
Jan	1,210,092	1,284,953	1,130,133	1,130,133	(6.6)	(12.0)	(6.6)	(12.0)	Jan 18	Tues	0800	2,711	41
Feb	1,033,719	1,096,763	1,123,959	1,123,959	8.7	5.4	0.5	(4.2)	Feb 10	Thur	2000	2,175	34
Mar	1,099,981	1,066,866	1,066,909	1,066,909	(3.0)	2.8	(0.7)	(2.0)	Mar 03	Thur	0700	2,224	39
Apr	846,765	920,708	853,794	853,794	0.8	(7.3)	(0.4)	(3.1)	Apr 02	Sat	1200	1,659	34
May	847,185	944,222	913,736	913,736	7.9	(3.2)	1.0	(3.2)	May 03	Tues	0700	1,729	33
Jun	998,590	1,027,010	975,558	975,558	(2.3)	(5.0)	0.5	(3.5)	Jun 28	Tues	1700	2,048	28
Jul	1,076,222	1,152,774	1,134,159	1,134,159	5.4	(1.6)	1.2	(3.2)	Jul 25	Mon	1800	2,181	26
Aug	1,113,529	1,091,636							Aug 20	Sat	1500	2,227	25
Sep	946,699	982,798							Sep 12	Mon	1700	1,917	33
Oct	893,863	975,173							Oct 3	Mon	1700	1,778	26
Nov	980,332	1,055,114							Nov 18	Fri	0700	2,139	41
Dec	1,303,790	1,241,722							Dec 20	Tues.	0800	2,642	42
YTD	12,350,767	12,839,739	7,198,248	7,198,248									
	12,350,767	12,839,739	7,198,248	7,198,248									

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EAST KENTUCKY POWER COOPERATIVE  
OFF-SYSTEM SALES - 2006  
(1,000)

MONTH	2006 BUDGET												
	MWH	REVENUE	MARGIN	INCLUDES DEMAND			EXCLUDES DEMAND			MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/ KWH	MARGIN	MILLS/ KWH	MARGIN	MILLS/ KWH					
JAN	696	35	(9)	50.78	(9)	50.78	(9)	50.78	2,620	133	5	50.76	
FEB	4,442	175	(23)	39.44	(23)	39.44	(23)	39.44	6,281	319	13	50.79	
MAR	5,516	124	(50)	22.48	(50)	22.48	(50)	22.48	7,024	301	14	42.85	
APR	1,156	53	5	46.19	5	46.19	5	46.19	23,056	989	46	42.90	
MAY	58	6	2	100.00	2	100.00	2	100.00	16,779	560	33	33.38	
JUN	7,805	167	(164)	21.43	(164)	21.43	(164)	21.43	12,024	460	24	38.26	
JUL	9,231	434	(76)	47.05	(76)	47.05	(76)	47.05	16,594	648	33	39.05	
AUG									24,904	972	50	39.03	
SEP									6,600	226	13	34.24	
OCT									6,393	209	13	32.69	
NOV									3,450	113	7	32.75	
DEC									1,020	33	2	32.35	
<b>TOTAL</b>	<b>28,904</b>	<b>994</b>	<b>(315)</b>	<b>34.39</b>	<b>(315)</b>	<b>34.39</b>	<b>(315)</b>	<b>34.39</b>	<b>126,745</b>	<b>\$4,963</b>	<b>\$253</b>	<b>39.16</b>	

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

000031

## EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson  
1/15/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	4,442
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	5,516
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	1,156
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	58
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	7,805
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	9,231
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
<b>Total</b>	<b>4,420,544</b>	<b>5,008,266</b>	<b>1,099,913</b>	<b>840,778</b>	<b>770,747</b>	<b>899,286</b>	<b>513,879</b>	<b>71,224</b>	<b>53,466</b>	<b>144,197</b>	<b>28,904</b>

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EAST KENTUCKY POWER COOPERATIVE  
SUMMARY OF FUEL COST FACTORS  
IN COMPUTING FUEL ADJUSTMENT RATE  
(TO BE APPLIED TO SUCCEEDING MONTH)

	MAY 2006			JUNE 2006			JULY 2006		
	mWh	Mills per kWh	Fuel Costs	mWh	Mills per kWh	Fuel Costs	mWh	Mills per kWh	Fuel Costs
<b>Production</b>									
Smith Generating	17,149	93.53	1,604,007	18,684	98.99	1,849,619	50,762	103.08	5,232,767
Dale	65,724	28.33	1,861,804	82,128	29.13	2,392,689	97,473	28.35	2,763,777
Cooper	148,677	22.89	3,402,517	159,375	22.84	3,639,795	185,542	22.45	4,166,294
Spurlock I	200,116	23.15	4,632,835	175,392	23.24	4,076,523	186,012	22.95	4,269,441
Spurlock II	363,686	25.57	9,300,954	333,491	24.68	8,230,292	360,729	23.84	8,599,587
Landfills	7,508	4.51	33,860	7,189	5.16	37,062	7,198	0.81	5,828
Gilbert	(746)	0.00	0	135,471	13.78	1,866,841	188,452	12.43	2,341,984
Generating Unit									
Sub-total	802,114	25.98	20,835,977	911,730	24.23	22,092,821	1,076,168	25.44	27,379,678
Physical Inventory, Outage & Adjustments			(151,487)			(415,081)			(151,487)
Gallatin	0		0	0		0	0		0
Sub Total	802,114	25.79	20,684,490	911,730	23.78	21,677,740	1,076,168	25.30	27,228,191
Purchases	102,803	46.89	4,820,164	84,298	37.41	3,153,702	77,549	40.93	3,174,099
Sales to Others (Includes Losses)	(60)	59.45	(3,567)	(7,902)	35.86	(283,345)	(7,667)	40.74	(312,391)
(Over) or Under Recovery			(393,903)			(491,289)			(757,858)
Inadvertent Net System Losses	(1,425)		484	484			6		
	(3,816)		(24,857)	(24,857)			(21,399)		
Total	899,616		25,107,184	963,753		24,056,808	1,124,657		29,332,041
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		27.91			24.96			26.08	
Fuel Adjustment charge (credit) per kWh		7.66			4.71			5.83	

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

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**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary**

July 2006

CO-OP Name/EKPC		KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	52,056	23,122,321	44.59	108,907	49.30	117,195	54.37	1,257,217
	YTD	355,156	153,221,838	44.11	1,192,068	51.89	671,099	56.27	8,621,586
BLUE GRASS ENERGY	Month	239,252	115,497,909	42.43	540,139	47.11	559,012	51.95	5,999,877
	YTD	1,578,920	712,562,259	42.82	5,451,540	50.48	3,056,665	54.77	39,023,673
CLARK ENERGY COOP	Month	89,161	41,207,649	44.43	194,087	49.14	208,166	54.19	2,233,111
	YTD	588,397	254,916,381	44.54	1,963,187	52.24	1,129,942	56.67	14,447,040
CUMBERLAND VALLEY ELECTRIC	Month	99,457	44,579,153	44.43	209,967	49.14	225,203	54.19	2,415,895
	YTD	670,037	300,067,706	43.65	2,325,153	51.40	1,304,134	55.75	16,728,286
FARMERS RECC	Month	99,739	48,286,356	42.81	227,430	47.52	235,860	52.40	2,530,226
	YTD	618,494	298,634,847	42.24	2,288,314	49.91	1,269,195	54.16	16,173,026
FLEMING MASON RECC	Month	162,087	80,835,121	41.98	345,378	46.25	366,046	50.78	4,104,675
	YTD	1,117,675	547,869,767	41.66	3,739,696	48.49	2,138,688	52.39	28,702,393
GRAYSON RECC	Month	51,999	23,903,191	44.50	112,585	49.21	120,928	54.27	1,297,266
	YTD	352,085	154,218,924	44.32	1,191,051	52.04	679,702	56.45	8,705,036
INTER-COUNTY ECC	Month	93,132	41,578,692	44.05	195,377	48.75	208,366	53.76	2,235,262
	YTD	634,490	266,245,667	44.10	2,057,666	51.83	1,165,446	56.21	14,964,614
JACKSON ENERGY COOP	Month	181,375	84,085,077	43.75	395,451	48.46	418,871	53.44	4,493,463
	YTD	1,303,673	556,561,901	44.00	4,317,978	51.76	2,428,225	56.12	31,234,332
LICKING VALLEY RECC	Month	52,849	24,029,384	44.49	113,178	49.20	121,546	54.26	1,303,890
	YTD	358,372	157,173,802	44.13	1,219,075	51.88	689,186	56.27	8,843,998
NOLIN RECC	Month	144,527	72,167,111	41.79	339,906	46.50	344,937	51.27	3,700,364
	YTD	917,472	445,959,282	41.53	3,405,136	49.17	1,865,885	53.35	23,793,319
OWEN EC	Month	423,192	216,213,957	35.80	959,750	40.24	863,435	44.23	9,563,770
	YTD	2,673,315	1,351,153,068	34.70	9,655,430	41.84	4,772,305	45.37	61,307,486
SALT RIVER RECC	Month	221,818	104,482,411	41.82	471,318	46.33	495,700	51.08	5,336,561
	YTD	1,258,817	586,402,953	42.09	4,352,232	49.52	2,480,246	53.75	31,516,264
SHELBY ENERGY COOP	Month	84,002	42,478,151	41.50	199,947	46.20	201,761	50.95	2,164,429
	YTD	538,535	265,661,396	41.36	2,026,714	48.99	1,110,447	53.17	14,123,919
SOUTH KENTUCKY RECC	Month	228,097	106,259,551	43.51	499,427	48.21	526,569	53.16	5,648,873
	YTD	1,615,549	683,192,884	44.01	5,277,526	51.74	2,988,365	56.11	38,333,761
TAYLOR COUNTY RECC	Month	108,441	47,005,039	45.20	203,651	49.53	232,421	54.47	2,560,585
	YTD	708,559	306,648,215	45.97	2,024,716	52.58	1,281,030	56.75	17,403,407
<b>Totals</b>		2,331,184	1,115,731,073	41.66	5,116,498	46.25	5,246,016	50.95	56,845,464
	YTD	15,289,546	7,040,490,890	41.53	52,487,482	48.99	29,030,560	53.11	373,922,140

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**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary  
'E' Rates Only**

July 2006

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	52,056	23,122,321	44.59	108,907	49.30	117,195	54.37	1,257,217
	YTD	355,156	153,221,838	44.11	1,192,068	51.89	671,099	56.27	8,621,586
BLUE GRASS ENERGY	Month	208,480	95,602,033	43.81	446,429	48.48	476,123	53.46	5,110,671
	YTD	1,367,717	575,023,399	44.51	4,408,221	52.18	2,546,075	56.61	32,549,796
CLARK ENERGY COOP	Month	88,161	40,758,919	44.49	191,973	49.20	206,134	54.25	2,211,313
	YTD	584,397	253,078,677	44.58	1,951,363	52.29	1,122,016	56.72	14,355,515
CUMBERLAND VALLEY ELECTRIC	Month	99,457	44,579,153	44.43	209,967	49.14	225,203	54.19	2,415,895
	YTD	670,037	300,067,706	43.65	2,325,153	51.40	1,304,134	55.75	16,728,286
FARMERS RECC	Month	90,470	42,950,358	43.57	202,297	48.28	213,152	53.24	2,286,618
	YTD	555,770	261,439,893	43.07	2,008,580	50.76	1,128,850	55.07	14,398,515
FLEMING MASON RECC	Month	83,182	38,839,841	44.05	182,935	48.76	194,681	53.77	2,088,478
	YTD	565,255	254,246,132	43.62	1,965,706	51.35	1,105,434	55.70	14,160,366
GRAYSON RECC	Month	49,718	22,728,066	44.85	107,050	49.56	115,794	54.65	1,242,192
	YTD	335,753	145,326,466	44.77	1,124,370	52.51	646,123	56.96	8,277,152
INTER-COUNTY ECC	Month	84,487	37,061,463	44.82	174,559	49.53	188,695	54.62	2,024,238
	YTD	579,861	236,501,065	44.98	1,838,984	52.75	1,051,254	57.20	13,527,066
JACKSON ENERGY COOP	Month	170,181	78,153,191	44.25	368,101	48.96	393,369	54.00	4,219,890
	YTD	1,225,381	517,264,460	44.46	4,022,907	52.24	2,275,887	56.64	29,298,206
LICKING VALLEY RECC	Month	52,849	24,029,384	44.49	113,178	49.20	121,546	54.26	1,303,890
	YTD	358,372	157,173,802	44.13	1,219,075	51.88	689,186	56.27	8,843,998
NOLIN RECC	Month	117,477	55,405,282	43.92	260,958	48.63	276,990	53.63	2,971,455
	YTD	732,970	331,609,553	43.83	2,544,189	51.51	1,450,215	55.88	18,529,839
OWEN EC	Month	233,747	112,234,721	38.07	470,572	42.27	485,158	46.59	5,228,885
	YTD	1,361,077	643,792,215	38.16	4,290,434	44.83	2,465,607	48.66	31,326,121
SALT RIVER RECC	Month	210,026	97,383,526	42.22	437,882	46.72	465,741	51.50	5,015,164
	YTD	1,174,405	537,733,671	42.58	3,982,466	49.98	2,295,386	54.25	29,173,590
SHELBY ENERGY COOP	Month	59,763	27,169,357	44.52	127,969	49.23	137,502	54.29	1,475,080
	YTD	384,428	165,498,323	44.60	1,274,257	52.30	735,063	56.74	9,390,326
SOUTH KENTUCKY RECC	Month	204,350	93,655,582	44.29	441,118	49.00	471,783	54.04	5,061,138
	YTD	1,469,142	606,517,550	44.77	4,702,015	52.52	2,688,006	56.95	34,541,831
TAYLOR COUNTY RECC	Month	90,323	40,756,189	44.31	191,962	49.02	205,392	54.06	2,203,378
	YTD	587,797	248,407,808	44.50	1,910,078	52.19	1,101,849	56.62	14,065,937
<b>Totals</b>	Month	1,894,727	874,429,386	43.21	4,035,857	47.83	4,294,458	52.74	46,115,502
	YTD	12,307,518	5,386,902,558	43.39	40,759,866	50.96	23,276,184	55.28	297,788,130

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## **EKPC Generation & Transmission Coordinated Schedule**

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

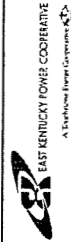
The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard.

The attached schedule has been reviewed and approved by our production, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is September 1, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.



# EKPC Generation & Transmission Coordinated Schedule

ACCEPTANCE  
 Production\_CJ\_ Sys Protection  
 Lines\_DB\_ Trans Planning DA  
 Subs\_MZ\_ Gen Planning GD

ID	Task Name	Start	Finish	2005	2006	2007	2008	2009	2010						
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	SUBSTATION PROJECTS	Mon 1/2/06	Tue 6/30/09												
2	Smith 69KV Distr Sub	Mon 12/4/06	Wed 8/1/07												
5	Smith 138KV Substation (CT8)	Mon 1/2/06	Fri 12/29/06												
8	Smith 345KV CT Sub	Fri 1/20/06	Fri 6/1/07												
11	North Clark 345KV Substation	Fri 1/20/06	Fri 6/1/07												
14	Spurlock #4 Substation	Sun 12/17/06	Mon 12/31/07												
18	Smith 345KV CFB Substation	Sun 9/9/07	Tue 3/10/09												
21	West Garrard	Sun 12/30/07	Tue 6/30/09												
24	GENERATION PROJECTS	Wed 10/12/05	Wed 3/10/10												
25	PSC APPROVAL (Smith CT's & CFB)	Tue 8/29/06	Tue 8/29/06												
26	AIR PERMIT (Smith CT's & CFB)	Tue 5/15/07	Tue 5/15/07												
27	Smith CT #8	Mon 10/29/07	Fri 2/6/09												
32	Smith CT #9	Mon 10/1/07	Fri 1/9/09												
37	Smith CT #10	Mon 9/3/07	Fri 12/12/08												
42	Smith CT #11	Mon 8/6/07	Fri 6/20/08												
47	Smith CT #12	Mon 7/9/07	Fri 5/23/08												
52	Smith CFB Unit 1	Fri 6/1/07	Wed 3/10/10												
57	Spurlock #4	Wed 10/12/05	Wed 4/1/09												
64	Headquarters Sub & Sideview Cap Bank - COMPLETED	Mon 1/12/05	Fri 6/16/06												
65	TRANSMISSION PROJECTS	Tue 7/12/05	Tue 6/30/09												
66	Smith - North Clark (18 mile 345 kv)	Tue 7/12/05	Fri 6/1/07												
67	Board Approval	Tue 7/12/05	Tue 7/12/05												
68	Open House	Thu 11/10/05	Thu 11/10/05												

BF - Backfeed from Substation  
 F - First Fire  
 C - Commercial Operation

SUBSTATION PROJECTS  
 GENERATION PROJECTS  
 TRANSMISSION PROJECTS

PSC APPROVAL (Smith CT's & CFB)  
 AIR PERMIT (Smith CT's & CFB)  
 Board Approval  
 Open House

Smith - North Clark (19 mile 345 kv)

Smith CT #8, #9, #10, #11, #12  
 Smith CFB Unit 1  
 Spurlock #4

PSC  
 AIF

Smith - North Clark (18 mile 345 kv)

Board Approval  
 Open House

Page 1 of 2  
 Print Date: Fri 9/1/06  
 Revision Date: 9/1/06  
 000037





EAST KENTUCKY POWER COOPERATIVE  
Comparative Operating Statement  
(Nearest \$1,000)

	12 Months Ended 07/31/06	12 Months Ended 07/31/05	% Increase Decrease (-)
<b>REVENUE</b>			
Member Coops-----	\$652,658	\$533,714	22.3
Power Transactions - Deliveries----	5,986	3,097	93.3
Other-----	26,596	29,240	-9.0
<b>TOTAL REVENUE-----</b>	<b>\$685,240</b>	<b>\$566,051</b>	<b>21.1</b>
<b>OPERATIONS &amp; MAINTENANCE</b>			
Production			
Fuel-----	\$281,493	\$218,954	28.6
O & M-----	104,472	104,670	-0.2
Transmission-----	24,001	25,222	-4.8
General Administration-----	69,945	37,797	85.1
Power Transactions - Receipts----	112,350	122,071	-8.0
Depreciation-----	54,933	45,627	20.4
Insurance-----	1,234	460	168.3
Taxes-----	(47)	234	-120.1
<b>Total Oper. &amp; Maint.-----</b>	<b>648,381</b>	<b>555,035</b>	<b>16.8</b>
<b>Margin Before Interest-----</b>	<b>36,859</b>	<b>11,016</b>	<b>234.6</b>
Interest - Short Term Debt-----	285	515	-44.7
Interest - Long Term Debt-----	76,384	62,734	21.8
Interest Charged to Construction-	0	0	0.0
<b>Net Interest-----</b>	<b>76,669</b>	<b>63,249</b>	<b>21.2</b>
<b>NET MARGIN (DEFICIT)-----</b>	<b>(\$39,810)</b>	<b>(\$52,233)</b>	<b>-23.8</b>

**STATISTICAL SUMMARY**

TIER-----	0.48	0.17	186.1
Sales to Coops - MWH -----	12,451,160	11,871,321	4.9
% Increase of Prev Year-----	4.88	0.89	448.8
Basic Rate to Coops (Mills)-----	45.00	38.83	15.9
Fuel Rate to Coops (Mills)-----	7.41	6.13	-20.9
Net Rate to Coops (Mills)-----	52.41	44.96	16.6
Deliveries to Others - MWH -----	166,321	141,860	17.2
Production - MWH -----	11,194,141	9,837,234	13.8
Purchase Receipts - MWH -----	1,836,153	2,613,160	-29.7

**EAST KENTUCKY POWER COOPERATIVE**

**NET MARGINS - 2006**

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
January	8,898,355	30,491	8,898,355	30,491	5,432,227
February	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
March	(84,034)	2,986,610	12,306,899	10,892,074	12,090,862
April	(5,231,312)	(719,104)	7,075,587	10,172,970	6,915,169
May	(3,109,184)	606,557	3,966,403	10,779,527	(2,675,825)
June	(4,331,140)	(2,477,813)	(364,737)	8,301,714	(11,277,514)
July	(2,163,911)	(5,540,048)	(2,528,648)	2,761,666	(8,727,047)
August		5,090,954		7,852,620	(13,917,192)
September		2,853,151		10,705,771	(2,187,577)
October		(9,556,104)		1,149,667	(2,730,863)
November		1,405,668		2,555,335	1,642,650
December		2,422,275		4,977,610	(46,007,522)

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94.

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.	
USDA-REA	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette
<b>OPERATING REPORT - FINANCIAL</b>	BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707
	INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.
PERIOD ENDED July 31, 2006	REA USE ONLY

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

<i>Kim Varner</i>	August 18, 2006
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
<i>Ray M. Back</i>	August 18, 2006
SIGNATURE OF MANAGER	DATE

SECTION A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Electric Energy Revenues . . . . .	333,142,519	374,481,392	411,225,638	57,211,024
2. Income From Leased Property - Net . . . . .	0	0	0	0
3. Other Operating Revenue and Income . . . . .	7,268,266	7,255,620	7,366,085	1,144,536
4. Total Oper. Revenues & Patronage Capital (1 thru 3) . . . . .	340,410,785	381,737,012	418,591,723	58,355,560
5. Operation Expense - Production - Excluding Fuel . . . . .	34,098,972	37,900,078	43,381,749	7,164,886
6. Operation Expense - Production - Fuel . . . . .	143,055,156	161,113,195	170,333,419	28,179,841
7. Operation Expense - Other Power Supply . . . . .	56,448,658	52,485,876	62,881,037	5,176,384
8. Operation Expense - Transmission . . . . .	10,625,859	13,570,396	10,141,800	1,894,481
9. Operation Expense - Distribution . . . . .	486,695	516,050	1,174,623	79,093
10. Operation Expense - Consumer Accounts . . . . .	(1,030)	0	0	0
11. Operation Expense - Consumer Service & Inform . . . . .	1,970,692	2,197,251	2,593,118	265,633
12. Operation Expense - Sales . . . . .	79,875	78,090	27,524	10,143
13. Operation Expense - Administrative & General . . . . .	17,024,758	18,274,907	19,443,342	2,857,431
14. Total Operation Expense (5 thru 13) . . . . .	263,789,635	286,135,843	309,976,612	45,627,892
15. Maintenance Expense - Production . . . . .	20,721,935	24,502,815	26,982,447	3,885,888
16. Maintenance Expense - Transmission . . . . .	1,897,964	1,971,644	3,033,179	235,211
17. Maintenance Expense - Distribution . . . . .	628,156	552,503	625,282	79,963
18. Maintenance Expense - General Plant . . . . .	476,777	365,398	689,763	51,506
19. Total Maintenance Expense (15 thru 18) . . . . .	23,724,832	27,392,360	31,330,671	4,252,568
20. Depreciation & Amortization Expense . . . . .	29,267,963	32,164,640	34,400,428	4,624,175
21. Taxes . . . . .	234,922	(47,249)	800	0
22. Interest on Long-Term Debt . . . . .	39,208,430	46,020,628	46,402,930	7,498,985
23. Interest Charged to Construction - Credit . . . . .	0	0	0	0
24. Other Interest Expense . . . . .	160,043	172,274	115,846	30,234
25. Asset Retirement Obligations . . . . .	0	0	0	0
26. Other Deductions . . . . .	1,011,335	425,261	996,377	132,342
27. Total Cost of Electric Service (14 + 19 thru 25) . . . . .	357,397,160	392,263,757	423,223,664	62,166,196
28. Operating Margins (4 - 26) . . . . .	(16,986,375)	(10,526,745)	(4,631,941)	(3,810,636)
29. Interest Income . . . . .	3,030,394	3,937,849	1,906,401	914,922
30. Allowance for Funds Used During Construction . . . . .	5,103,172	4,023,402	5,585,058	747,050
31. Income (Loss) from Equity Investments . . . . .	0	0	0	0
32. Other Nonoperating Income - Net . . . . .	114,491	28,373	(109,752)	(15,298)
33. Generation & Transmission Capital Credits . . . . .	0	0	0	0
34. Other Capital Credits & Patronage Dividends . . . . .	11,271	8,473	11,900	51
35. Extraordinary Items . . . . .	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34) . . . . .	(8,727,047)	(2,528,648)	2,761,666	(2,163,911)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold . . . . .		52.72	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold . . . . .		43.38	0.00	
39. Total Cost of Electric Service Per kWh Sold . . . . .		54.28	0.00	
40. Purchased Power Cost Per kWh . . . . .		48.76	0.00	

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USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette	
	PERIOD ENDED	REA USE ONLY
	July 31, 2006	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service . . . . .	2,053,219,322	32. Memberships . . . . .	1,600
2. Construction Work in Progress . . . . .	250,028,525	33. Patronage Capital	
3. Total Utility Plant (1 + 2) . . . . .	2,303,247,847	a. Assigned and Assignable . . . . .	165,660,310
4. Accum. Provision for Depreciation & Amort. . . . .	797,993,698	b. Retired This Year . . . . .	0
5. Net Utility Plant (3 - 4) . . . . .	1,505,254,149	c. Retired Prior Years . . . . .	0
6. Non-Utility Property - Net . . . . .	820	d. Net Patronage Capital . . . . .	165,660,310
7. Investments in Subsidiary Companies . . . . .	0	34. Operating Margins - Prior Years . . . . .	(104,377,194)
8. Invest. in Assoc. Org. - Patronage Capital . . . . .	947,057	35. Operating Margins - Current Year . . . . .	(10,518,271)
9. Invest. In Assoc. Org. - Other - General Funds . . . . .	14,340,349	36. Non-Operating Margins . . . . .	39,091,780
10. Invest. In Assoc. Org. - Other - Non-General Funds . . . . .	0	37. Other Margins and Equities . . . . .	3,412,940
11. Investments in Economic Development Projects . . . . .	0	38. Total Margins & Equities (32, 33d thru 37) . . . . .	93,271,165
12. Other Investments . . . . .	26,242,202	39. Long-Term Debt - REA (Net) . . . . .	(25,599,825)
13. Special Funds . . . . .	23,681,201	(Payments-Unapplied\$ . . . . .)	
14. Total Other Property & Investments (6 thru 13) . . . . .	65,211,629	40. Long-Term Debt-Other-Econ. Devel. (net) . . . . .	0
15. Cash - General Funds . . . . .	866,706	41. Long-Term Debt-FFB-REA Guaranteed . . . . .	1,140,115,824
16. Cash - Construction Funds - Trustee . . . . .	500	42. Long-Term Debt-Other-REA Guaranteed . . . . .	0
17. Special Deposits . . . . .	425	43. Long-Term Debt-Other (Net) . . . . .	456,582,542
18. Temporary Investments . . . . .	61,823,125	44. Total Long-Term Debt (39 thru 43) . . . . .	1,571,098,541
19. Notes Receivable (Net) . . . . .	0	45. Obligations Under Capital Leases - Noncurrent . . . . .	0
20. Accounts Receivable - Sales of Energy (Net) . . . . .	59,660,465	46. Accumulated Operating Provisions . . . . .	100,517,780
21. Accounts Receivable - Other (Net) . . . . .	1,349,863	47. Total Other Noncurrent Liabilities (45 + 46) . . . . .	100,517,780
22. Fuel Stock . . . . .	88,106,955	48. Notes Payable . . . . .	0
23. Materials and Supplies - Other . . . . .	34,182,076	49. Accounts Payable . . . . .	40,135,208
24. Prepayments . . . . .	2,102,084	50. Taxes Accrued . . . . .	3,052,024
25. Other Current and Accrued Assets . . . . .	455,355	51. Interest Accrued . . . . .	8,490,697
26. Total Current and Accrued Assets (15 thru 25) . . . . .	248,547,554	52. Other Current & Accrued Liabilities . . . . .	3,382,703
27. Unamortized Debt Disc. & Extraord. Prop. Losses . . . . .	4,650,129	53. Total Current & Accrued Liabilities (48 thru 52) . . . . .	55,060,632
28. Regulatory Assets . . . . .	0	54. Deferred Credits . . . . .	3,715,343
29. Other Deferred Debits . . . . .	0	55. Accumulated Deferred Income Taxes . . . . .	0
30. Accumulated Deferred Income Taxes . . . . .	0	56. Total Liabilities and Other Credits	
31. Total Assets & Other Debits (5+14+26 thru 30) . . . . .	1,823,663,461	(38+44+47+53 thru 55) . . . . .	1,823,663,461

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.  
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$516,918.03 in July 2006, and \$3,438,562.65 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

July 2006 Demand\MMBTU	487.600	Energy\MMBTU	175,058.200
Year-to-date		Energy\MMBTU	1,363,179.200

\*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

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**OCTOBER 2006**

2006  
EAST KENTUCKY POWER COOPERATIVE  
COAL RECEIPTS, USAGE, STOCKPILE  
TONNAGE (1000)

DALE STATION

	Received			Used Tons	Stockpile Tons
	BTU	MMBTU	Cost/ TON		
Jan.	39	12247	2.305	50	62
Feb.	48	12711	2.518	47	63
Mar.	38	12474	2.410	43	58
Apr.	33	12500	2.398	33	59
May	38	12560	2.390	31	66
June	36	12442	2.343	39	63
July	22	12449	2.369	46	39
Aug.	62	12404	2.377	49	53
Sept.					
Oct.					
Nov.					
Dec.					
Total	316	12400	2.293	52.34	338

COOPER STATION

	Received			Used Tons	Stockpile Tons
	BTU	MMBTU	Cost/ TON		
Jan.	80	11926	2.327	83	135
Feb.	54	11856	2.289	75	115
Mar.	81	12320	2.337	66	130
Apr.	68	12051	2.293	73	125
May	73	12081	2.232	62	137
June	68	12296	2.220	66	138
July	59	12163	2.153	77	121
Aug.	68	12356	2.123	80	109
Sept.					
Oct.					
Nov.					
Dec.					
Total	551	12137	2.251	54.63	582

GILBERT STATION

	Received			Used Tons	Stockpile Tons
	BTU	MMBTU	Cost/ TON		
Jan.	55	11197	1.378	30.85	235
Feb.	59	10974	1.254	27.52	218
Mar.	68	10776	1.267	27.31	206
Apr.	30	11096	1.283	28.46	235
May	41	10890	1.280	27.88	277
June	40	11148	1.280	28.55	256
July	53	10908	1.321	28.81	225
Aug.	66	11094	1.281	28.42	207
Sept.					
Oct.					
Nov.					
Dec.					
Total	412	10909	1.293	28.44	370

SPURLOCK - Above .7% Sulphur

	Received			Used Tons	Stockpile Tons
	BTU	MMBTU	Cost/ TON		
Jan.	44	11388	2.237	88	103
Feb.	87	11628	2.333	82	109
Mar.	102	11678	2.318	89	121
Apr.	88	11653	2.313	87	122
May	93	11709	2.248	88	128
June	90	11646	2.229	78	140
July	85	11528	2.089	84	141
Aug.	89	11488	2.153	87	143
Sept.					
Oct.					
Nov.					
Dec.					
Total	678	11606	2.242	52.06	683

SPURLOCK - Below .7% Sulphur

	Received			Used Tons	Stockpile Tons
	BTU	MMBTU	Cost/ TON		
Jan.	175	12207	2.643	0	152
Feb.	184	12283	2.702	0	128
Mar.	151	12172	2.651	0	117
Apr.	141	12017	2.584	0	127
May	112	12054	2.522	0	149
June	126	11834	2.345	0	138
July	121	11827	2.361	0	148
Aug.	161	11972	2.444	0	149
Sept.					
Oct.					
Nov.					
Dec.					
Total	1171	12065	2.546	61.48	1108

TOTAL SYSTEM

	Received			Used	Stockpile	Days Left
	Ave. Cost/ TON	MMBTU	Cost/ TON			
Jan.	55.66	2.323	393	418	674	53
Feb.	56.57	2.358	432	408	701	56
Mar.	54.71	2.281	440	396	745	59
Apr.	55.81	2.337	360	785	42	43
May	53.41	2.235	357	330	814	43
June	51.72	2.174	360	321	792	42
July	49.31	2.095	340	438	695	37
Aug.	51.40	2.156	446	450	694	37
Sept.						
Oct.						
Nov.						
Dec.						
Total	53.66	2.248	3128	2711		

000001



**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( August 2006 Commitments )**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Date		Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Through	08/31/2006						
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007			265,760	265,971	-211	0.000	12000	1.5520
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008			704,842	399,416	305,426	0.000	12300	2.3990
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009			480,000	71,224	408,776	0.000	12000	2.4240
B & W RESOURCES INC	0000151081	03/10/2004	02/28/2007			240,000	171,306	68,694	0.000	12000	2.0630
TRINITY COAL MARKETING LLC	0000151226	08/08/2006	04/30/2007			90,000	10,438	79,562	0.000	12000	2.3850 A
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008			142,535	142,535	0	0.000	12900	1.5500
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008			112,623	112,623	0	0.000	12600	1.5500

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

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**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( August 2006 Commitments)**

Cooper

Through 08/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	384,068	411,473	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2008	480,000	237,854	242,146	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	70,517	169,483	0.000	11000	2.1350
INTERNATIONAL COAL GROUP LLC	0000251219	04/24/2006	09/15/2006	20,000	22,184	-2,184	0.000	11000	2.0910
TRINITY COAL MARKETING LLC	0000251220	05/01/2006	09/30/2006	50,000	50,661	-661	0.000	12000	1.7920 A
JAMIESON CONSTRUCTION CO	0000251221	05/01/2006	08/31/2006	45,000	45,218	-218	0.000	12000	2.3230
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000003**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( August 2006 Commitments)**  
**Spurlock#1**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Through 08/31/2006		Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
					Shipped To Date	Tonnage Remaining			
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	542,475	457,525	1.941	11500	2.0150
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2009	686,845	189,482	497,363	1.941	11800	1.9170
KEYSTONE INDUSTRIES LLC	0000003422	01/01/2002	06/30/2007	1,625	1,625	0	4.291	12000	1.8670
KOCH CARBON LLC	0000351222	05/01/2006	12/31/2007	400,000	81,549	318,451	1.941	11250	2.5190
PROGRESS FUELS CORPORATION	000351204A	01/11/2006	12/31/2006	1,595	16,364	-14,769	4.291	12000	2.7350
COALTRADE, LLC	000351205A	01/11/2006	12/31/2006	1,582	4,591	-3,009	4.291	12400	2.7640
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4.291	11800	2.2460

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000004**

**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**( August 2006 Commitments)**  
**Spurlock#2**

Through 08/31/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2009	1,523,950	606,181	917,769	1.941	12000	1.5920
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2009	656,404	368,176	288,228	4.291	12000	1.8670
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	885,957	654,043	1.941	11350	2.3540
MC MINING , LLC	0000000428	01/01/2005	12/31/2007	544,800	223,476	321,325	8.830	12500	2.5530
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	129,887	350,113	4.291	12000	2.5560
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	370,631	-32,070	4.291	12000	1.6100
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	238,405	124,625	113,780	4.291	12000	2.7350
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	128,618	82,660	45,958	4.291	12400	2.7640
PROGRESS FUELS CORPORATION	0000451234	08/01/2006	09/30/2006	40,000	19,446	20,554	9.110	12000	2.7240
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500
APPALACHIAN FUELS LLC	0000451241	08/28/2006	09/05/2006	10,000	0	10,000	9.110	12000	1.5950

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000005**

INDEX OF ALL COAL PURCHASE COMMITMENTS  
 (August 2006 Commitments)  
 Gilbert

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Through 08/31/2006		Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
					Shipped To Date	Tonnage Remaining			
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	273,206	2,126,794	3.884	11400	1.2885 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	192,337	407,663	3.179	11200	1.3567 A
MASSEY UTILITY SALES CO	0000000806	08/01/2006	07/31/2011	600,000	7,652	592,348	4.558	10800	1.1601
B & N COAL INC	0000000808	08/01/2006	07/31/2011	600,000	6,640	593,360	3.179	11000	1.1761 A
WATERLOO COAL COMPANY INC	0000851156	03/28/2005	08/15/2006	135,000	135,743	-743	2.506	10500	1.2975 A <b>Completed</b>
COALSALES LLC	0000851232	07/10/2006	08/15/2006	6,200	6,446	-246	5.136	9700	1.4510 <b>Completed</b>

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000006

**Run-of-Mine Cost Analysis - Monthly**  
**ACTIVITY FOR THE MONTH OF: August 2006**  
**(thru 08/31/06)**

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	S/Ton	\$M/BIU	BTU	Ash	Sulfur
IKERD COAL COMPANY LLC	0000751159	2,812.28	50.37	0.00	0.000	0.00	50.37	1.991	12,646	8.60	1.45
IKERD TERMINAL COMPANY LLC	0000751225	916.32	20.46	0.00	0.000	0.00	20.46	0.869	11,860	11.54	2.02
Weighted Average - Cooper		<u>3,728.60</u>	<u>43.02</u>				<u>43.02</u>	<u>1.715</u>	<u>12,453</u>	<u>9.32</u>	<u>1.59</u>
INTERNATIONAL COAL GROUP LLC	0000951224	2,721.84	47.64	0.00	0.000	0.00	47.64	2.093	11,389	16.96	0.88
LEWIS COAL SALES LLC	0000951228	9,010.95	60.49	0.00	0.000	0.00	60.49	2.407	12,565	10.72	0.76
Weighted Average - Dale		<u>11,732.79</u>	<u>57.50</u>				<u>57.50</u>	<u>2.334</u>	<u>12,292</u>	<u>12.16</u>	<u>0.79</u>

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of August 2006 was \$2.763/MMBtu or \$68.82/ton, based on 12,453 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$3.273/MMBtu or \$78.55/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Dale Station during the month of August 2006 was \$3.016/MMBtu or \$74.15/ton, based on 12,292 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Dale Station during the same month, which was \$3.239/MMBtu or \$77.75/ton, based on 12,000 Btu/lb.

000007

**CFC PATRONAGE CAPITAL ALLOCATION**ALLOCATIONS RETIRED THROUGH AUGUST 2006:

\$3,851,273 has been received from CFC representing retirement of capital credits.

\$154,529 has been contributed to the Cooperative System Integrity Fund beginning 1986. **(a)**

ALLOCATIONS OUTSTANDING:

<u>Year</u>	<u>Patronage Capital Allocation</u>	<u>Patronage Capital Retired</u>	<u>Cumulative Allocations/ Outstanding</u>	<u>Interest Paid to CFC By EKPC</u>	<u>% of Allocation To Interest Paid</u>
1988	\$104,425	\$104,425	\$ -	\$ 840,864	12.42
1989	99,150	99,150	-	828,747	11.96
1990	83,884	83,884	-	1,108,430	7.57
1991	147,565	32,792	114,773	1,557,660	9.47
1992	172,342	38,298	248,817	1,521,711	11.33
1993	139,520	31,004	357,332	1,121,721	12.44
1994	118,363	59,182	416,513	1,123,696	10.53
1995	129,552	90,687	455,378	1,244,819	10.41
1996	116,659	81,661	490,376	1,181,051	9.88
1997	112,635	78,845	524,166	1,165,234	9.67
1998	109,556	76,689	557,033	1,133,332	9.67
1999	97,895	68,526	586,402	959,456	10.20
2000	84,988	59,492	611,898	1,180,720	7.20
2001	157,080	109,956	659,022	1,488,973	10.55
2002	55,370	38,759	675,633	1,105,003	5.01
2003	133,012	93,108	715,537	2,355,488	5.65
2004	249,157	174,410	790,284	3,850,219	6.47
2005	551,958	386,371	955,871	6,192,574	8.91
2006	301,722	211,205	1,046,388		

**NOTE:** Current CFC Policy provides for retiring 70% of the margins earned during the most recent fiscal year with the remaining 30% of allocated net margins being retired on a 15-year FIFO basis.

To effect the full transition to this new policy:

- Unretired Patronage Capital earned by borrowers in fiscal years 1991-1993 will be summed, divided by nine (9), and retired during a nine- (9) year period (2000 to 2008).

**(a)** EKPC participation in the "Cooperative System Integrity Fund" approved by the Board at 12-10-85 meeting.

(FINDIVBENNETTCFC-CAP-2006)

**000008**

**STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF FUNDED MEDICAL PLAN  
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY  
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

2006	(1) No. of Employees	(2) Monthly Contributions	(3) Y.T.D. (a) Contributions	(4) (b)		(5) Y.T.D. (b) Admin. Fees Cost	(6) (c)		(7) Total Cost Y.T.D.	(8) (d)		(9) Y.T.D. Benefits Received (c)	(10) (e)	
				Monthly Admin. Fees Cost	Y.T.D. (a) Contributions		Monthly Admin. Fees Cost	Y.T.D. (b) Admin. Fees Cost		Monthly	Y.T.D.		Monthly	Y.T.D.
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	1,489,740	1,489,740	1,489,740	1,489,740	1,082,204	1,082,204	267,939		
Feb.	2,028	1,347,855	2,697,998	139,411	279,008	2,977,005	2,977,005	2,977,005	2,977,005	1,604,650	2,686,854	11,144		
Mar.	2,030	1,344,185	4,042,183	139,473	418,481	4,460,664	4,460,664	4,460,664	4,460,664	2,210,259	4,897,113	(854,930)		
Apr.	2,037	1,348,212	5,390,395	140,158	558,639	5,949,034	5,949,034	5,949,034	5,949,034	1,477,476	6,374,589	(984,193)		
May	2,044	1,350,137	6,740,532	140,351	698,990	7,439,522	7,439,522	7,439,522	7,439,522	1,680,504	8,055,093	(1,314,561)		
June	2,047	1,354,842	8,095,373	140,489	839,479	8,934,853	8,934,853	8,934,853	8,934,853	1,432,988	9,488,081	(1,392,707)		
July	2,045	1,351,014	9,446,388	140,540	980,019	10,426,407	10,426,407	10,426,407	10,426,407	1,021,426	10,509,507	(1,063,119)		
Aug.	2,049	1,346,397	10,792,785	140,617	1,120,636	11,913,421	11,913,421	11,913,421	11,913,421	1,636,409	12,145,915	(1,353,131)		

	Data Per Month Per Employee	
	Contribution	Claims
Base Benefits	\$ 662.01	\$ 745.01
Admin Fee	\$ 68.74	\$ 68.74
	\$ 730.75	\$ 813.75

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.  
(b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.  
(c) Includes excess risk reimbursements: \$12,328.80 for Jackson, \$74,813.95 for Owen, \$69,483.23 for Salt River, \$24,154.44 for EKPC.

000009



STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF-FUNDED DENTAL PLAN  
EAST KENTUCKY POWER COOPERATIVE

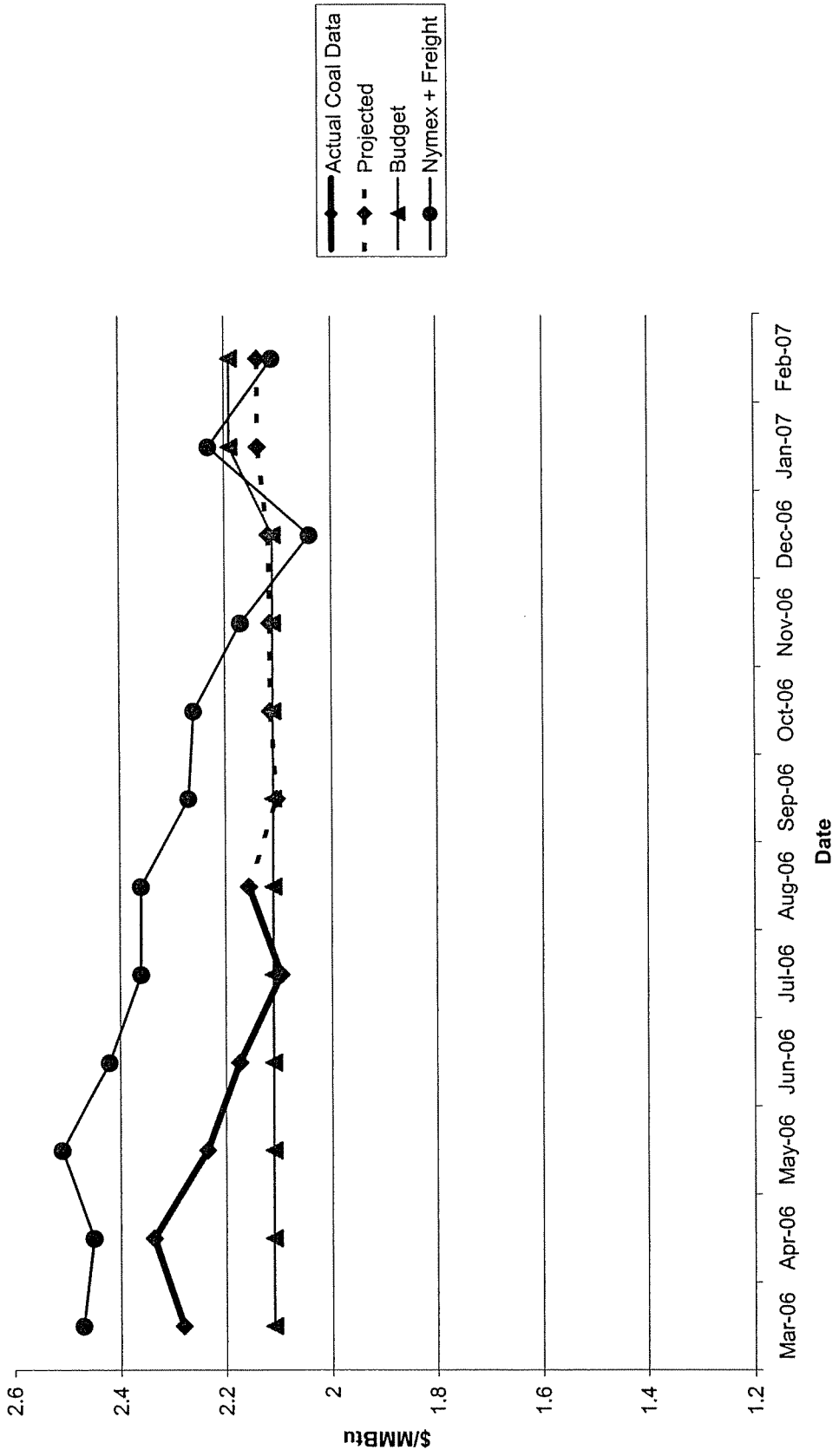
2006	(1)	(2)	Monthly Employer Contributions		(3)	(4)	(5)	Monthly Employee Contributions			(7)	(8)	(9)	(2)+(7) (10)	(3)+(8) (11)	(10)-(11)-(12) (13)	(14)	Y.T.D. Surplus (Deficit)
			No. Emp.	Amount of Contr. (a)				Claims Paid	Admin. Fee	Surplus (Deficit)								
Jan.	664	15,936	11,249	1,328	3,359	448	15,301	15,579	(278)	31,237	26,828	1,328	3,081	3,081		3,081	3,081	
Feb.	664	15,936	21,740	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(7,720)	(7,720)		(4,638)	(4,638)	
Mar.	663	15,912	16,848	1,326	(2,262)	450	15,334	17,320	(1,986)	31,246	34,169	1,326	(4,249)	(4,249)		(8,887)	(8,887)	
Apr.	662	15,888	12,272	1,324	2,292	450	15,290	21,476	(6,185)	31,178	33,748	1,324	(3,894)	(3,894)		(12,781)	(12,781)	
May	666	15,984	15,476	1,332	(824)	454	15,323	15,347	(24)	31,307	30,823	1,332	(848)	(848)		(13,629)	(13,629)	
June	663	15,912	17,741	1,326	(3,155)	451	15,202	17,445	(2,243)	31,114	35,187	1,326	(5,399)	(5,399)		(19,028)	(19,028)	
July	658	15,792	9,200	1,316	5,276	449	15,048	12,855	2,193	30,840	22,055	1,316	7,469	7,469		(11,559)	(11,559)	
Aug.	655	15,720	13,292	1,310	1,118	448	15,015	25,667	(10,652)	30,735	38,959	1,310	(9,534)	(9,534)		(21,093)	(21,093)	
<b>Total</b>	<b>5,295</b>	<b>127,080</b>	<b>117,818</b>	<b>10,590</b>	<b>(1,328)</b>	<b>3,601</b>	<b>121,825</b>	<b>141,590</b>	<b>(19,765)</b>	<b>248,905</b>	<b>220,450</b>	<b>9,280</b>						

Employer		Employee	
Contr. Rate	Claims Paid	Contr. Rate	Claims Paid
\$22.00	\$22.25	\$33.83	\$39.32
Admin. fee 2.00	Admin. fee 2.00		
\$24.00	\$24.25		

(a) Includes Administration Fee of \$2.00 per employee.  
 (b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00  
 Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

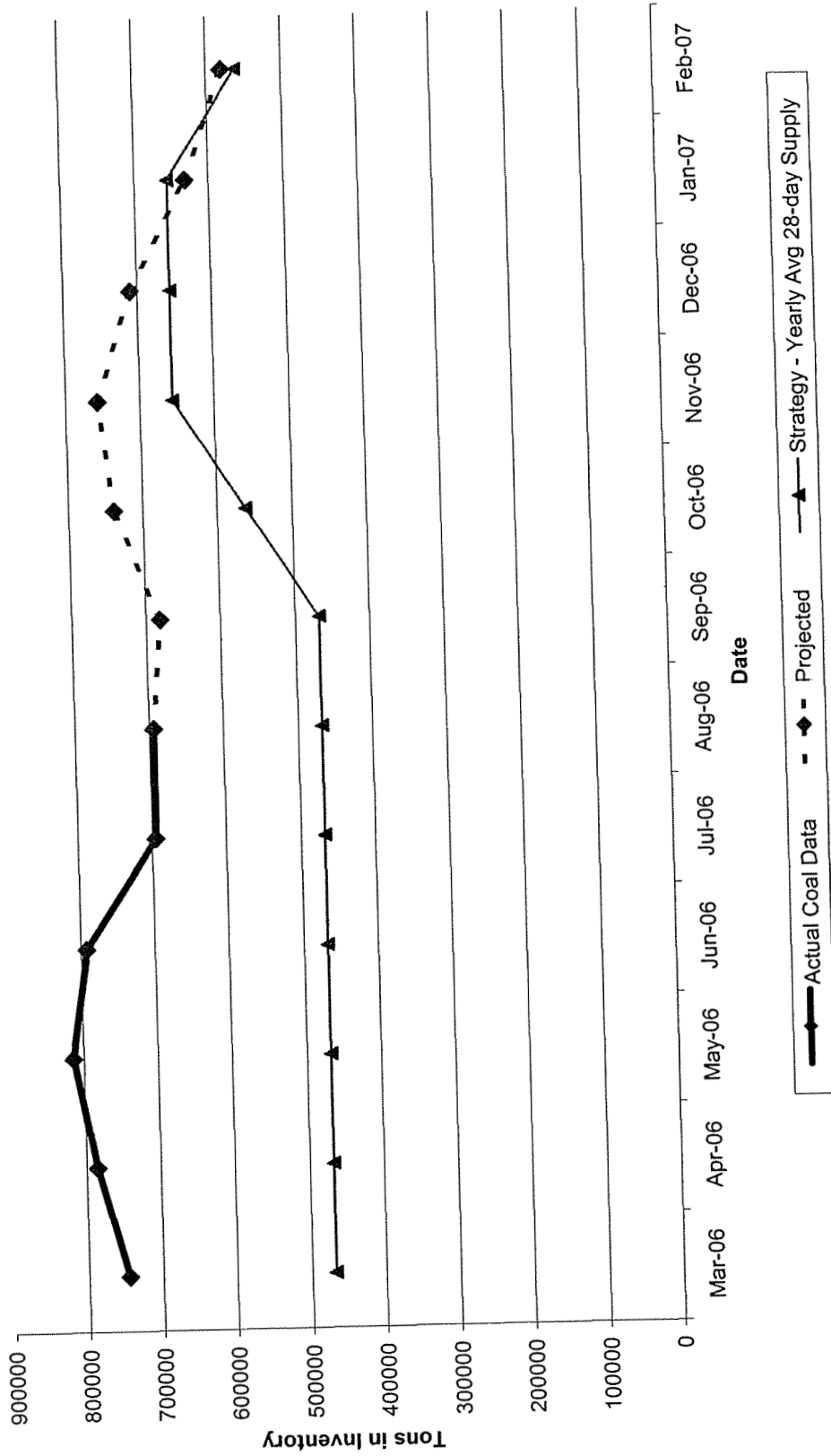
000010

# Actual and projected Coal Cost - System



000011

### Actual and projected Coal Inventory - System (Based on Maximum Daily Burn)



000012

**TO:** Roy Palk  
**FROM:** Randy Dials (Original Initialed)  
**DATE:** September 8, 2006  
**SUBJECT:** Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of August 2006 as shown below:

<b>Date</b>	<b>Quantity (MMBtu)</b>	<b>Price \$/MMBtu</b>
08/01/06	54,176	\$9.9417
08/02/06	57,832	\$10.3301
08/02/06	9,304	\$9.9029
08/03/06	13,457	\$10.6214
08/03/06	48,272	\$9.9223
08/04/06	44,046	\$8.8155
08/05/06	39,560	\$8.5243
08/06/06	58,082	\$8.3107
08/07/06	74,384	\$8.0291
08/08/06	16,885	\$7.9612
08/09/06	16,531	\$7.9515
08/10/06	47,015	\$8.1748
08/11/06	262	\$8.1165
08/12/06	16,554	\$8.1165
08/13/06	12,334	\$8.1165
08/14/06	27,341	\$7.5922
08/15/06	5,612	\$7.5437
08/16/06	28,358	\$7.6019
08/17/06	25,304	\$7.5631
08/18/06	33,224	\$7.4757
08/19/06	17,615	\$7.3981
08/21/06	9,497	\$7.3981
08/22/06	4,556	\$7.4951
08/23/06	3,457	\$7.5437
08/24/06	17,998	\$7.6699
08/25/06	15,765	\$7.9709
08/27/06	16,944	\$8.0583
08/29/06	24,164	\$7.7767
08/31/06	<u>987</u>	<u>\$7.2136</u>
	739,516	\$8.5240

gv

**Approved by:** Original Approved

**Date:** Original Dated September 8, 2006

**000013**

**RUN-OF-MINE COAL PURCHASE REPORT  
FOR PERIOD AUGUST 26, 2006 TO SEPTEMBER 20, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Dale Station</u> ICG, LLC Ashland, KY	51224	Dale Station Winchester, KY	3,000	Dale Station	\$48.00	11,000
Lewis Coal Sales Hazard, KY	51228	Dale Station Winchester, KY	15,000	Dale Station	\$57.00	12,000

gv

**000014**

**CONSTRUCTION IN PROGRESS**

**September, 2006**

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Distribution Substations &amp; Taps</b>				
<b><i>Blue Grass Energy Cooperative</i></b>				
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	796	Construction of this station is complete. Awaiting completion of line construction to energize.	8/1/2006
Powell - Taylor Tap 69kV 4.75 miles	978(P)	527	Seventy-five (75) percent of the poles are set and framed. Plan to complete construction by November 22, 2006.	8/1/2006
Southpoint Distribution Station 69-12.47 kV 11.2 MVA	543(P)	352	Site grading activities are complete. EKPC Crews are working on pouring the concrete foundations.	11/15/2006
West Nicholasville #2 Distr. Sub. 69-12.5 kV 15/20/25 MVA	(883)P	13	Design is complete. EKPC Crews are starting to work on pouring the concrete foundations.	5/1/2007
<b><i>Cumberland Valley Electric</i></b> Alex Creek 5.6/6.44 MVA Distribution Station	570(P)	26	An option has been signed for this site. Survey activities are complete.	12/1/2007

**000015**

**CONSTRUCTION IN PROGRESS**

September, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Cumberland Valley Electric</b>				
Girdler 11.2/14 MVA 69-13.2 kV Distr. Station	570(P)	4	Siting activities have started.	5/1/2007
Girdler Tap 69 kV 3.5 miles	747(P)	1	Engineering personnel are reviewing line routes.	5/1/2007
Liberty Church 11.2/14 MVA 69-13.2 Distr. Sta.	583(P)	1	Siting activities have started.	5/1/2007
Liberty Church Tap 69 kV 1.8 miles	343(P)	2	Engineering personnel are reviewing line routes.	5/1/2007
<b>Farmers RECC</b>				
Edmonton Industrial Park Sub	0	0	Survey and design activities are complete.	Project on Hold
Edmonton Industrial Park Tap	0	0	RW Clearing activities are complete and the Construction Contractor is ready to begin construction when the project is released.	Project on Hold
<b>Fleming-Mason Energy Cooperative</b>				
Snow Hill 11.2/14 MVA 69-25 kV Distr. Sta.	558(P)	252	Site acquisition and survey activities are complete. Design activities are approximately 50% complete. Environmental clearances are complete.	6/1/2007

**000016**

**CONSTRUCTION IN PROGRESS**

September, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<p><b>JACKSON ENERGY COOP.</b> Big Creek Substation 69-12.5 kV 11.2 MVA</p>	452(P)	209	Survey of this site is complete. Design of this project is approximately 70% complete. The US Forestry Service permit was obtained on August 9, 2006.	12/1/2006
<p>Big Creek Tap 9 miles</p>	2209(P)	1,064	Survey and design activities are approximately 93% complete. The US Forestry Service permit was received on August 9, 2006. The R/W Clearing Contract was sent out for bid. Only one bid was received, which was extremely high, so this situation is being evaluated.	12/1/2006
<p>Conway Distribution Station 11.2/14 mVA 69-12.5 kV</p>	558(P)	247	Since several of the sites that we have selected are in the floodplain, we are continuing to review additional alternative sites in the area.	3/7/2007
<p>Keavy #2 Distr. Sta. 11.2/14 mVA, 69-12.5 kV</p>	456(P)	401	Construction of this station is complete. This station was energized on September 26, 2006.	6/30/2006
<p>Laurel Co. Ind. Park #2 11.2/14 mVA 69-12.5 kV</p>	456(P)	433	Construction of this station is complete. This station was energized on September 26, 2006.	5/1/2006

**000017**



**CONSTRUCTION IN PROGRESS**

September, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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**OWEN ELECTRIC COOPERATIVE**

Burlington 11.2/14 mVA 69-12.5 kV Distribution Station	883(P)	2	A site for this project has been selected. Negotiations for this site is ongoing.	5/1/2007
<b>Salt River RECC</b>				
Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	569	Construction of this station is complete EKPC Crews are completing this tap this week with plans to energize this facility the week of 9/26/06.	11/30/2006
Cedar Grove Ind. Park Sub 161-12.5 kV 12/16/20 mVA Distribution Station	971(P)	1,183	Construction activities are complete. Waiting for KU to complete tap.	12/15/2006
Deatsville 11.2/14 mVA 69-12.5 kV Distribution Station	570(P)	1	Site activities have started.	5/1/2007
<b>South Kentucky RECC</b>				
Gap of the Ridge Distribution Station 11.2/14 MVA 69-25kV	558(P)	172	Survey and design activities are complete. Grading activities have started.	12/1/2006
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	102	The survey of this line is complete. RW acquisition are approximately 61% complete. Design activities are complete. The RW Clearing contractor has been selected. Plan to begin right of way clearing by the first of November, 2006.	12/1/2006

**000018**

**CONSTRUCTION IN PROGRESS**

September, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>South Kentucky RECC</b> Woodstock 11.2/14 mVA Distr. Substation	570(P)	1	Site activities have started.	12/1/2007
<b>Taylor County RECC</b> Campbellsville #2 69-12.5 kV 11.2/14 MVA Distr. Station	456(P)	2	Design activities are approximately 50% complete.	5/1/2007
Garlin 11.2/14 mVA, 69-12.5 kV Distribution Station	570(P)	1	A site has been optioned.	5/1/2007
<b>Transmission Facilities</b> Bullitt Co. 69 kV Breaker Add. (2Brkrs.)	166(P)	346	Construction activities are approximately 55 % complete.	5/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 kV Line 10 Miles	2,634(P)	267	Survey activities and design activities are complete. All steel poles are ready to order. RW acquisition is is approximately 50% complete.	6/1/2006
Cranston - Rowan Line 138kV 7.50 miles	2204(P)	773	Survey and design activities are complete. A RW Clearing Contract has been awarded to DanSons Contracting with plans to begin clearing by October 15, 2006.	1/2/2007
J.K. Smith 138 kV Modifications	263(P)	883	Design activities are complete. Bids for the construction contract was received on September 11, 2006. The contract is being submitted to the October Board Meeting for approval.	12/29/2006

000019

**CONSTRUCTION IN PROGRESS**

September, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Transmission Facilities</b>				
J.K. Smith CT 345kV Trans. Substation	4300(P)	3,904	Engineering activities are approximately 90 % complete. Site grading activities are complete. Contractor has started on the foundation work.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	5,440	The RW clearing activities are approximately 40% complete. Irby Construction Co. and Davis H. Elliot Co. have finished approximately 30% of the line construction.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	209	RW easement procurement is complete Survey and design activities are complete. The material for this project is on order.	3/15/2007
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	3468	Engineering activities are complete. Site grading activities are complete and the contractor has started on the foundation work.	6/1/2007
West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	585	The site has been purchased. Survey and design activities are approximately 85% complete. Environmental clearance activities are about 96% complete.	5/20/2007
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2007

000020

**CONSTRUCTION IN PROGRESS**

September, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>WARREN RECC</b> Aberdeen Jct. 161 kV Trans. Station	717(P)	58	Survey activities are complete and design activities are approximately 50% complete.	**
Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	1,028	Survey and design activities are 90% complete. RW acquisition easements are 75% complete for the rebuild area and RW Agents have obtained 20% of the easements on the green field portion.	**
East Bowling Green 161 kV Breaker	313(P)	287	Survey activities are complete and design activities are approximately 50% complete	**
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	2,018	Survey and design activities are complete. 95% of the easements have been acquired. Bids were solicited for this line but due to environmental problems, this activity has been placed on hold.	**
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	2,543	RW acquisition of easements are 90% complete. Survey and design activities are complete. Bids were solicited for this line, but due to environmental problems, this activity has been placed on hold.	**

**\*\* Schedule being revised.**

**000021**

**CONSTRUCTION IN PROGRESS**

September, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru August, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
WARREN RECC				
Salmons 161-69 kV Trans. Substation	1500(P)	16	Survey activities are complete and design activities have started.	**
Wilson - Aberdeen 161/69 26.79 miles	10104(P)	573	Survey is approximately 75% and RW acquisition activities are approximately 50% complete. Design activities are approximately 90% complete.	**

\*\* Schedule being revised.

(P) - Planning Estimates  
(h:share/reports:project.xls)

000022

**East Kentucky Power Cooperative  
Fuel Adjustment Rate - Fuel Cost in Base Rate**

*Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)*

2006	Last FAC Rate Billed	ACTUAL kWh	FAC Revenue/Refund	Cumulative FAC Revenue/Refund	Recoverable FAC Revenue/Refund	Over or (Under) Recovery
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)	12,124,050
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892	8,402,592
March	0.00688	1,052,245,498	7,239,449	30,142,363	(397,442)	7,636,891
April	0.00613	844,292,812	5,175,515	5,175,515	(1,274,750)	6,450,265
May	0.00712	899,616,349	6,405,268	11,580,783	393,903	6,011,365
June	0.00766	963,753,316	7,382,350	18,963,134	491,289	6,891,061
July	0.00471	1,124,657,285	5,297,136	5,297,136	757,858	4,539,278
August	0.00583	1,151,104,870	6,710,941	12,008,077	154,189	6,556,752
September						
October						
November						
December						

- [a] Based on previous month's costs
- [b] Does not include EKP usage
- [c] Coincidental fuel cost and fuel revenue

Note: Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.

**000023**

EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson  
09/13/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	4,442
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	5,516
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	1,156
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	58
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	7,805
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	9,231
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	6,500
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
<b>Total</b>	<b>4,420,544</b>	<b>5,008,266</b>	<b>1,099,913</b>	<b>840,778</b>	<b>770,747</b>	<b>899,266</b>	<b>513,879</b>	<b>71,224</b>	<b>53,466</b>	<b>144,197</b>	<b>35,404</b>

000024

EAST KENTUCKY POWER COOPERATIVE  
OFF-SYSTEM SALES - 2006  
(1,000)

2006 BUDGET

MONTH	INCLUDES DEMAND			EXCLUDES DEMAND			MWH	REVENUE	MARGIN	MILLS/ KWH
	MWH	REVENUE	MARGIN	MILLS/ KWH	MARGIN	MILLS/ KWH				
JAN	696	35	(9)	50.78	(9)	50.78	2,620	133	5	50.76
FEB	4,442	175	(23)	39.44	(23)	39.44	6,281	319	13	50.79
MAR	5,516	124	(50)	22.48	(50)	22.48	7,024	301	14	42.85
APR	1,156	53	5	46.19	5	46.19	23,056	989	46	42.90
MAY	58	6	2	100.00	2	100.00	16,779	560	33	33.38
JUN	7,805	167	(164)	21.43	(164)	21.43	12,024	460	24	38.26
JUL	9,231	434	(76)	47.05	(76)	47.05	16,594	648	33	39.05
AUG	6,500	716	70	110.19	70	110.19	24,904	972	50	39.03
SEP							6,600	226	13	34.24
OCT							6,393	209	13	32.69
NOV							3,450	113	7	32.75
DEC							1,020	33	2	32.35
<b>TOTAL</b>	<b>35,404</b>	<b>1,710</b>	<b>(245)</b>	<b>48.30</b>	<b>(245)</b>	<b>48.30</b>	<b>126,745</b>	<b>\$4,963</b>	<b>\$253</b>	<b>39.16</b>

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

000025





EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 YEAR-TO-DATE 2006  
 AS OF AUGUST 31, 2006

FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use		222,372,142		0.02694
-----		=	-----	
KWH Sales to Members and Internal Use		8,254,255,821		
Less Cost of Fuel in Base Rate				
		<b>Cost</b>	<b>KWH</b>	<b>Mills/kwh</b>
				<b>Mills/ total kwh</b>
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned		164,894,848	7,313,865,439	0.02255
Gas & Oil Burned in CTs & Landfills		18,794,133	212,800,281	0.08832
Fuel (Assigned Cost during F.O.)		2,319,530	135,989,000	0.01706
Fuel (Assigned Cost during F.O.)		(6,362,209)	(135,989,000)	(0.04678)
		-----	-----	-----
<b>Total Fuel Cost</b>	<b>(a)</b>	<b>179,646,302</b>	<b>7,526,665,720</b>	<b>0.02387</b>
		-----	-----	-----
<b>Purchases</b>				
Net Energy Cost - Economy Purchases		41,861,236	930,420,445	0.04499
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		-----	-----	-----
<b>Total Purchase Fuel Cost</b>	<b>(b)</b>	<b>41,861,236</b>	<b>930,420,445</b>	<b>0.04499</b>
		-----	-----	-----
<b>Subtotal Purchase &amp; Fuel Cost</b>		<b>221,507,538</b>	<b>8,457,086,165</b>	<b>0.02619</b>
		-----	-----	-----
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery		(1,386,621)	(26,525,588)	(0.05227)
Inadvertent - (Net) - System Losses		2,251,225	40,248,198	0.00027
			(191,695,676)	
			-	
<b>Sales Fuel Cost</b>	<b>(c)</b>	<b>864,604</b>	<b>(177,973,066)</b>	<b>0.00486</b>
		-----	-----	-----
<b>Totals</b>	<b>(a+b+c)</b>	<b>222,372,142</b>	<b>8,254,255,821</b>	<b>0.02694</b>
		=====	=====	=====

000026



EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 APPLICABLE TO SEPTEMBER 2006 POWER BILL  
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	\$32,059,040	0.02785
-----		
KWH Sales to Members and Internal Use	1,151,104,870	
Less Cost of Fuel in Base Rate		0.02025
-----		
<b>FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH</b>	<b>SEPTEMBER 2006</b>	<b>0.00760</b>
=====		

DEVELOPMENT OF FUEL ADJUSTMENT RATE

	AUGUST 2006 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
<b>Received</b>				
Generation				
Coal & Oil Burned	\$22,516,690	1,038,528,110	0.02168	0.01956
Gas & Oil Burned in CTs & Landfills	6,281,122	61,064,117	0.10286	0.00546
Fuel (Assigned Cost during F.O.)	70,602	2,299,000	0.03071	0.00006
Fuel (Assigned Cost during F.O.)	(112,337)	(2,299,000)	0.04886	(0.00010)
-----				
<b>Total Fuel Cost (a)</b>	<b>28,756,077</b>	<b>1,099,592,227</b>	<b>0.02615</b>	<b>0.02498</b>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases	4,058,135	84,511,808	0.04802	0.00353
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
-----				
<b>Total Purchase Cost (b)</b>	<b>4,058,135</b>	<b>84,511,808</b>	<b>0.04802</b>	<b>0.00353</b>
<b>Subtotal Purchase and Fuel Cost (a+b)</b>	<b>32,814,212</b>	<b>1,184,104,035</b>	<b>0.02771</b>	<b>0.02851</b>
=====				
<b>Delivered</b>				
Off-System Sales Fuel Costs	(600,982)	(6,533,150)	(0.09199)	(0.00052)
(Over) or Under Recovery	(154,189)			(0.00013)
Inadvertent - (Net) - In		923,484		
System Losses		(27,389,499)		
-----				
<b>Sales Fuel Cost (c)</b>	<b>(755,171)</b>	<b>(32,999,165)</b>	<b>(0.02288)</b>	<b>(0.00066)</b>
<b>Totals (a+b+c)</b>	<b>\$32,059,040</b>	<b>1,151,104,870</b>	<b>0.02785</b>	<b>0.02785</b>
=====				

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752 ext 752.

00002'7

EAST KENTUCKY POWER COOPERATIVE  
SUMMARY OF FUEL COST FACTORS  
IN COMPUTING FUEL ADJUSTMENT RATE  
(TO BE APPLIED TO SUCCEEDING MONTH)

	JUNE 2006		JULY 2006		AUGUST 2006	
	mWh	Mills per kWh	mWh	Mills per kWh	mWh	Mills per kWh
<b>Production</b>						
Smith Generating	18,684	98.99	50,762	103.08	53,946	115.29
Dale	82,128	29.13	97,473	28.35	102,806	28.47
Cooper	159,375	22.84	185,542	22.45	188,624	22.78
Spurlock I	175,392	23.24	186,012	22.95	194,440	22.45
Spurlock II	333,491	24.68	360,729	23.84	359,950	24.17
Landfills	7,189	5.16	7,198	0.81	7,118	8.66
Gilbert	135,471	13.78	188,452	12.43	192,708	12.35
Generating Unit						
Sub-total	911,730	24.23	1,076,168	25.44	1,099,592	26.33
Physical Inventory, Outage & Adjustments						
Gallatin	0		0		0	
Sub Total	911,730	23.78	1,076,168	25.30	1,099,592	26.15
Purchases	84,298	37.41	77,549	40.93	84,512	48.02
Sales to Others (Includes Losses)	(7,902)	35.86	(7,667)	40.74	(6,533)	91.99
(Over) or Under Recovery						
Inadvertent Net	484		6		923	
System Losses	(24,857)		(21,399)		(27,389)	
Total	963,753		1,124,657		1,151,105	
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		24.96		26.08		27.85
Fuel Adjustment charge (credit) per kWh		4.71		5.83		7.60

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

000028

# East Kentucky Power Cooperative

## Member Cooperative Load Growth 2005 - 2006 Includes Inland Container Steam KWH Equivalency

2006 % Increase By Months Over (Under) 2005 2006 Budget 2006 % Increase Cumulative Over (Under) 2005 2006 Budget

Month	15 Minute Billing Peak		2006				Hourly Coincident System Peak			Steam Equivalent		
	Actual 2005	Budget 2006	Actual 2006	Over (Under) 2005	Over (Under) 2006 Budget	Over (Under) 2005	Over (Under) 2006 Budget	Date	Day		Hr. Ending	MW
Jan	2,749	2,878	2,283	(17.0)	(20.7)	(17.0)	(20.7)	Jan 26	Thur	0800	2,254	38
Feb	2,194	2,691	2,585	17.8	(3.9)	(1.5)	(12.6)	Feb 19	Sun	0900	2,503	40
Mar	2,291	2,451	2,283	(0.3)	(6.9)	(1.1)	(10.8)	Mar 21	Tues	2000	2,114	35
Apr	1,720	2,061	1,763	2.5	(14.5)	(0.4)	(11.6)	Apr 10	Mon	0700	1,763	37
May	1,724	1,970	2,104	22.0	6.8	3.2	(8.6)	May 30	Tues	1600	2,000	30
Jun	2,163	2,182	2,177	0.6	(0.2)	2.8	(7.3)	Jun 22	Thurs	1700	2,139	27
Jul	2,346	2,377	2,385	1.7	0.3	2.6	(6.2)	Jul 19	Wed	1700	2,301	27
Aug	2,258	2,312	2,420	7.3	4.8	3.2	(4.9)	Aug 03	Thurs	1700	2,339	29
Sep	1,971	2,178										
Oct	1,820	2,054										
Nov	2,283	2,346										
Dec	2,676	2,718										
YTD	26,195	28,218	18,000									
	26,195	28,218	18,000									

Month	15 Minute Billing Peak		2005				Hourly Coincident System Peak			Steam Equivalent		
	Actual 2005	Budget 2006	Actual 2005	Over (Under) 2005	Over (Under) 2006 Budget	Over (Under) 2005	Over (Under) 2006 Budget	Date	Day		Hr. Ending	MW
Jan	1,210,092	1,284,953	1,130,133	(6.6)	(12.0)	(6.6)	(12.0)	Jan 18	Tues	0800	2,711	41
Feb	1,033,719	1,096,763	1,123,959	8.7	5.4	0.5	(4.2)	Feb 10	Thur	2000	2,175	34
Mar	1,099,981	1,066,866	1,066,909	(3.0)	2.8	(0.7)	(2.0)	Mar 03	Thur	0700	2,224	39
Apr	846,765	920,708	853,794	0.8	(7.3)	(0.4)	(3.1)	Apr 02	Sat	1200	1,659	34
May	847,185	944,222	913,736	7.9	(3.2)	1.0	(3.2)	May 03	Tues	0700	1,729	33
Jun	998,590	1,027,010	975,558	(2.3)	(5.0)	0.5	(3.5)	Jun 28	Tues	1700	2,048	28
Jul	1,076,222	1,152,774	1,134,159	5.4	(1.6)	1.2	(3.2)	Jul 25	Mon	1800	2,181	26
Aug	1,113,529	1,091,636	1,160,287	4.2	6.3	1.6	(2.0)	Aug 20	Sat	1500	2,227	25
Sep	946,699	982,798						Sep 12	Mon	1700	1,917	33
Oct	893,863	975,173						Oct 3	Mon	1700	1,778	26
Nov	980,332	1,055,114						Nov 18	Fri	0700	2,139	41
Dec	1,303,790	1,241,722						Dec 20	Tues.	0800	2,642	42
YTD	12,350,767	12,839,739	8,358,535									
	12,350,767	12,839,739	8,358,535									

000029

**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary**

**August 2006**

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	52,542	23,457,760	44.46	136,759	50.29	152,882	56.81	1,332,527
	YTD	407,698	176,679,598	44.16	1,328,827	51.68	823,981	56.34	9,954,113
BLUE GRASS ENERGY	Month	248,251	116,774,878	43.02	680,798	48.85	739,247	55.18	6,443,300
	YTD	1,827,171	829,337,137	42.85	6,132,338	50.25	3,795,912	54.82	45,466,973
CLARK ENERGY COOP	Month	93,261	41,692,060	44.67	243,065	50.50	272,850	57.04	2,378,174
	YTD	681,658	296,608,441	44.56	2,206,252	52.00	1,402,792	56.73	16,825,214
CUMBERLAND VALLEY ELECTRIC	Month	97,621	47,311,588	43.45	275,829	49.28	302,145	55.66	2,633,522
	YTD	767,658	347,379,294	43.63	2,600,982	51.11	1,606,279	55.74	19,361,808
FARMERS RECC	Month	99,891	50,672,573	42.16	295,420	47.99	315,141	54.21	2,746,780
	YTD	718,385	349,307,420	42.23	2,583,734	49.63	1,584,336	54.16	18,919,806
FLEMING MASON RECC	Month	165,748	79,907,244	42.59	427,137	47.94	468,409	53.80	4,298,989
	YTD	1,283,423	627,777,011	41.78	4,166,833	48.42	2,607,097	52.57	33,001,382
GRAYSON RECC	Month	54,483	24,065,184	44.90	140,299	50.73	158,209	57.30	1,378,958
	YTD	406,568	178,284,108	44.39	1,331,350	51.86	837,911	56.56	10,083,994
INTER-COUNTY ECC	Month	95,800	41,799,171	44.17	242,854	49.98	270,735	56.45	2,359,738
	YTD	730,290	308,044,838	44.11	2,300,520	51.58	1,436,181	56.24	17,324,352
JACKSON ENERGY COOP	Month	184,478	85,742,086	43.65	499,628	49.48	549,793	55.89	4,792,010
	YTD	1,488,151	642,303,987	43.95	4,817,606	51.45	2,978,018	56.09	36,026,342
LICKING VALLEY RECC	Month	54,535	24,222,459	44.70	141,215	50.53	158,637	57.08	1,382,678
	YTD	412,907	181,396,261	44.20	1,360,290	51.70	847,823	56.38	10,226,676
NOLIN RECC	Month	151,801	74,642,809	41.79	435,167	47.62	460,658	53.79	4,015,106
	YTD	1,069,273	520,602,091	41.57	3,840,303	48.95	2,326,543	53.42	27,808,425
OWEN EC	Month	429,374	224,392,006	37.19	1,233,259	42.69	1,162,044	47.87	10,740,970
	YTD	3,102,689	1,575,545,074	35.05	10,888,689	41.96	5,934,349	45.73	72,048,456
SALT RIVER RECC	Month	228,047	107,390,408	41.76	600,344	47.35	656,579	53.47	5,741,654
	YTD	1,485,246	692,683,212	42.10	4,951,291	49.25	3,136,426	53.78	37,251,536
SHELBY ENERGY COOP	Month	86,329	43,966,962	41.39	256,328	47.22	269,005	53.34	2,345,019
	YTD	624,864	309,628,358	41.36	2,283,042	48.73	1,379,452	53.19	16,468,938
SOUTH KENTUCKY RECC	Month	226,522	107,864,359	43.22	630,157	49.06	686,000	55.42	5,977,879
	YTD	1,842,071	791,057,243	43.90	5,907,683	51.37	3,674,365	56.02	44,311,640
TAYLOR COUNTY RECC	Month	109,052	48,032,893	45.78	256,783	51.13	302,703	57.43	2,758,413
	YTD	817,611	354,681,108	45.95	2,281,499	52.38	1,583,733	56.84	20,161,820
<b>Totals</b>	Month	2,377,735	1,141,934,440	41.95	6,495,042	47.64	6,925,037	53.70	61,325,717
	YTD	17,665,663	8,181,315,181	41.60	58,981,239	48.80	35,955,198	53.20	435,241,475

**000030**

**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary  
'E' Rates Only**

**August 2006**

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	52,542	23,457,760	44.46	136,759	50.29	152,882	56.81	1,332,527
	YTD	407,698	176,679,598	44.16	1,328,827	51.68	823,981	56.34	9,954,113
BLUE GRASS ENERGY	Month	218,209	95,855,492	44.74	558,837	50.57	628,203	57.12	5,475,430
	YTD	1,585,926	670,878,891	44.54	4,967,058	51.95	3,174,278	56.68	38,025,226
CLARK ENERGY COOP	Month	92,261	41,240,549	44.73	240,433	50.56	270,211	57.11	2,355,175
	YTD	676,658	294,319,226	44.60	2,191,796	52.05	1,392,227	56.78	16,710,690
CUMBERLAND VALLEY ELECTRIC	Month	97,621	47,311,588	43.45	275,829	49.28	302,145	55.66	2,633,522
	YTD	767,658	347,379,294	43.63	2,600,982	51.11	1,606,279	55.74	19,361,808
FARMERS RECC	Month	90,564	44,446,517	43.10	259,122	48.93	281,873	55.28	2,456,814
	YTD	646,334	305,886,410	43.08	2,267,702	50.49	1,410,723	55.10	16,855,329
FLEMING MASON RECC	Month	86,843	40,119,053	44.03	233,895	49.86	259,266	56.33	2,259,765
	YTD	652,098	294,365,185	43.67	2,199,601	51.15	1,364,700	55.78	16,420,131
GRAYSON RECC	Month	52,202	22,776,273	45.35	132,785	51.18	151,077	57.81	1,316,798
	YTD	387,955	168,102,739	44.85	1,257,155	52.33	797,200	57.07	9,593,950
INTER-COUNTY ECC	Month	87,179	36,699,690	45.25	213,958	51.08	242,971	57.70	2,117,743
	YTD	667,040	273,200,755	45.01	2,052,942	52.53	1,294,225	57.26	15,644,809
JACKSON ENERGY COOP	Month	173,453	79,324,518	44.22	462,463	50.05	514,539	56.54	4,484,744
	YTD	1,398,834	596,588,978	44.43	4,485,370	51.95	2,790,426	56.63	33,782,950
LICKING VALLEY RECC	Month	54,535	24,222,459	44.70	141,215	50.53	158,637	57.08	1,382,678
	YTD	412,907	181,396,261	44.20	1,360,290	51.70	847,823	56.38	10,226,676
NOLIN RECC	Month	124,751	56,196,363	44.38	327,624	50.21	365,683	56.72	3,187,305
	YTD	857,721	387,805,916	43.91	2,871,813	51.32	1,815,898	56.00	21,717,144
OWEN EC	Month	242,934	114,804,491	38.38	594,792	43.56	643,713	49.17	5,645,006
	YTD	1,604,011	758,596,706	38.20	4,885,226	44.64	3,109,320	48.74	36,971,127
SALT RIVER RECC	Month	216,447	99,537,842	42.27	554,564	47.84	614,735	54.02	5,376,935
	YTD	1,389,234	636,161,364	42.60	4,535,745	49.73	2,909,722	54.30	34,544,143
SHELBY ENERGY COOP	Month	61,747	27,590,633	44.71	160,854	50.54	180,656	57.08	1,574,966
	YTD	446,175	193,088,956	44.61	1,435,111	52.05	915,719	56.79	10,965,292
SOUTH KENTUCKY RECC	Month	203,397	94,353,644	44.08	550,082	49.91	610,291	56.38	5,319,304
	YTD	1,672,539	700,871,194	44.67	5,252,097	52.17	3,298,297	56.87	39,861,135
TAYLOR COUNTY RECC	Month	93,362	41,513,607	44.39	242,024	50.22	270,217	56.73	2,355,222
	YTD	681,159	289,921,415	44.48	2,152,102	51.91	1,372,066	56.64	16,421,159
<b>Totals</b>	Month	1,948,047	889,450,479	43.33	5,085,236	49.05	5,647,099	55.40	49,273,934
	YTD	14,253,947	6,275,242,888	43.39	45,843,817	50.70	28,922,884	55.31	347,055,682

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## **EKPC Generation & Transmission Coordinated Schedule**

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

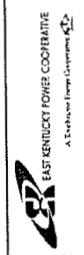
The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard.

The attached schedule has been reviewed and approved by our production, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is September 27, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.

# EKPC Generation & Transmission Coordinated Schedule



ID	Task Name	Start	Finish	2005			2006			2007			2008			2009			2010		
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SUBSTATION PROJECTS																					
1	Smith 69kV Distr Sub	Mon 1/2/06	Tue 6/30/09																		
2	Smith 138kV Substation (CTB)	Mon 12/4/06	Wed 8/1/07																		
5	Smith 345kV CT Sub	Mon 1/2/06	Fri 2/16/07																		
8	Smith 345kV CT Sub	Fri 1/20/06	Fri 6/1/07																		
11	North Clark 345kV Substation	Fri 1/20/06	Fri 6/1/07																		
14	Spurlock #4 Substation	Sun 12/17/06	Mon 12/31/07																		
18	Smith 345kV CFB Substation	Sun 9/9/07	Tue 3/10/09																		
21	West Garrard	Sun 12/30/07	Tue 6/30/09																		
24	GENERATION PROJECTS																				
25	PSC APPROVAL (Smith CT's & CFB)	Wed 10/12/05	Wed 3/10/10																		
26	AIR PERMIT (Smith CT's & CFB)	Tue 8/29/06	Tue 8/29/06																		
27	Smith CT #6	Tue 5/15/07	Tue 5/15/07																		
32	Smith CT #9	Mon 10/29/07	Fri 2/6/09																		
37	Smith CT #10	Mon 10/1/07	Fri 1/9/09																		
37	Smith CT #10	Mon 9/3/07	Fri 12/12/08																		
42	Smith CT #11	Mon 9/6/07	Fri 6/20/08																		
47	Smith CT #12	Mon 7/9/07	Fri 5/23/08																		
52	Smith CFB Unit 1	Fri 6/1/07	Wed 3/10/10																		
57	Spurlock #4	Wed 10/12/05	Wed 4/1/09																		
64	Headquarters Sub & Slideview Cap Bank - COMPLETED	Mon 11/21/05	Fri 6/16/06																		
TRANSMISSION PROJECTS																					
65	Smith - North Clark (19 mile 345 kv)	Tue 7/12/05	Tue 6/30/09																		
66	Board Approval	Tue 7/12/05	Fri 6/1/07																		
67	Open House	Tue 7/12/05	Tue 7/12/05																		
68	Open House	Thu 11/10/05	Thu 11/10/05																		

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EAST KENTUCKY POWER COOPERATIVE  
Comparative Operating Statement  
(Nearest \$1,000)

	12 Months Ended 08/31/06	12 Months Ended 08/31/05	% Increase Decrease (-)
<b>REVENUE</b>			
Member Coops-----	\$658,638	\$548,335	20.1
Power Transactions - Deliveries----	6,123	3,272	87.1
Other-----	27,042	28,769	-6.0
<b>TOTAL REVENUE-----</b>	<b>\$691,803</b>	<b>\$580,376</b>	<b>19.2</b>
<b>OPERATIONS &amp; MAINTENANCE</b>			
Production			
Fuel-----	\$277,990	\$238,348	16.6
O & M-----	108,903	101,420	7.4
Transmission-----	24,634	24,444	0.8
General Administration-----	69,598	38,364	81.4
Power Transactions - Receipts----	110,465	112,465	-1.8
Depreciation-----	55,066	46,939	17.3
Insurance-----	1,235	455	171.4
Taxes-----	(47)	234	-120.1
<b>Total Oper. &amp; Maint.-----</b>	<b>647,844</b>	<b>562,669</b>	<b>15.1</b>
<b>Margin Before Interest-----</b>	<b>43,959</b>	<b>17,707</b>	<b>148.3</b>
Interest - Short Term Debt-----	287	485	-40.8
Interest - Long Term Debt-----	77,883	64,263	21.2
Interest Charged to Construction-	0	0	0.0
<b>Net Interest-----</b>	<b>78,170</b>	<b>64,748</b>	<b>20.7</b>
<b>NET MARGIN (DEFICIT)-----</b>	<b>(\$34,211)</b>	<b>(\$47,041)</b>	<b>-27.3</b>

**STATISTICAL SUMMARY**

TIER-----	0.56	0.27	109.2
Sales to Coops - MWH -----	12,497,918	12,024,626	3.9
% Increase of Prev Year-----	3.94	2.53	55.6
Basic Rate to Coops (Mills)-----	45.27	39.39	14.9
Fuel Rate to Coops (Mills)-----	7.43	6.21	-19.6
Net Rate to Coops (Mills)-----	52.70	45.60	15.6
Deliveries to Others - MWH -----	153,528	141,970	8.1
Production - MWH -----	11,227,371	10,244,486	9.6
Purchase Receipts - MWH -----	1,822,413	2,374,623	-23.3

# EAST KENTUCKY POWER COOPERATIVE

## NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
<b>January</b>	8,898,355	30,491	8,898,355	30,491	5,432,227
<b>February</b>	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
<b>March</b>	(84,034)	2,986,610	12,306,899	10,892,074	12,090,862
<b>April</b>	(5,231,312)	(719,104)	7,075,587	10,172,970	6,915,169
<b>May</b>	(3,109,184)	606,557	3,966,403	10,779,527	(2,675,825)
<b>June</b>	(4,331,140)	(2,477,813)	(364,737)	8,301,714	(11,277,514)
<b>July</b>	(2,163,911)	(5,540,048)	(2,528,648)	2,761,666	(8,727,047)
<b>August</b>	408,336	5,090,954	(2,120,312)	7,852,620	(13,917,192)
<b>September</b>		2,853,151		10,705,771	(2,187,577)
<b>October</b>		(9,556,104)		1,149,667	(2,730,863)
<b>November</b>		1,405,668		2,555,335	1,642,650
<b>December</b>		2,422,275		4,977,610	(46,007,522)

Public reporting burden for this collection of information is estimated to average 24 25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM,AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94.

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.

<b>OPERATING REPORT - FINANCIAL</b>	Borrower Designation Kentucky 59 & 63 GT Fayette	
	Borrower Designation East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707	
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	PERIOD ENDED August 31, 2006	REA USE ONLY

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

*Kim Varner*

September 18, 2006

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

*Ray M. Dalek*

September 18, 2006

SIGNATURE OF MANAGER

DATE

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues . . . . .	388,999,578	436,454,707	473,809,075	61,973,315
2. Income From Leased Property - Net . . . . .	0	0	0	0
3. Other Operating Revenue and Income . . . . .	8,456,865	8,317,518	8,403,679	1,061,898
4. Total Oper. Revenues & Patronage Capital (1 thru 3) . . . . .	397,456,443	444,772,225	482,212,754	63,035,213
5. Operation Expense - Production - Excluding Fuel . . . . .	37,401,711	45,361,109	50,135,870	7,461,031
6. Operation Expense - Production - Fuel . . . . .	176,403,910	190,960,219	200,329,344	29,847,023
7. Operation Expense - Other Power Supply . . . . .	64,606,053	58,756,833	66,165,918	6,270,957
8. Operation Expense - Transmission . . . . .	12,176,316	15,593,132	11,495,321	2,022,738
9. Operation Expense - Distribution . . . . .	586,814	602,145	1,336,799	86,094
10. Operation Expense - Consumer Accounts . . . . .	(1,030)	0	0	0
11. Operation Expense - Consumer Service & Inform . . . . .	2,289,110	2,565,359	2,946,819	368,108
12. Operation Expense - Sales . . . . .	90,052	88,904	31,637	10,814
13. Operation Expense - Administrative & General . . . . .	19,884,274	20,601,238	21,728,255	2,326,331
14. Total Operation Expense (5 thru 13) . . . . .	313,437,210	334,528,939	354,169,963	48,393,096
15. Maintenance Expense - Production . . . . .	23,470,518	27,523,888	30,069,706	3,021,073
16. Maintenance Expense - Transmission . . . . .	2,176,568	2,322,209	3,481,146	350,565
17. Maintenance Expense - Distribution . . . . .	713,944	738,181	715,375	185,678
18. Maintenance Expense - General Plant . . . . .	534,695	421,226	774,689	55,828
19. Total Maintenance Expense (15 thru 18) . . . . .	26,895,725	31,005,504	35,040,916	3,613,144
20. Depreciation & Amortization Expense . . . . .	33,734,320	36,763,257	39,228,129	4,598,617
21. Taxes . . . . .	234,940	(47,249)	800	0
22. Interest on Long-Term Debt . . . . .	45,254,867	53,567,427	54,044,351	7,546,799
23. Interest Charged to Construction - Credit . . . . .	0	0	0	0
24. Other Interest Expense . . . . .	183,515	197,699	132,786	25,425
25. Asset Retirement Obligations . . . . .	0	0	0	0
26. Other Deductions . . . . .	1,084,493	639,125	1,185,020	213,864
27. Total Cost of Electric Service (14 + 19 thru 25) . . . . .	420,825,070	456,654,702	483,801,965	64,390,945
28. Operating Margins (4 - 26) . . . . .	(23,368,627)	(11,882,477)	(1,589,211)	(1,355,732)
29. Interest Income . . . . .	3,532,648	4,842,530	2,253,887	904,681
30. Allowance for Funds Used During Construction . . . . .	5,236,743	4,880,521	6,980,620	857,119
31. Income (Loss) from Equity Investments . . . . .	0	0	0	0
32. Other Nonoperating Income - Net . . . . .	118,815	29,855	(126,276)	1,482
33. Generation & Transmission Capital Credits . . . . .	0	0	0	0
34. Other Capital Credits & Patronage Dividends . . . . .	563,229	9,259	333,600	786
35. Extraordinary Items . . . . .	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34) . . . . .	(13,917,192)	(2,120,312)	7,852,620	408,336
<b>ITEM</b>	<b>Mills/kWh (Optional Use by Borrower)</b>			
37. Electric Energy Revenue Per kWh Sold . . . . .	52.88		0.00	
38. Total Operation & Maintenance Expense Per kWh Sold . . . . .	43.55		0.00	
39. Total Cost of Electric Service Per kWh Sold . . . . .	54.40		0.00	
40. Purchased Power Cost Per kWh . . . . .	49.68		0.00	

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USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette	
	PERIOD ENDED	REA USE ONLY
	August 31, 2006	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service . . . . .	2,051,700,574	32. Memberships . . . . .	1,600
2. Construction Work in Progress . . . . .	271,259,813	33. Patronage Capital	
3. Total Utility Plant (1 + 2) . . . . .	2,322,960,387	a. Assigned and Assignable . . . . .	165,660,310
4. Accum. Provision for Depreciation & Amort. . . . .	800,129,686	b. Retired This Year . . . . .	0
5. Net Utility Plant (3 - 4) . . . . .	1,522,830,701	c. Retired Prior Years . . . . .	0
6. Non-Utility Property - Net . . . . .	820	d. Net Patronage Capital . . . . .	165,660,310
7. Investments in Subsidiary Companies . . . . .	0	34. Operating Margins - Prior Years . . . . .	(104,377,194)
8. Invest. in Assoc. Org. - Patronage Capital . . . . .	947,057	35. Operating Margins - Current Year. . . . .	(11,873,218)
9. Invest. In Assoc. Org. - Other - General Funds . . . . .	14,312,317	36. Non-Operating Margins . . . . .	40,855,062
10. Invest. In Assoc. Org. - Other - Non-General Funds . . . . .	0	37. Other Margins and Equities . . . . .	3,429,191
11. Investments in Economic Development Projects . . . . .	0	38. Total Margins & Equities (32, 33d thru 37) . . . . .	93,695,751
12. Other Investments. . . . .	26,230,511	39. Long-Term Debt - REA (Net) . . . . .	(25,610,985)
13. Special Funds . . . . .	23,783,648	(Payments-Unapplied\$ . . . . .)	
14. Total Other Property & Investments (6 thru 13) . . . . .	65,274,353	40. Long-Term Debt-Other-Econ. Devel. (net). . . . .	0
15. Cash - General Funds . . . . .	754,544	41. Long-Term Debt-FFB-REA Guaranteed . . . . .	1,193,115,824
16. Cash - Construction Funds - Trustee . . . . .	500	42. Long-Term Debt-Other-REA Guaranteed . . . . .	0
17. Special Deposits . . . . .	425	43. Long-Term Debt-Other (Net) . . . . .	455,928,290
18. Temporary Investments . . . . .	107,181,711	44. Total Long-Term Debt (39 thru 43) . . . . .	1,623,433,129
19. Notes Receivable (Net) . . . . .	0	45. Obligations Under Capital Leases - Noncurrent . . . . .	0
20. Accounts Receivable - Sales of Energy (Net) . . . . .	63,941,457	46. Accumulated Operating Provisions . . . . .	100,864,459
21. Accounts Receivable - Other (Net) . . . . .	870,653	47. Total Other Noncurrent Liabilities (45 + 46) . . . . .	100,864,459
22. Fuel Stock . . . . .	84,557,620	48. Notes Payable . . . . .	0
23. Materials and Supplies - Other . . . . .	34,293,289	49. Accounts Payable . . . . .	43,522,125
24. Prepayments . . . . .	1,754,267	50. Taxes Accrued . . . . .	3,762,440
25. Other Current and Accrued Assets . . . . .	455,432	51. Interest Accrued . . . . .	13,765,318
26. Total Current and Accrued Assets (15 thru 25) . . . . .	293,809,898	52. Other Current & Accrued Liabilities . . . . .	3,834,059
27. Unamortized Debt Disc. & Extraord. Prop. Losses . . . . .	4,516,794	53. Total Current & Accrued Liabilities (48 thru 52) . . . . .	64,883,942
28. Regulatory Assets. . . . .	0	54. Deferred Credits . . . . .	3,554,465
29. Other Deferred Debits . . . . .	0	55. Accumulated Deferred Income Taxes . . . . .	0
30. Accumulated Deferred Income Taxes . . . . .	0	56. Total Liabilities and Other Credits . . . . .	
31. Total Assets & Other Debits (5+14+26 thru 30) . . . . .	1,886,431,746	(38+44+47+53 thru 55) . . . . .	1,886,431,746

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.  
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$516,514.42 in August 2006, and \$3,955,077.07 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

August 2006 Demand/MMBTU	390.080	Energy/MMBTU	168,671.000
Year-to-date		Energy/MMBTU	1,531,850.200

\*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

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**PRODUCTION PERFORMANCE REPORT**  
**JULY 2006**

	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
<b>Net Generation -- MWH</b>	97,473	614,411	185,542	1,193,578	735,193	4,467,350	50,762	103,335	1,068,970	6,378,674
<b>Weighted Equiv. Availability Factor</b>	99.66	85.43	99.46	92.73	100.00	88.88	97.88	93.56	99.41	90.22
<b>Load Factor --% Coal-Fired Only Including CT's</b>	69.59	63.59	75.44	69.84	91.58	81.02	13.79	3.43	85.65 69.37	76.85 57.43
<b>Running Capacity Factor --% Coal-Fired Only Including CT's</b>	68.36	73.50	83.47	84.05	87.11	86.40	76.36	73.87	84.30 83.91	84.60 84.41
<b>Total Power Cost (Busbar) \$/MWH</b>	51.084	50.405	37.736	36.028	38.767	39.319	144.330	283.573	44.724	43.728
<b>Safety -OSHA Lost Time Incident Rate</b>	1.98	4.59	1.61	1.31	0	0	0	0	.73	1.20
<b>Environmental Emissions</b>										
SO2--Tons	983.9	5,523.6	1,966.1	12,233.9	3,423.80	20,002.57	0.220	0.620	6,374.000	41,167.600
NOx--lbs./MMBtu	0.55	0.51	0.48	558.12	0.09	0.21	0.037	0.048	0.200	0.292

**Net Generation (MWH):** Is the amount of energy produced and delivered to the transmission system.

**Load Factor (%):** Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

**Running Capacity Factor (%):** Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

**Weighted Equiv. Availability Factor (%):** Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

**OSHA Lost-Time Accident Rate:** Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

**Total Power Cost (Busbar) (\$/MWH):** Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

**Environmental Emissions:** Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

**000039**

EAST KENTUCKY POWER COOPERATIVE

TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar	\$8,305	\$73,748	4.355 - 4.759	1 - 19	\$353,936
Apr	\$28,393	\$91,428	4.562 - 4.759	1 - 12	\$582,155
May	\$42,387	\$76,453	4.625 - 5.005	1 - 16	\$836,769
Jun	\$16,245	\$100,645	4.810 - 5.079	1 - 15	\$1,037,347
Jul	\$52,000	\$93,200	5.021 - 5.203	1 - 12	\$1,336,354
Aug	\$41,108	\$109,708	5.084 - 5.227	1 - 16	\$1,626,728
Sept					
Oct					
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 22,579,730 (book value) with average maturities of 0.6 years at interest rates averaging 5.33 %, and accrued interest earnings year-to-date of \$ 537,732.

**NOVEMBER 2006**



**Run-of-Mine Cost Analysis - Monthly**  
ACTIVITY FOR THE MONTH OF: September 2006  
(thru 09/30/06)

Supplier	PO #	Tons	Coal	Tipple	Transp	Sevtax	\$/Ton	SM/MTU	BTU	Ash	Sulfur
IKERD COAL COMPANY LLC	0000751159	3,780.22	47.34	0.00	0.000	0.00	47.34	1.953	12,118	10.22	1.78
Weighted Average - Cooper		<u>3,780.22</u>	<u>47.34</u>				<u>47.34</u>	<u>1.953</u>	<u>12,118</u>	<u>10.22</u>	<u>1.78</u>
INTERNATIONAL COAL GROUP LLC	0000951224	3,077.28	46.00	0.00	0.000	0.00	46.00	2.065	11,139	17.38	0.90
LEWIS COAL SALES LLC	0000951228	6,282.50	59.82	0.00	0.000	0.00	59.82	2.468	12,118	11.75	0.73
Weighted Average - Dale		<u>9,359.58</u>	<u>55.28</u>				<u>55.28</u>	<u>2.336</u>	<u>11,796</u>	<u>13.60</u>	<u>0.78</u>

The average run-of-mine price on an "evaluated" basis purchased for Cooper Station during the month of September 2006 was \$2.998/MMBtu or \$72.67/ton, based on 12,118 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Cooper Station during the same month, which was \$3.161/MMBtu or \$75.85/ton, based on 12,000 Btu/lb.

The average run-of-mine price on an "evaluated" basis purchased for Dale Station during the month of September 2006 was \$3.007/MMBtu or \$70.95/ton, based on 11,796 Btu/lb. This falls below the highest "evaluated" price of all coal purchased for Dale Station during the same month, which was \$3.156/MMBtu or \$75.75/ton, based on 12,000 Btu/lb.

0000001

2006  
EAST KENTUCKY POWER COOPERATIVE  
COAL RECEIPTS, USAGE, STOCKPILE  
TONNAGE (1000)

DALE STATION										
	Received			Cost/			Used			Stockpile Tons
	Tons	BTU	MMBTU	TON	TON	TON	Tons	#1	#2	
Jan.	39	12247	2,305	56.46	50	62	103			
Feb.	48	12211	2,518	61.49	47	63	109			
Mar.	38	12474	2,410	60.14	43	58	121			
Apr.	33	12500	2,398	59.96	33	59	122			
May	38	12560	2,390	60.03	31	66	128			
June	36	12442	2,343	58.29	39	63	140			
July	22	12449	2,369	58.99	46	39	141			
Aug.	62	12404	2,377	58.96	49	53	143			
Sept.	44	12413	2,414	59.94	35	62	144			
Oct.										
Nov.										
Dec.										
Total	360	12402	2,395	59.41	373					

COOPER STATION										
	Received			Cost/			Used			Stockpile Tons
	Tons	BTU	MMBTU	TON	TON	TON	Tons	#1	#2	
Jan.	80	11926	2,327	55.51	83	135	139			
Feb.	54	11856	2,289	54.28	75	115	128			
Mar.	81	12320	2,337	57.58	66	130	196			
Apr.	68	12051	2,293	55.27	73	125	230			
May	73	12081	2,232	53.93	62	137	244			
June	68	12296	2,220	54.60	66	138	206			
July	59	12163	2,153	52.36	77	121	195			
Aug.	68	12356	2,123	52.47	80	109	182			
Sept.	63	12178	2,151	52.38	59	113	152			
Oct.										
Nov.										
Dec.										
Total	614	12141	2,241	54.40	641					

GILBERT STATION										
	Received			Cost/			Used			Stockpile Tons
	Tons	BTU	MMBTU	TON	TON	TON	Tons	#1	#2	
Jan.	55	11197	1,378	30.85	45	235	53			
Feb.	59	10974	1,254	27.52	76	218	56			
Mar.	68	10776	1,267	27.31	81	206	59			
Apr.	30	11096	1,283	28.46	0	235	42			
May	41	10890	1,280	27.88	0	277	43			
June	40	11148	1,280	28.55	0	256	37			
July	53	10908	1,321	28.81	83	225	37			
Aug.	66	11094	1,281	28.42	85	207	37			
Sept.	58	10988	1,249	27.45	46	218	37			
Oct.										
Nov.										
Dec.										
Total	470	10998	1,287	28.32	416					

SPURLOCK - Above .7% Sulphur

	Received			Cost/			Used			Stockpile Tons
	Tons	BTU	MMBTU	TON	TON	TON	Tons	#1	#2	
Jan.	44	11388	2,237	50.96	88	103				
Feb.	87	11628	2,333	54.25	82	0				
Mar.	102	11678	2,318	54.15	89	0				
Apr.	88	11653	2,313	53.92	87	0				
May	93	11709	2,248	52.65	88	0				
June	90	11646	2,229	51.92	78	0				
July	85	11528	2,089	48.16	84	0				
Aug.	89	11488	2,153	49.46	87	0				
Sept.	75	11582	2,114	48.96	74	0				
Oct.										
Nov.										
Dec.										
Total	753	11603	2,229	51.75	757	0				

SPURLOCK - Below .7% Sulphur

	Received			Cost/			Used			Stockpile Tons
	Tons	BTU	MMBTU	TON	TON	TON	Tons	#1	#2	
Jan.	175	12207	2,643	64.53	0	152	139			
Feb.	184	12283	2,702	66.38	0	128	196			
Mar.	151	12172	2,651	64.52	0	117	230			
Apr.	141	12017	2,584	62.10	0	127	244			
May	112	12054	2,522	60.79	0	149	206			
June	126	11834	2,345	55.50	0	138	195			
July	121	11827	2,361	55.85	0	148	169			
Aug.	161	11972	2,444	58.53	0	149	182			
Sept.	113	11923	2,359	56.26	0	142	152			
Oct.										
Nov.										
Dec.										
Total	1284	12053	2,530	61.02	0	1250				

TOTAL SYSTEM

	Received			Cost/			Used			Stockpile Tons
	Tons	BTU	MMBTU	TON	TON	TON	Tons	#1	#2	
Jan.	55.66	2,323	393	418	674	53				
Feb.	56.57	2,358	432	408	701	56				
Mar.	54.71	2,281	440	396	745	59				
Apr.	55.81	2,337	360	320	785	42				
May	53.41	2,235	357	330	814	43				
June	51.72	2,174	360	321	792	42				
July	49.31	2,095	340	438	695	37				
Aug.	51.40	2,156	446	450	694	37				
Sept.	49.74	2,094	353	356	689	37				
Oct.										
Nov.										
Dec.										
Total	532.6	2,232	3,481	3,021						

000002

**INDEX OF ALL COAL PURCHASE COMMITMENTS  
(September 2006 Commitments)**

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Date		Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
					Through	09/30/2006					
ARGUS ENERGY LLC	0000000114	07/12/1994	12/31/2007	265,760	265,971	-211	0.000	0.000	12000	1.5520	
GATLIFF COAL COMPANY	0000000120	12/28/2004	12/31/2008	704,842	421,148	283,694	0.000	0.000	12300	2.3990	
TRINITY COAL MARKETING LLC	0000000124	01/01/2006	12/31/2009	480,000	82,005	397,995	0.000	0.000	12000	2.4240	
B & W RESOURCES INC	0000151081	03/10/2004	02/28/2007	240,000	172,581	67,419	0.000	0.000	12000	2.0630	
TRINITY COAL MARKETING LLC	0000151226	08/08/2006	04/30/2007	90,000	11,606	78,395	0.000	0.000	12000	2.3850 A	
GATLIFF COAL COMPANY	0000000116	10/01/2003	12/31/2008	142,535	142,535	0	0.000	0.000	12900	1.5500	
GATLIFF COAL COMPANY	0000000118	10/01/2003	12/31/2008	112,623	112,623	0	0.000	0.000	12600	1.5500	

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

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**INDEX OF ALL COAL PURCHASE COMMITMENTS**  
**(September 2006 Commitments)**

Cooper

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Through 09/30/2006			Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
				Total Commitment	Shipped To Date	Tonnage Remaining			
GATLIFF COAL COMPANY	0000000220	12/28/2004	12/31/2008	795,541	403,545	391,996	0.000	12300	2.3660
NATIONAL COAL CORPORATION	0000000224	10/06/2004	09/30/2010	720,000	249,915	470,085	0.000	12000	2.3340 A
INTERNATIONAL COAL GROUP LLC	0000000228	02/01/2006	01/31/2008	240,000	80,642	159,358	0.000	11000	2.1350
INTERNATIONAL COAL GROUP LLC	0000251219	04/24/2006	09/15/2006	20,000	22,184	-2,184	0.000	11000	2.0910 <b>Completed</b>
TRINITY COAL MARKETING LLC	0000251220	05/01/2006	09/30/2006	50,000	64,982	-14,982	0.000	12000	1.7920 A
IKERD TERMINAL COMPANY LLC	0000251235	09/01/2006	11/30/2006	12,000	2,953	9,047	0.000	10500	2.2860 A
GATLIFF COAL COMPANY	0000000214	10/01/2003	12/31/2008	164,459	164,459	0	0.000	12900	1.3950
IKERD TERMINAL COMPANY LLC	0000251227	09/01/2006	11/30/2006	12,000	0	12,000	0.000	10500	1.2860 A <b>Cancelled</b>

'A' Weekly Advance Payment  
 ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
 NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

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**INDEX OF ALL COAL PURCHASE COMMITMENTS  
(September 2006 Commitments)**

Spurlock#1

Through 09/30/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
ARGUS ENERGY LLC	0000000308	07/12/1994	12/31/2007	1,000,000	575,726	424,274	1,941	11500	2.0150
APPALACHIAN FUELS LLC	0000000316	06/01/2005	12/31/2009	686,845	202,039	484,806	1,941	11800	1.9170
KEYSTONE INDUSTRIES LLC	0000003422	01/01/2002	06/30/2007	1,625	1,625	0	4,291	12000	1.8670
KOCH CARBON LLC	0000351222	05/01/2006	12/31/2007	400,000	101,155	298,845	1,941	11250	2.5190
APPALACHIAN FUELS LLC	0000351242	09/16/2006	09/30/2006	10,000	9,625	376	9,230	12500	1.9190
PROGRESS FUELS CORPORATION	000351204A	01/11/2006	12/31/2006	16,364	16,364	0	4,291	12000	2.7350
COALTRADE, LLC	000351205A	01/11/2006	12/31/2006	4,591	4,591	0	4,291	12400	2.7640
APPALACHIAN FUELS LLC	000000316B	06/01/2005	12/31/2007	15,955	15,955	0	4,291	11800	2.2460

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000005**

**INDEX OF ALL COAL PURCHASE COMMITMENTS  
(September 2006 Commitments)**

Spurlock#2

Through 09/30/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
APPALACHIAN FUELS LLC	0000000420	01/01/2002	12/31/2009	1,523,950	612,497	911,453	1.941	12000	1.5920
KEYSTONE INDUSTRIES LLC	0000000422	01/01/2002	06/30/2009	656,404	371,358	285,046	4.291	12000	1.8670
ARGUS ENERGY LLC	0000000426	07/01/1994	12/31/2007	1,540,000	922,066	617,934	1.941	11350	2.3540
MC MINING, LLC	0000000428	01/01/2005	12/31/2007	544,800	233,287	311,513	8.950	12500	2.5580
INFINITY COAL SALES LLC	0000000430	01/01/2006	12/31/2007	480,000	161,790	318,210	4.291	12000	2.5560
APPALACHIAN FUELS LLC	000000420B	02/03/2003	12/31/2007	338,561	370,631	-32,070	4.291	12000	1.6100
PROGRESS FUELS CORPORATION	0000451204	01/11/2006	12/31/2006	223,636	129,332	94,304	4.291	12000	2.7350
COALTRADE, LLC	0000451205	01/11/2006	12/31/2006	125,609	93,491	32,118	4.291	12400	2.7640
PROGRESS FUELS CORPORATION	0000451234	08/01/2006	09/30/2006	40,000	19,446	20,554	9.230	12000	2.7290
APPALACHIAN FUELS LLC	0000451241	08/28/2006	09/05/2006	10,000	9,651	349	9.230	12000	1.6000
APPALACHIAN FUELS LLC	000000420A	01/21/2003	12/31/2007	26,689	26,689	0	0.000	12000	1.4500

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

**000006**

**INDEX OF ALL COAL PURCHASE COMMITMENTS  
(September 2006 Commitments)**

Gilbert

Through 09/30/2006

Supplier	Contract/P.O.	Delivery Begins	Delivery Ends	Total Commitment	Shipped To Date	Tonnage Remaining	Freight Price \$/Ton	GUAR. BTU/LB	Current Delivered Price \$/MMBTU
OXFORD MINING COMPANY	0000000800	04/01/2005	03/31/2015	2,400,000	298,086	2,101,914	3.884	11400	1.2885 A
B & N COAL INC	0000000802	04/01/2005	03/31/2010	600,000	200,786	399,214	3.179	11200	1.3567 A
MASSEY UTILITY SALES CO	0000000806	08/01/2006	07/31/2011	600,000	17,077	582,923	4.558	10800	1.1601
B & N COAL INC	0000000808	08/01/2006	07/31/2011	600,000	21,608	578,392	3.179	11000	1.1761 A

'A' Weekly Advance Payment  
ALL FINAL PAYMENTS MADE 20TH OF MONTH FOLLOWING DELIVERIES.  
NOTE: THIS REPORT DOES NOT INCLUDE RUN-OF-MINE COAL PURCHASES.

000007

# Summary of Capital Funds and Construction Budget

Data as of 9/30/06

	Actual Expenditures		2006 Budgeted Expenditures
	July-Sept	2006 YTD	
<b>Additions to Plant by Work Order:</b>			
Finance/Planning	0	0	0
Legal	5,769	31,416	6,500
Human Resources/Support Services	119,307	209,624	7,222,300
Member Services	714,253	1,197,452	12,198,000
Power Delivery	18,420,593	35,926,505	36,659,884
Production	55,174,748	121,335,597	525,672,342
<b>Total</b>	<b>74,434,669</b>	<b>158,700,593</b>	<b>581,759,026</b>
<b>Capital Equipment/Vehicle Purchases:</b>			
Executive	0	0	0
Legal	0	0	25,000
Finance & Planning	0	0	0
Governmental Affairs	0	0	0
Human Resources/Support Services	14,722	97,168	148,500
Member Services	0	0	66,000
Power Delivery	22,670	245,765	1,848,444
Production	0	3,466,570	7,703,049
<b>Total</b>	<b>37,392</b>	<b>3,809,503</b>	<b>9,790,993</b>

000008



**STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF FUNDED MEDICAL PLAN  
FOR EKPC, BIG SANDY, CUMBERLAND VALLEY, INTER-COUNTY  
JACKSON, MEADE, NOLIN, OWEN, SALT RIVER AND SHELBY**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Contributions, Administration and Excess Risk Insurance Cost		Benefits Received (c)		Benefits vs. Cost		
								Monthly (a) Contributions	Y.T.D. (a) Contributions	Monthly (b) Admin. Fees Cost	Y.T.D. (b) Admin. Fees Cost	Monthly	Y.T.D.	Monthly
2006	No. of Employees	Monthly (a) Contributions	Y.T.D. (a) Contributions	Monthly (b) Admin. Fees Cost	Y.T.D. (b) Admin. Fees Cost	Monthly Total Cost	Y.T.D. Total Cost	Monthly	Y.T.D.	Monthly	Y.T.D.	Monthly	Y.T.D.	Contributions Minus Benefits (Margins)
Jan.	2,023	1,350,143	1,350,143	139,597	139,597	1,489,740	1,489,740	1,082,204	1,082,204	1,082,204	1,082,204	1,082,204	1,082,204	267,939
Feb.	2,028	1,347,855	2,697,998	139,411	279,008	1,487,266	2,977,005	1,604,650	2,686,854	1,604,650	2,686,854	1,604,650	2,686,854	11,144
Mar.	2,030	1,344,185	4,042,183	139,473	418,481	1,483,658	4,460,664	2,210,259	4,897,113	2,210,259	4,897,113	2,210,259	4,897,113	(854,930)
Apr.	2,037	1,348,212	5,390,395	140,158	558,639	1,488,371	5,949,034	1,477,476	6,374,589	1,477,476	6,374,589	1,477,476	6,374,589	(984,193)
May	2,044	1,350,137	6,740,532	140,351	698,990	1,490,487	7,439,522	1,680,504	8,055,093	1,680,504	8,055,093	1,680,504	8,055,093	(1,314,561)
June	2,047	1,354,842	8,095,373	140,489	839,479	1,495,331	8,934,853	1,432,988	9,488,081	1,432,988	9,488,081	1,432,988	9,488,081	(1,392,707)
July	2,045	1,351,014	9,446,388	140,540	980,019	1,491,554	10,426,407	1,021,426	10,509,507	1,021,426	10,509,507	1,021,426	10,509,507	(1,063,119)
Aug.	2,049	1,346,397	10,792,785	140,617	1,120,636	1,487,014	11,913,421	1,636,409	12,145,915	1,636,409	12,145,915	1,636,409	12,145,915	(1,353,131)
Sept.	2,048	2,687,420	13,480,205	140,631	1,261,267	2,828,051	14,741,472	1,301,850	13,447,765	1,301,850	13,447,765	1,301,850	13,447,765	32,440

	Data Per Month Per Employee	
	Contribution	Claims
Base Benefits	\$ 734.58	\$ 732.57
Admin Fee	\$ 68.73	\$ 68.73
	\$ 803.31	\$ 801.30

(a) Includes up to 30% additional contribution being paid by certain Co-ops. as a result of surcharge. COBRA participants included.  
(b) Includes \$52.34 specific excess risk, \$10.52 administration, \$0.60 case management, \$2.00 utilization review and \$3.75 PPO fee.  
(c) Includes excess risk reimbursements: \$12,328.80 for Jackson, \$74,813.95 for Owen, \$69,483.23 for Salt River, \$24,154.44 for EKPC.

000009

STATUS REPORT ON THE COST AND BENEFITS  
PAID UNDER SELF-FUNDED DENTAL PLAN  
EAST KENTUCKY POWER COOPERATIVE

2006	(1) No. Emp.	(2) Amount of Contr. (a)	Monthly Employer Contributions			(5) Surplus (Deficit)	(6) No. Emp.	Monthly Employee Contributions			(9) Surplus (Deficit)	(10) Amount of Contr.	Total Monthly			(14) Surplus (Deficit)
			(3) Claims Paid	(4) Admin. Fee	(3) Claims Paid			(7) Amount of Contr. (b)	(8) Claims Paid	(11) Claims Paid			(12) Admin. Fee	(13) Surplus (Deficit)		
Jan.	664	15,936	11,249	1,328	3,359	448	15,301	15,579	(278)	31,237	26,828	1,328	3,081	3,081		
Feb.	664	15,936	21,740	1,328	(7,132)	451	15,312	15,900	(588)	31,248	37,640	1,328	(7,720)	(4,638)		
Mar.	663	15,912	16,848	1,326	(2,262)	450	15,334	17,320	(1,986)	31,246	34,169	1,326	(4,249)	(8,887)		
Apr.	662	15,888	12,272	1,324	2,292	450	15,290	21,476	(6,185)	31,178	33,748	1,324	(3,894)	(12,781)		
May	666	15,984	15,476	1,332	(824)	454	15,323	15,347	(24)	31,307	30,823	1,332	(848)	(13,629)		
June	663	15,912	17,741	1,326	(3,155)	451	15,202	17,445	(2,243)	31,114	35,187	1,326	(5,399)	(19,028)		
July	658	15,792	9,200	1,316	5,276	449	15,048	12,855	2,193	30,840	22,055	1,316	7,469	(11,559)		
Aug.	655	15,720	13,292	1,310	1,118	448	15,015	25,667	(10,652)	30,735	38,959	1,310	(9,534)	(21,093)		
Sept.	652	15,648	11,272	1,304	3,072	445	14,927	15,626	(699)	30,575	26,898	1,304	2,373	(18,720)		
<b>Total</b>	<b>5,947</b>	<b>142,728</b>	<b>129,090</b>	<b>11,894</b>	<b>1,744</b>	<b>4,046</b>	<b>136,752</b>	<b>157,215</b>	<b>(20,463)</b>	<b>279,480</b>	<b>286,307</b>	<b>11,894</b>				

Employer			Employee		
Contr. Rate	\$22.00	Claims Paid	Contr. Rate	\$33.80	Claims Paid
Admin. fee	2.00	Admin. fee			\$ 38.86
	\$24.00				

(a) Includes Administration Fee of \$2.00 per employee.

(b) Employee with (1) dependent \$22.00; employee with more than (1) dependent \$44.00

Note: Self-funded employer margin through December 31, 2005 is \$63,095.00; employee deficit is -\$87,140.00

**000010**

**EAST KENTUCKY POWER COOPERATIVE**  
Schedule of Bond Fund Investments

<i>Pollution Bond Fund</i>	<i>Face Amount</i>	<i>Date Invested</i>	<i>Maturity Date</i>	<i>Rate-%</i>	<i>Type</i>	<i>Year-to-Date Earnings September, 2006</i>
<b>COOPER</b>	\$1,050,000.00	11-25-03	08-01-22	4.500	Nevada Water Poll Bond	\$35,437.50
	23,625.00	08-01-06	02-15-07	5.500	CFC Note	217.16
					Current Investments	\$35,654.66
					YTD Matured Investments	724.03
					<b>Totals</b>	<b>\$36,378.69</b>
<b>SPURLOCK</b>	\$13,777,000.00	08-11-06	02-08-07	5.038	U.S. Treasury Bill	\$85,545.60
					CFC Prom. Note	
					Cash on Hand	182.41
					Current Investments	\$85,728.01
					YTD Matured Investments	365,292.58
				<b>Totals</b>	<b>\$451,020.59</b>	
<b>SMITH</b>	\$5,814,000.00	08-11-06	02-08-07	5.038	U.S. Treasury Bill	\$36,100.90
					Cash on Hand	403.61
					Current Investments	\$36,504.51
					YTD Matured Investments	154,166.52
					<b>Totals</b>	<b>\$190,671.03</b>

000011

**SCHEDULE OF DEBT BY TERM**  
9/30/2006

	<u>Long-Term</u>			
	<u>Amount</u>	<u>Rate Range</u> <u>%</u>	<u>Composite</u> <u>Rate-%</u>	
RUS - EKPC	\$47,503,274	2.00 - 5.125	4.96	
P-12 CFC	5,063,909	3.68	3.68	[a]
R-12 CFC	5,706,226	3.68	3.68	[a]
T-62 CFC	4,510,240	3.68	3.68	[a]
CFC Sr Credit Facility	305,000,000	6.029 - 6.450	6.24	
<b>FFB</b>				
L-8	96,315,004	5.452 - 10.657	7.21	
M-9	30,560,717	5.177 - 7.991	6.40	
N-8	74,310,597	5.913 - 7.991	7.02	
P-12	1,367,064	7.413 - 10.590	8.78	
R-12	14,838,111	6.297 - 6.301	6.30	
S-8	88,717,873	5.451 - 6.306	6.20	
T-62	13,922,532	4.557 - 5.644	5.24	
U-8	5,810,217	6.067	6.07	
V-8	50,227,689	4.709 - 5.729	5.29	
W-8	81,342,220	4.485 - 5.678	5.07	
X-8	85,506,427	4.366 - 5.020	4.61	
Y-8	202,846,359	4.460 - 5.149	4.96	
Z-8	381,413,433	4.324 - 5.345	4.71	
AA-8	12,937,582	4.353	4.35	
AB-8	53,000,000	5.053 - 5.070	5.06	
<b>Private Placement Bonds</b>				
Inland	9,600,000	7.70	7.70	
<b>Pollution Bonds</b>				
Cooper	8,800,000	3.68	3.68	[a]
Smith	21,145,000	3.68	3.68	[a]
Spurlock	88,600,000	3.420 - 3.830	3.59	[a]
<b>Charleston Bottoms</b>				
RUS	3,268,882	2.00	2.00	
CFC	5,496,233	3.68	3.68	[a]
<b>TOTAL</b>	<b>\$1,697,809,587 (b)</b>		<b>5.36</b>	

**IMBEDDED COST OF DEBT**

<u>Month</u>	<u>MONTHLY - 2006</u>		<u>YEAR-END</u>	
	<u>Debt</u> <u>Outstanding</u>	<u>Composite Interest</u> <u>Rate - %</u>		
Jan	\$1,411,738,767	5.17	2005	5.14
Feb	\$1,460,341,826	5.19	2004	5.04
Mar	\$1,457,273,639	5.20	2003	4.95
Apr	\$1,507,153,679	5.22	2002	5.16
May	\$1,555,818,870	5.26	2001	5.31
June	\$1,646,695,154	5.34	2000	5.94
July	\$1,646,578,746	5.35	1999	5.86
Aug	\$1,697,931,985	5.35	1998	5.68
Sept	\$1,697,809,587	5.36	1997	5.85
Oct			1996	5.83
Nov			1995	6.15
Dec			1994	6.51

[a] Long-Term Debt; Short-Term Rates  
[b] Does not include Sick Leave Reserve

**EAST KENTUCKY POWER COOPERATIVE**  
**SUMMARY OF STATUS OF ACTIVE LONG-TERM LOANS**  
**September 30, 2006**

	<u>TOTAL LOAN</u>	<u>Contracts Awarded and Commitments As Approved by RUS</u>	<u>Construction Fund Expenditures</u>
<b><u>FFB</u></b>			
Y8 Spur SCRs	223,500,000	208,309,328	208,300,000
Z8 Gilbert - Gen & Trans	433,863,000	389,864,380	384,000,000
AA8 Landfill Gas to Energy	27,645,000	13,204,135	13,192,000
AB8 CT 6&7 & Trans	55,240,000	53,327,341	53,000,000
<b>Total Active Long-Term Loans Approved</b>	<b><u>\$740,248,000</u></b>	<b><u>\$664,705,184</u></b>	<b><u>\$658,492,000</u></b>

**TO:** Dave Eames  
**FROM:** Randy Dials (Original Initialed)  
**DATE:** September 26, 2006  
**SUBJECT:** Economy Coal Purchase—Cooper Power Station  
**KEY MEASURE(S):** This Supports Reliable and Competitive Energy Costs

## **Background**

ICG, LLC, (“ICG”) Hazard, Kentucky, has offered East Kentucky Power Cooperative, Inc., (“EKPC”) 15,000 tons of coal for \$1.69/MMBtu or \$40.23 per ton based on 11,900 Btu/lb. This purchase is \$6.77 per ton lower on a delivered basis than the lowest spot coal price for the fourth quarter of 2006.

## **Justification and Strategic Analysis**

The purchase of coal from ICG will enable EKPC to continue to generate power for the lowest cost possible for its Member Systems and provide an adequate fuel supply source during times of coal supply or transportation disruptions. This recommendation supports EKPC’s key measures for reliable and competitive energy costs.

## **Recommendation**

As Vice President-in-charge, in the absence of Roy Palk, your approval is requested for the economy purchase of 15,000 tons of coal from ICG at a delivered price of \$1.69/MMBtu or \$40.23 per ton, based on 11,900 Btu/lb., for delivery to Cooper Power Station.

**Approved by:** Original Approved

**Date:** Original Dated September 26, 2006

hr/gv

**TO:** Roy Palk  
**FROM:** Randy Dials (Original Initialed)  
**DATE:** October 9, 2006  
**SUBJECT:** Natural Gas Purchases—J. K. Smith Power Station

Your ratification is requested for natural gas purchases made on behalf of East Kentucky Power Cooperative, Inc., by Constellation NewEnergy—Gas Division in the month of September 2006 as shown below:

<b>Date</b>	<b>Quantity (MMBtu)</b>	<b>Price \$/MMBtu</b>
09/06/06	3,015	\$6.5437
09/07/06	3,385	\$6.5922
09/16/06	<u>1,443</u>	<u>\$5.6796</u>
	7,843	\$6.4057

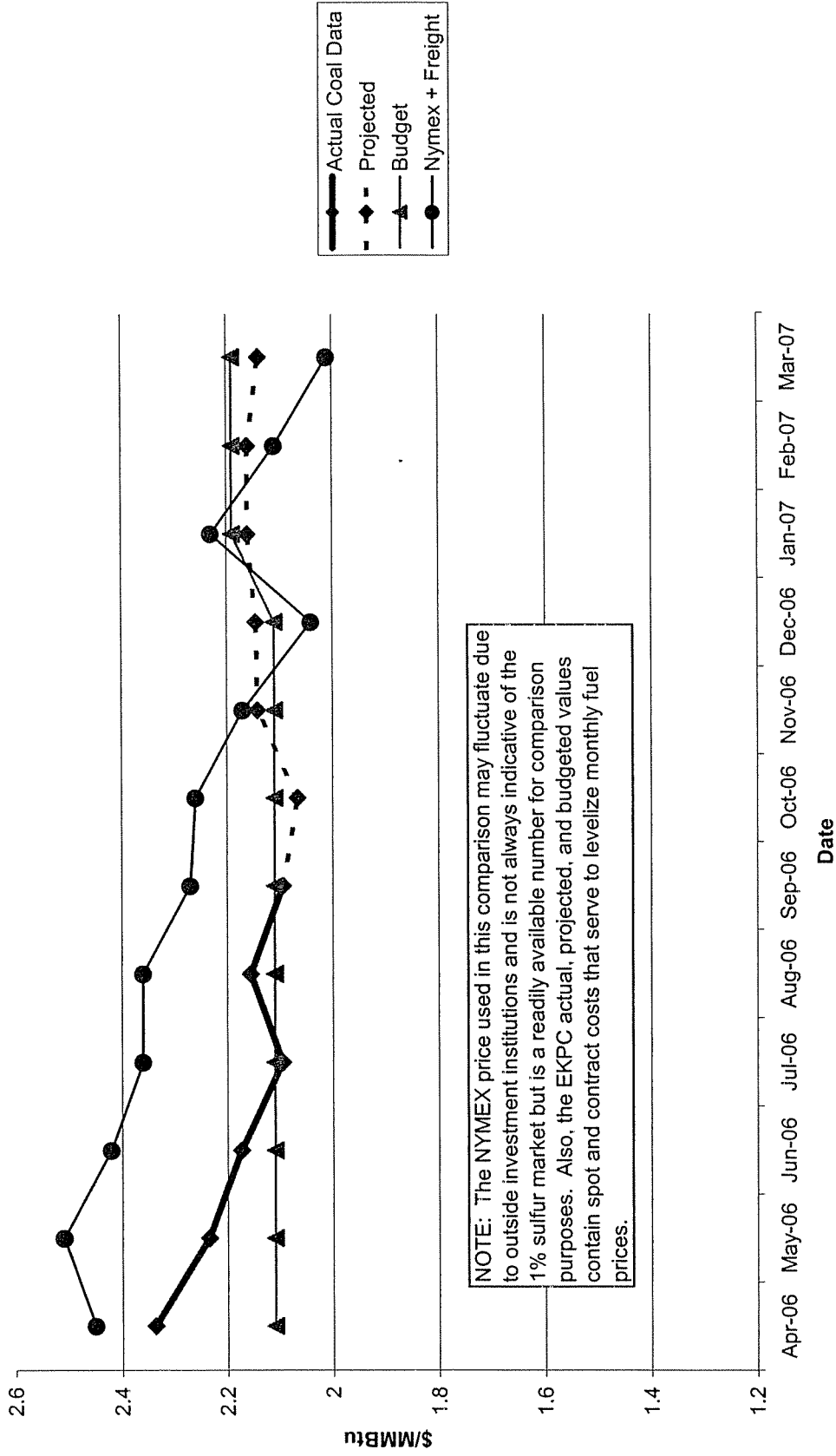
gv

**Approved by:** Original Approved

**Date:** Original Dated October 9, 2006

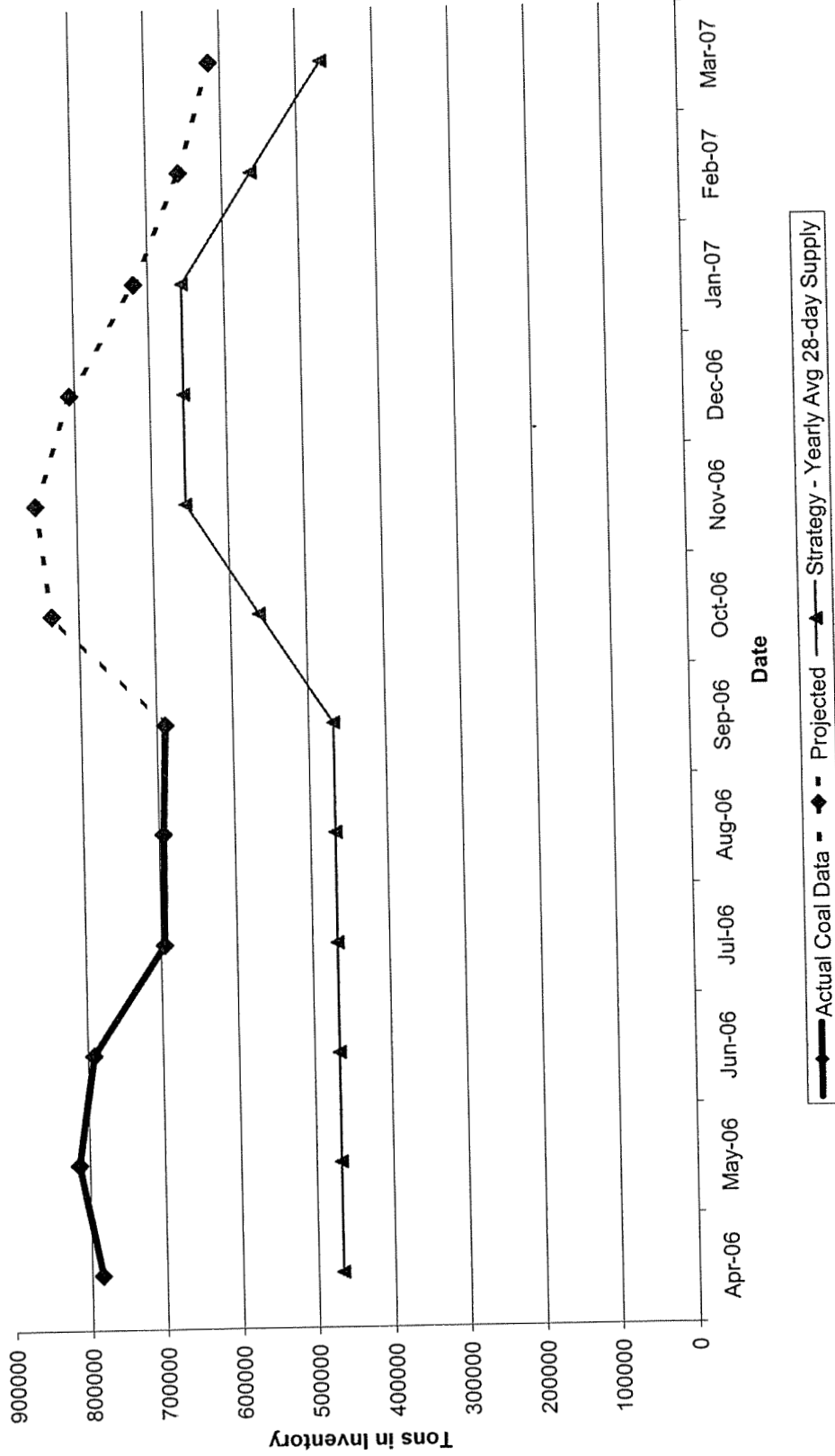
**000015**

# Actual and projected Coal Cost - System





### Actual and projected Coal Inventory - System (Based on Maximum Daily Burn)



**000017**

**RUN-OF-MINE COAL PURCHASE REPORT  
FOR PERIOD SEPTEMBER 21, 2006 TO OCTOBER 31, 2006**

<u>Company</u>	<u>Purchase Order No.</u>	<u>Processing Tipple</u>	<u>Tonnage</u>	<u>For Shipment To</u>	<u>Price/Ton F.O.B. Tipple</u>	<u>Quality Btu/lb.</u>
<u>Dale Station</u> ICG, LLC Ashland, KY	51224	Dale Station Winchester, KY	6,000	Dale Station	\$48.00	11,000

gv

**000018**

CONSTRUCTION IN PROGRESS

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Distribution Substations &amp; Taps</b>				
<i>Blue Grass Energy Cooperative</i>				
Powell - Taylor Distribution Station 11.2/14 mVA 69-12.5 KV	558(P)	799	Construction of this station is complete. Awaiting completion of line construction to energize.	11/22/2006
Powell - Taylor Tap 69KV 4.75 miles	978(P)	547	Eighty-nine (89) percent of the poles are set and framed. Plan to complete construction by November 22, 2006.	11/22/2006
Southpoint Distribution Station 69-12.47 KV 11.2 MVA	543(P)	451	This project is 90% complete.	12/15/2006
West Nicholasville #2 Distr. Sub. 69-12.5 KV 15/20/25 MVA	(883)P	70	Design is complete. Foundations and grounding are complete. Waiting on delivery of structure to finish project.	5/1/2007
<i>Cumberland Valley Electric</i> Alex Creek 5.6/6.44 MVA Distribution Station	570(P)	31	The site acquisition and survey activities are complete. Design activities have started.	12/1/2007

000019

**CONSTRUCTION IN PROGRESS**

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>Cumberland Valley Electric</b> Girdler 11.2/14 MVA 69-13.2 kV Distr. Station	570(P)	4	A site option has been obtained.	12/1/2007
Girdler Tap 69 kV 3.5 miles	747(P)	1	Engineering personnel are reviewing line routes. An Open House has been scheduled for December, 2006.	12/1/2007
Liberty Church 11.2/14 MVA 69-13.2 Distr. Sta.	583(P)	2	A site visit is planned within the next two weeks.	5/1/2007
Liberty Church Tap 69 kV 1.8 miles	343(P)	2	Engineering personnel are reviewing line routes.	5/1/2007
<b>Farmers RECC</b> Edmonton Industrial Park Sub	0	0	Survey and design activities are complete.	Project on Hold
Edmonton Industrial Park Tap	0	0	R/W Clearing activities are complete and the Construction Contractor is ready to begin construction when the project is released.	Project on Hold
<b>Fleming-Mason Energy Cooperative</b> Snow Hill 11.2/14 MVA 69-25 kV Distr. Sta.	558(P)	252	Site acquisition, survey activities and design activities are complete. The ER has been approved by RUS.	6/1/2007

000020

**CONSTRUCTION IN PROGRESS**

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<p><b>JACKSON ENERGY COOP.</b> Big Creek Substation 69-12.5 kV 11.2 MVA</p>	452(P)	255	Survey of this site is complete. Design of this project is approximately 70% complete.	12/1/2007
Big Creek Tap 9 miles	2209(P)	1,073	Survey and design activities are approximately 93% complete. The RW Clearing Contract is being rebid for this line on November 9, 2006.	12/1/2007
Conway Distribution Station 11.2/14 mVA 69-12.5 kV	558(P)	253	One more alternative site is being worked on. If this site does not work out, we will have to condemn for the substation site.	6/1/2007

**000021**

**CONSTRUCTION IN PROGRESS**

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>OWEN ELECTRIC COOPERATIVE</b>				
Burlington 11.2/14 mVA 69-12.5 kV Distribution Station	883(P)	8	A site for this project has been selected. This site will possibly be acquired by condemnation.	5/1/2007
<b>Salt River RECC</b>				
Blue Grass Parkway Distribution Station 69-12.5 kV 11.2/14 MVA	558 (P)	630	This project was energized on September 27, 2006.	9/27/2006
<b>South Kentucky RECC</b>				
Cedar Grove Ind. Park Sub 161-12.5 kV 12/16/20 mVA Distribution Station	971(P)	1,187	Construction activities are complete. Waiting for KU to complete tap.	12/15/2006
Deatsville 11.2/14 mVA 69-12.5 kV Distribution Station	570(P)	1	Site activities have started.	5/1/2007
Gap of the Ridge Distribution Station 11.2/14 MVA 69-25KV	558(P)	178	Grading activities are 60% complete.	6/1/2007
Gap of the Ridge Tap 69 kV 4.5 miles	929(P)	138	The survey of this line is complete. RW acquisition activities are approximately 89% complete. The RW Clearing contractor has been selected. Plan to begin right of way clearing by the first of November, 2006. The construction contractor has been selected and is schedule to begin work by 11/20/06.	6/1/2007

**000022**

**CONSTRUCTION IN PROGRESS**

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>South Kentucky RECC</b>				
Woodstock 11.2/14 mVA Distr. Substation	570(P)	2	A site has been optioned.	12/1/2007
Webb's Cross Roads Distr. Substation 11.2 MVA69-12.5 KV	583(P)	138	This site has been acquired. Cleanup of the site is complete. Awaiting RUS approval of site cleanup.	2/1/2007
<b>Taylor County RECC</b>				
Campbellsville #2 69-12.5 KV 11.2/14 MVA Distr. Station	456(P)	8	Design activities are approximately 60% complete.	5/1/2007
Garlin 11.2/14 mVA, 69-12.5 KV Distribution Station	570(P)	5	A site has been optioned. Environmental activities have started.	5/1/2007
<b>Transmission Facilities</b>				
Bullitt Co. 69 KV Breaker Add. (2Brkrs.)	166(P)	351	Construction activities are approximately 90 % complete.	12/1/2006
Bullitt County - J.Tichenor / W. Bardstown 69 KV Line 10 Miles	2,634(P)	460	Survey activities and design activities are complete. All steel poles are ready to order. R/W acquisition is approximately 90% complete.	9/1/2007
Cranston - Rowan Line 138KV 7.50 miles	2204(P)	802	The RW Clearing activities started on October 15, 2006 with 15% of R/W clearing being cut on the Forestry Service area.	4/15/2007

000023

**CONSTRUCTION IN PROGRESS**

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<u>Transmission Facilities</u>				
J.K. Smith 138 kV Modifications	263(P)	1,059	The construction contract was approved at the October Board Meeting and construction began on Monday, October 16, 2006. One half of the foundations has been installed and grounding and fence activities have been completed. Fifteen to twenty percent of the gravel has been spread.	2/15/2007
J.K. Smith CT 345kV Trans. Substation	4300(P)	4,536	Engineering activities are approximately 95 % complete. Site grading is complete. Fifty percent of all the foundations has been installed for the station.	6/1/2007
J.K. Smith - N. Clark (Sideview) Trans. Line 345 kV	22075(P)	7,681	The RW clearing activities are approximately 85% complete. Irby Construction Co. and Davis H. Elliot Co. have finished approximately 60% of the line construction.	6/1/2007
Keavy - Laurel Co. Trans. Line 69 kv .40 miles	179(P)	219	RW easement procurement is complete. Survey and design activities are complete. Poles are scheduled for delivery on 11/17/06.	3/15/2007
North Clark (Sideview) 345 kV Trans. Sub.	3865(P)	3496	Engineering activities are complete. Site grading foundation activities are complete. Thirty percent of the below grade conduit has been installed.	6/1/2007

**000024**



**CONSTRUCTION IN PROGRESS**

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<u>Transmission Facilities</u> West Bardstown Jct. Switching Station 69kV (3 Brks)	911(P)	592	The site has been purchased. Survey and design activities are complete. The ER was mailed to RUS on October 3, 2007 and approval is pending.	9/1/2007
W. Bardstown Jct. - W. Bardstown Reconductor 69 kV 4.5 miles	338(P)	13	Design activities have started.	5/1/2007

000025

CONSTRUCTION IN PROGRESS

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
<b>WARREN RECC</b> Aberdeen Jct. 161 kV Trans. Station	717(P)	200	Survey activities are complete and design activities are approximately 50% complete.	8/1/2008
Barren County -Oakland - Magna 161kV 28.29 miles	9266(P)	1,101	Survey and design activities are 90% complete. RW acquisition easements are 75% complete for the rebuild area and RW Agents have obtained 20% of the easements on the green field portion.	12/26/2008
East Bowling Green 161 kV Breaker	313(P)	289	Survey activities are complete and design activities are approximately 50% complete	1/1/2008
GM- Memphis Jct. 161 kV 14.96 miles	5675(P)	2,599	Survey and design activities are complete. 95% of the easements have been acquired. Bids were solicited for this line but due to environmental problems, this activity has been placed on hold.	8/31/2007
Memphis Jct.- Aberdeen 161 kV 23.48 miles	9486(P)	3,296	RW acquisition of easements are 90% complete. Survey and design activities are complete. Bids were solicited for this line, but due to environmental problems, this activity has been placed on hold.	3/28/2008

000026

**CONSTRUCTION IN PROGRESS**

October, 2006

Project Name	Total Planning Est. or Work Order Est. (\$1,000)	Project Cost To Date Thru September, 2006 (\$1,000)	Current Status of Project	Estimated In-Service Date Based on Current Status
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**WARREN RECC**  
Saimons 161-69 kV Trans. Substation

1500(P)      18      Survey activities are complete and design activities design activities have started.      12/1/2008

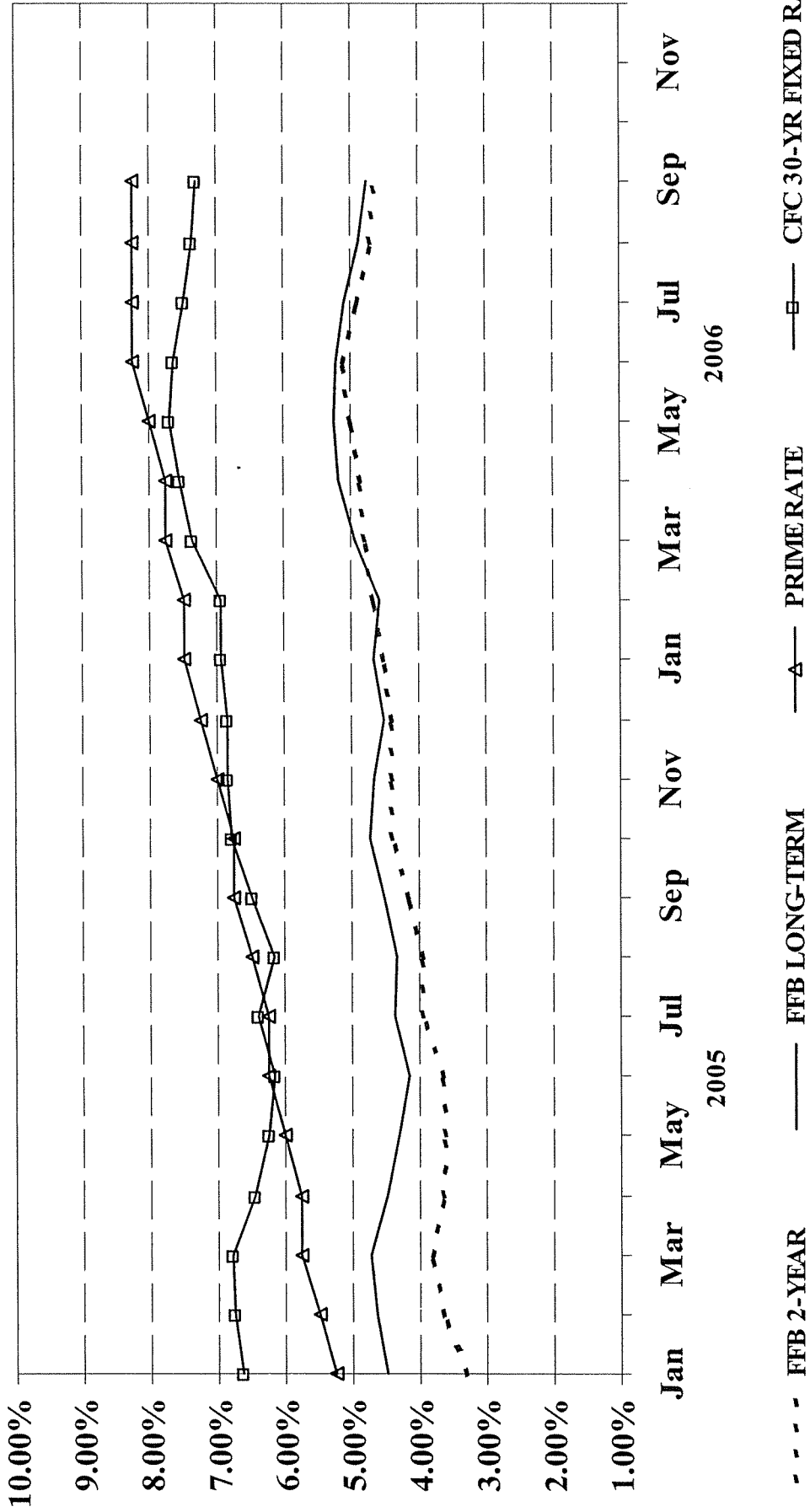
Wilson - Aberdeen  
161/69 26.79 miles

10104(P)      672      Survey is approximately 75% and R/W acquisition activities are approximately 50% complete. Design activities are approximately 90% complete.      1/2/2009

(P) - Planning Estimates  
(h:share/reports/project.xls)

**000027**

# KEY INTEREST RATES AFFECTING EKPC



000028

## INTEREST RATES

Date	Prime	CFC Line Of Credit	CFC Fixed	CFC Variable	FFB-End of Each Month			Long-Term RUS Loans Municipal Bond Rate
					2-Year	5-Year	30-Year	
02-03-00	8.75%							
03-22-00	9.00%							
05-18-00	9.50%							
01-05-01	9.00%							
02-01-01	8.50%	8.050%	9.000%	7.800%				5.500%
03-22-01	8.00%							
04-19-01	7.50%							
05-16-01	7.00%							
06-28-01	6.75%							
08-22-01	6.50%							
09-18-01	6.00%							
10-03-01	5.50%							
11-07-01	5.00%							
12-12-01	4.75%							
11-7-02	4.25%							
06-27-03	4.00%							
06/30/04	4.25%				2.810%	3.820%	5.180%	
08/10/04	4.50%							
09/21/04	4.75%							
11/10/04	5.00%							
12/14/04	5.25%							
02/02/05	5.50%							
03/22/05	5.75%							
03/31/05					3.820%	4.170%	4.730%	
04/01/05		4.600%	6.800%	4.750%				4.250%
04/29/05					3.650%	3.890%	4.480%	
05/02/05		4.850%	6.450%	5.000%				4.250%
05/03/05	6.00%							
05/31/05					3.600%	3.750%	4.290%	
06/01/05		4.950%	6.250%	5.100%				4.250%
06/30/05	6.25%				3.640%	3.710%	4.160%	
07/01/05		5.200%	6.150%	5.350%				4.125%
07/28/05					3.950%	4.020%	4.370%	
08/01/05		5.450%	6.400%	5.600%				4.125%
08/10/05	6.50%							
08/31/05					3.950%	4.010%	4.320%	
09/01/05		5.700%	6.150%	5.850%				4.125%
09/20/05	6.75%							
09/30/05					4.160%	4.160%	4.510%	
10/03/05		5.800%	6.500%	5.950%				4.250%
10/31/05					4.380%	4.430%	4.720%	
11/01/05	7.00%	5.950%	6.800%	6.100%				4.250%
11/30/05					4.390%	4.400%	4.670%	
12/01/05		6.100%	6.850%	6.250%				4.250%
12/13/05	7.25%							
12/30/05					4.380%	4.320%	4.510%	
01/03/06		6.200%	6.850%	6.350%				4.500%
01/31/06	7.50%				4.510%	4.450%	4.660%	
02/01/06		6.500%	6.950%	6.650%				4.500%
02/28/06					4.660%	4.580%	4.580%	
03/01/06		6.650%	6.950%	6.800%				4.500%
03/28/06	7.75%							
03/31/06					4.800%	4.790%	4.940%	
04/03/06		6.750%	7.350%	6.900%				4.375%
04/28/06					4.840%	4.890%	5.190%	
05/01/06		6.750%	7.550%	6.900%				4.375%
05/10/06	8.00%							
05/31/06					5.000%	5.010%	5.240%	
06/01/06		6.750%	7.700%	6.900%				4.375%
06/29/06	8.25%							
06/30/06					5.110%	5.070%	5.210%	
07/03/06		7.000%	7.650%	7.150%				4.500%
07/31/06					4.920%	4.880%	5.080%	
08/01/06		7.150%	7.500%	7.300%				4.500%
08/31/06					4.710%	4.670%	4.870%	
09/01/06		7.150%	7.350%	7.300%				4.500%
09/29/06					4.640%	4.570%	4.760%	
10/02/06		7.150%	7.300%	7.300%				4.375%
10/31/06					4.650%	4.540%	4.720%	

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**East Kentucky Power Cooperative  
Fuel Adjustment Rate - Fuel Cost in Base Rate**

**Fuel Cost in Base Rate - 20.25 Mills per kWh (Effective June 1, 2005)**

2006	Last FAC Rate Billed	ACTUAL kWh	FAC		Cumulative		Recoverable		Over or (Under) Recovery
			Revenue/Refund	Revenue/Refund	Revenue/Refund	Revenue/Refund	FAC	Revenue/Refund	
January	0.01309	1,108,572,515	14,511,214	14,511,214	(2,387,164)			12,124,050	
February	0.00756	1,110,013,176	8,391,700	22,902,914	10,892			8,402,592	
March	0.00688	1,052,245,498	7,239,449	30,142,363	(397,442)			7,636,891	
April	0.00613	844,292,812	5,175,515	5,175,515	(1,274,750)			6,450,265	
May	0.00712	899,616,349	6,405,268	11,580,783	393,903			6,011,365	
June	0.00766	963,753,316	7,382,350	18,963,134	491,289			6,891,061	
July	0.00471	1,124,657,285	5,297,136	5,297,136	757,858			4,539,278	
August	0.00583	1,151,104,870	6,710,941	12,008,077	154,189			6,556,752	
September	0.00760	862,802,016	6,557,295	18,565,373	(2,191,102)			8,748,397	
October									
November									
December									

[a] Based on previous month's costs  
 [b] Does not include EKP usage  
 [c] Coincidental fuel cost and fuel revenue

Note: Cost in a particular month is determined by the number of kWhs in that month times the fuel adjustment rate listed in the next succeeding month plus 20.25 mills per kWh.

Revenue in a particular month is determined by the number of kWhs in that month times the rate listed in that month plus 20.25 mills per kWh.

Totals exclude steam.



EAST KENTUCKY POWER COOPERATIVE  
 FUEL ADJUSTMENT  
 APPLICABLE TO OCTOBER 2006 POWER BILL  
 FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED

Fuel Cost of Sales to Members and Internal Use	=	\$23,293,352	
		862,802,016	0.02700
KWH Sales to Members and Internal Use			
Less Cost of Fuel in Base Rate			0.02025
FUEL ADJUSTMENT APPLICABLE TO POWER SERVICE - per KWH	OCTOBER 2006		0.00675

DEVELOPMENT OF FUEL ADJUSTMENT RATE  
 SEPTEMBER 2006

	COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned	\$18,443,130	802,144,751	0.02299	0.02138
Gas & Oil Burned in CTs & Landfills	80,782	6,996,921	0.01155	0.00009
Fuel (Assigned Cost during F.O.)	150,279	6,401,000	0.02348	0.00017
Fuel (Assigned Cost during F.O.)	(188,011)	(6,401,000)	0.02937	(0.00022)
<b>Total Fuel Cost (a)</b>	<b>18,486,180</b>	<b>809,141,672</b>	<b>0.02285</b>	<b>0.02143</b>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases	2,652,753	68,631,868	0.03865	0.00307
Identifiable Fuel Cost - Other Purchases	0			
Identifiable Fuel Cost - Sub. for F.O.	0			
<b>Total Purchase Cost (b)</b>	<b>2,652,753</b>	<b>68,631,868</b>	<b>0.03865</b>	<b>0.00307</b>
<b>Subtotal Purchase and Fuel Cost (a+b)</b>	<b>21,138,933</b>	<b>877,773,540</b>	<b>0.02408</b>	<b>0.02450</b>
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery	(36,682)	(1,008,936)	(0.03636)	(0.00004)
Inadvertent - (Net) - System Losses	2,191,102	4,664,739		0.00254
		<b>(18,627,327)</b>		
<b>Sales Fuel Cost (c)</b>	<b>2,154,420</b>	<b>(14,971,524)</b>	<b>0.14390</b>	<b>0.00250</b>
<b>Totals (a+b+c)</b>	<b>\$23,293,353</b>	<b>862,802,016</b>	<b>0.02700</b>	<b>0.02700</b>

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.



**EAST KENTUCKY POWER COOPERATIVE**  
**FUEL ADJUSTMENT**  
**YEAR-TO-DATE 2006**  
**AS OF SEPTEMBER 30, 2006**  
**FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED**

Fuel Cost of Sales to Members and Internal Use		245,665,495		0.02695
-----	=	-----		
KWH Sales to Members and Internal Use		9,117,057,837		
Less Cost of Fuel in Base Rate				
		<b>Cost</b>	<b>KWH</b>	<b>Mills/kwh</b>
				<b>Mills/ total kwh</b>
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned		183,337,978	8,116,010,190	0.02259
Gas & Oil Burned in CTs & Landfills		18,874,915	219,797,202	0.08587
Fuel (Assigned Cost during F.O.)		2,469,809	142,390,000	0.01735
Fuel (Assigned Cost during F.O.)		(6,550,220)	(142,390,000)	(0.04600)
		-----	-----	-----
<b>Total Fuel Cost</b>	<b>(a)</b>	<b>198,132,482</b>	<b>8,335,807,392</b>	<b>0.02377</b>
<b>Purchases</b>				
Net Energy Cost - Economy Purchases		44,513,989	999,052,313	0.04456
Identifiable Fuel Cost - Other Purchases				
Identifiable Fuel Cost - Sub. For F.O.				
Identifiable Fuel Cost - LG&E Portion of Gallatin Steel Load		-----	-----	-----
<b>Total Purchase Fuel Cost</b>	<b>(b)</b>	<b>44,513,989</b>	<b>999,052,313</b>	<b>0.04456</b>
<b>Subtotal Purchase &amp; Fuel Cost</b>		<b>242,646,471</b>	<b>9,334,859,705</b>	<b>0.02599</b>
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery		(1,423,303)	(27,534,524)	(0.05169)
Inadvertent - (Net) - System Losses		4,442,327	44,912,937	0.00049
			(210,323,003)	
			-	
<b>Sales Fuel Cost</b>	<b>(c)</b>	<b>3,019,024</b>	<b>(192,944,590)</b>	<b>0.01565</b>
<b>Totals</b>	<b>(a+b+c)</b>	<b>245,665,495</b>	<b>9,117,057,837</b>	<b>0.02695</b>

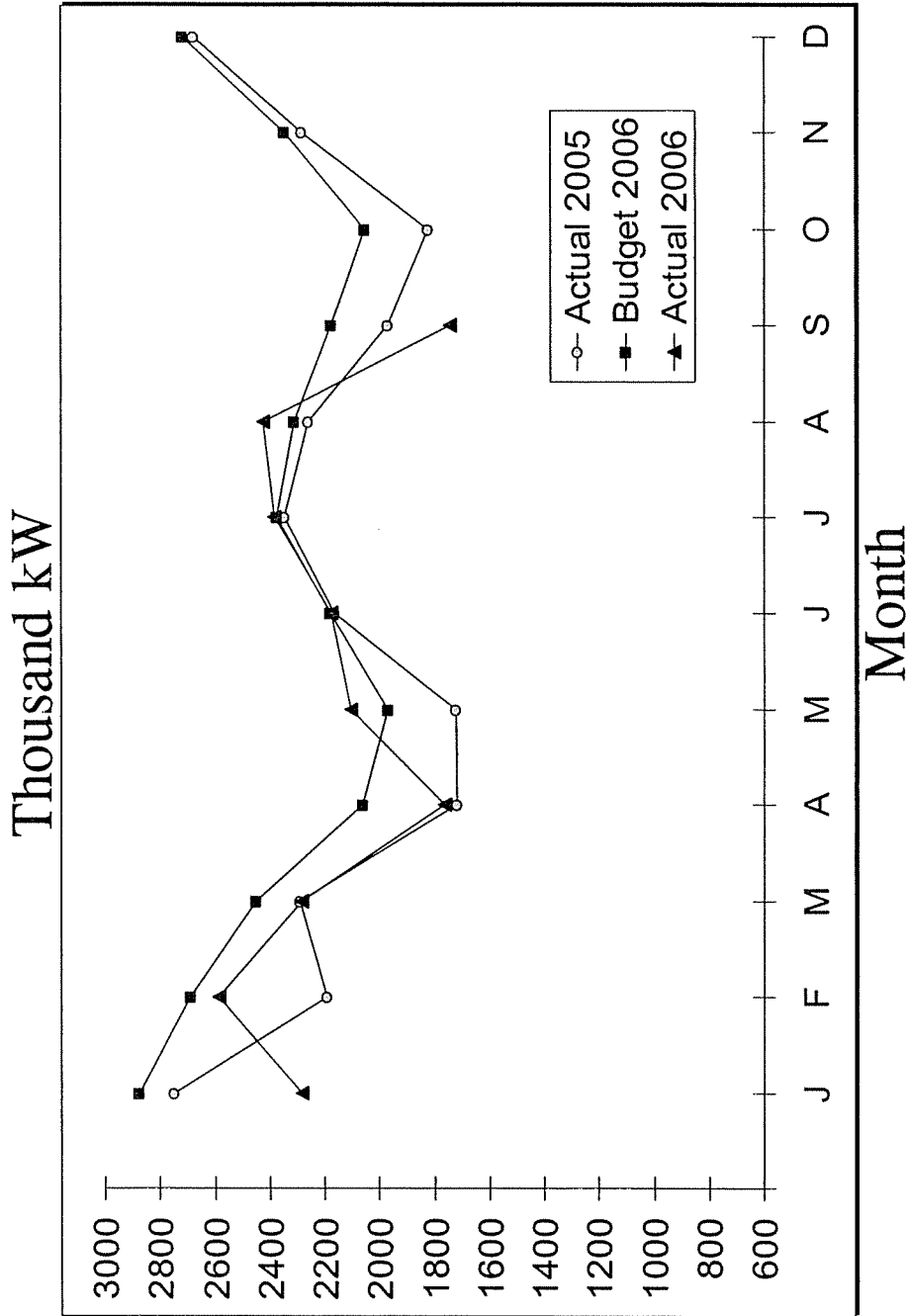
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# East Kentucky Power Cooperative

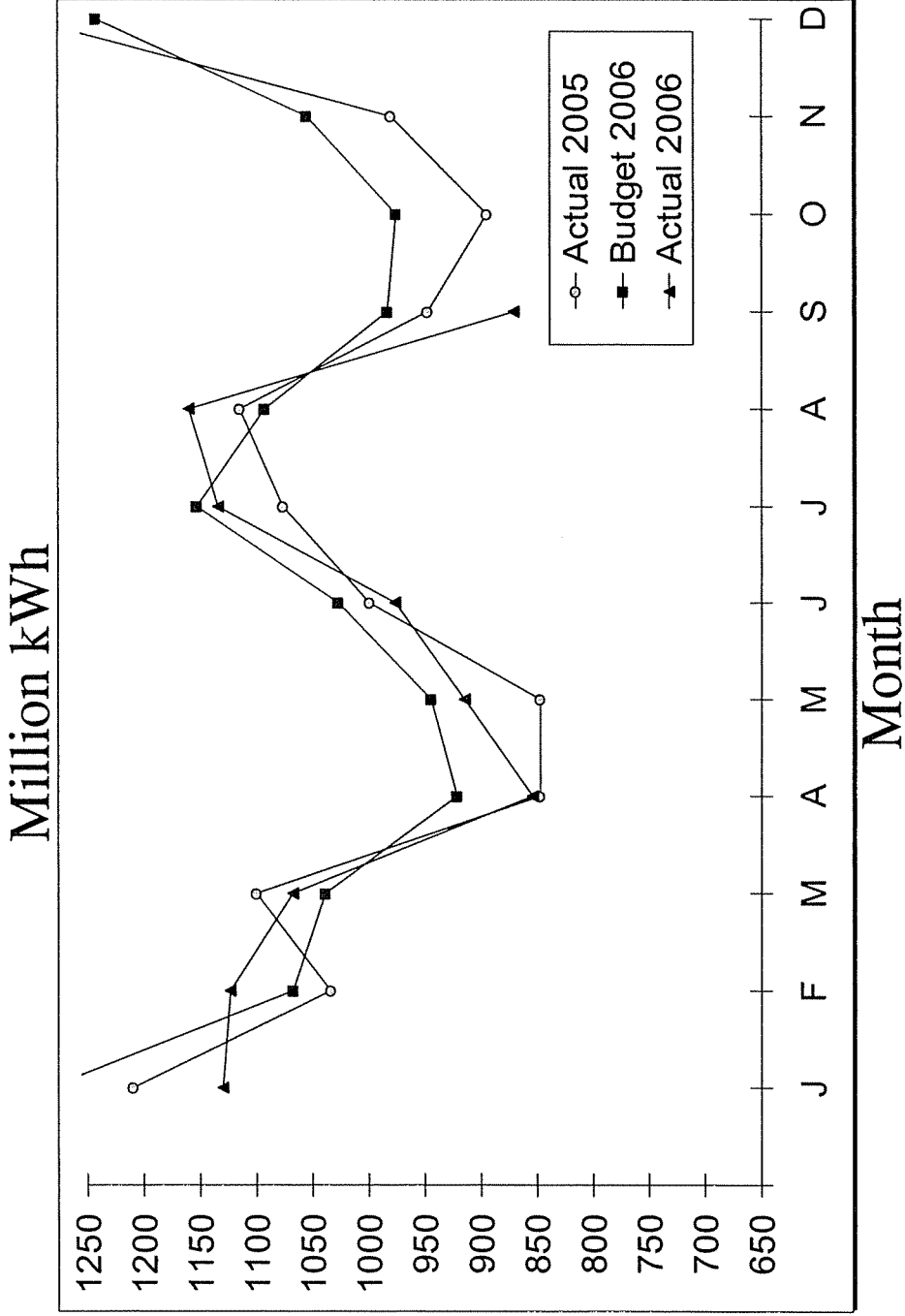
## Load Growth - Plus 2006 Budget - Based On Bills





# East Kentucky Power Cooperative

## Load Growth - Plus 2006 Budget - Based On Bills



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# East Kentucky Power Cooperative

Member Cooperative Load Growth 2005 - 2006  
Includes Inland Container Steam KWH Equivalency

Month	2006 % Increase By Months		2006 % Increase Cumulative		2006		2005		2006 Budget		2006 Budget			
	Actual	Budget	Actual	Budget	Over (Under)	Over (Under)	2005	2006 Budget	2005	2006 Budget	2005	2006 Budget		
	15 Minute Billing Peak													
	MWH													
Jan	2,749	2,878	2,283	2,283	(17.0)	(20.7)	(17.0)	(20.7)	(20.7)	(20.7)	Jan 26	Thur 0800	MW 2,254	Steam Equivalent MW 38
Feb	2,194	2,691	2,585	2,585	17.8	(3.9)	(1.5)	(3.9)	(12.6)	(12.6)	Feb 19	Sun 0900	MW 2,503	Steam Equivalent MW 40
Mar	2,291	2,451	2,283	2,283	(0.3)	(6.9)	(1.1)	(6.9)	(10.8)	(10.8)	Mar 21	Tues 2000	MW 2,114	Steam Equivalent MW 35
Apr	1,720	2,061	1,763	1,763	2.5	(14.5)	(0.4)	(14.5)	(11.6)	(11.6)	Apr 10	Mon 0700	MW 1,763	Steam Equivalent MW 37
May	1,724	1,970	2,104	2,104	22.0	6.8	3.2	6.8	(8.6)	(8.6)	May 30	Tues 1600	MW 2,000	Steam Equivalent MW 30
Jun	2,163	2,182	2,177	2,177	0.6	(0.2)	2.8	(0.2)	(7.3)	(7.3)	Jun 22	Thurs 1700	MW 2,139	Steam Equivalent MW 27
Jul	2,346	2,377	2,385	2,385	1.7	0.3	2.6	0.3	(6.2)	(6.2)	Jul 19	Wed 1700	MW 2,301	Steam Equivalent MW 27
Aug	2,258	2,312	2,422	2,422	7.3	4.8	3.2	4.8	(4.9)	(4.9)	Aug 03	Thurs 1700	MW 2,339	Steam Equivalent MW 29
Sep	1,971	2,178	1,742	1,742	(11.6)	(20.0)	1.7	(20.0)	(6.4)	(6.4)	Sep 09	Sat 1500	MW 1,653	Steam Equivalent MW 29
Oct	1,820	2,054												
Nov	2,283	2,346												
Dec	2,676	2,718												
YTD	26,195	28,218	19,744	19,744										
	26,195	28,218	19,744	19,744										

Month	2005		2006		2005		2006		2005		2006			
	Actual	Budget	Actual	Budget	Over (Under)	Over (Under)	2005	2006 Budget	2005	2006 Budget	2005	2006 Budget		
	Hourly Coincident System Peak													
	MWH													
Jan	1,210,092	1,284,953	1,130,133	1,130,133	(6.6)	(12.0)	(6.6)	(12.0)	(12.0)	(12.0)	Jan 18	Tues 0800	MW 2,711	Steam Equivalent MW 41
Feb	1,033,719	1,096,763	1,123,959	1,123,959	8.7	5.4	0.5	5.4	(4.2)	(4.2)	Feb 10	Thur 2000	MW 2,175	Steam Equivalent MW 34
Mar	1,099,981	1,066,866	1,066,909	1,066,909	(3.0)	2.8	(0.7)	2.8	(2.0)	(2.0)	Mar 03	Thur 0700	MW 2,224	Steam Equivalent MW 39
Apr	846,765	920,708	853,794	853,794	0.8	(7.3)	(0.4)	(7.3)	(3.1)	(3.1)	Apr 02	Sat 1200	MW 1,659	Steam Equivalent MW 34
May	847,185	944,222	913,736	913,736	7.9	(3.2)	1.0	(3.2)	(3.2)	(3.2)	May 03	Tues 0700	MW 1,729	Steam Equivalent MW 33
Jun	998,590	1,027,010	975,558	975,558	(2.3)	(5.0)	0.5	(5.0)	(3.5)	(3.5)	Jun 28	Tues 1700	MW 2,048	Steam Equivalent MW 28
Jul	1,076,222	1,152,774	1,134,159	1,134,159	5.4	(1.6)	1.2	(1.6)	(3.2)	(3.2)	Jul 25	Mon 1800	MW 2,181	Steam Equivalent MW 26
Aug	1,113,529	1,091,636	1,160,287	1,160,287	4.2	6.3	1.6	6.3	(2.0)	(2.0)	Aug 20	Sat 1500	MW 2,227	Steam Equivalent MW 25
Sep	946,699	982,798	870,372	870,372	(8.1)	(11.4)	0.6	(11.4)	(2.9)	(2.9)	Sep 12	Mon 1700	MW 1,917	Steam Equivalent MW 33
Oct	893,863	975,173									Oct 3	Mon 1700	MW 1,778	Steam Equivalent MW 26
Nov	980,332	1,055,114									Nov 18	Fri 0700	MW 2,139	Steam Equivalent MW 41
Dec	1,303,790	1,241,722									Dec 20	Tues. 0800	MW 2,642	Steam Equivalent MW 42
YTD	12,350,767	12,839,739	9,228,907	9,228,907										
	12,350,767	12,839,739	9,228,907	9,228,907										

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EAST KENTUCKY POWER COOPERATIVE  
OFF-SYSTEM SALES - 2006  
(1,000)

MONTH	2006 BUDGET										
	MWH	REVENUE	MARGIN	INCLUDES DEMAND		EXCLUDES DEMAND		MWH	REVENUE	MARGIN	MILLS/ KWH
				MILLS/ KWH	MARGIN	MILLS/ KWH	MARGIN				
JAN	696	35	(9)	50.78	(9)	50.78	(9)	2,620	133	5	50.76
FEB	4,442	175	(23)	39.44	(23)	39.44	(23)	6,281	319	13	50.79
MAR	5,516	124	(50)	22.48	(50)	22.48	(50)	7,024	301	14	42.85
APR	1,156	53	5	46.19	5	46.19	5	23,056	989	46	42.90
MAY	58	6	2	100.00	2	100.00	2	16,779	560	33	33.38
JUN	7,805	167	(164)	21.43	(164)	21.43	(164)	12,024	460	24	38.26
JUL	9,231	434	(76)	47.05	(76)	47.05	(76)	16,594	648	33	39.05
AUG	6,500	716	70	110.19	70	110.19	70	24,904	972	50	39.03
SEP	1,022	51	28	49.54	28	49.54	28	6,600	226	13	34.24
OCT								6,393	209	13	32.69
NOV								3,450	113	7	32.75
DEC								1,020	33	2	32.35
<b>TOTAL</b>	<b>36,426</b>	<b>1,761</b>	<b>(217)</b>	<b>48.34</b>	<b>(217)</b>	<b>48.34</b>	<b>(217)</b>	<b>126,745</b>	<b>\$4,963</b>	<b>\$253</b>	<b>39.16</b>

Note: MARGIN FIGURES INCLUDE ACES COSTS OF SALES FOR MONTH OF \$ (less than \$1,000)

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# EAST KENTUCKY POWER COOPERATIVE

Off-System Sales - MWH

Prepared (m) by: Laura Wilson  
11/17/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jan	194,859	680,752	51,426	66,577	28,526	62,858	34,359	10,829	3,011	1,288	696
Feb	381,705	504,354	88,455	63,560	53,602	149,963	46,510	20,752	5,636	2,631	4,442
Mar	379,452	908,028	77,248	60,708	75,128	100,408	51,599	5,569	5,670	7,621	5,516
Apr	256,646	676,934	75,989	83,212	70,926	105,564	93,305	3,966	554	11,754	1,156
May	310,690	804,661	95,388	90,272	97,063	143,116	46,394	5,893	5,325	9,314	58
Jun	353,105	655,722	81,147	87,581	93,103	77,204	42,995	6,357	2,248	17,797	7,805
Jul	391,655	371,720	113,484	72,798	79,459	80,942	29,788	4,064	8,353	17,073	9,231
Aug	394,959	212,545	98,483	68,761	84,674	71,142	32,344	7,029	16,078	12,700	6,500
Sep	585,261	69,037	122,502	79,695	54,089	27,214	37,405	2,476	2,860	18,268	1,022
Oct	288,849	55,475	110,773	60,623	61,612	27,062	44,519	2,147	2,993	4,714	
Nov	361,195	31,008	111,584	63,059	37,673	24,498	31,490	748	130	13,027	
Dec	522,168	38,030	73,434	43,932	34,892	29,315	23,171	1,394	608	28,010	
<b>Total</b>	<b>4,420,544</b>	<b>5,008,266</b>	<b>1,099,913</b>	<b>840,778</b>	<b>770,747</b>	<b>899,286</b>	<b>513,879</b>	<b>71,224</b>	<b>53,466</b>	<b>144,197</b>	<b>36,426</b>

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**EAST KENTUCKY POWER COOPERATIVE  
SUMMARY OF FUEL COST FACTORS  
IN COMPUTING FUEL ADJUSTMENT RATE  
(TO BE APPLIED TO SUCCEEDING MONTH)**

	JULY 2006		AUGUST 2006		SEPTEMBER 2006	
	mWh	Mills per kWh	mWh	Mills per kWh	mWh	Mills per kWh
<b>Production</b>						
Smith Generating	50,762	103.08	53,946	115.29	190	329.17
Dale	97,473	28.35	102,806	28.47	67,059	31.10
Cooper	185,542	22.45	188,624	22.78	134,585	23.47
Spurlock I	186,012	22.95	194,440	22.45	165,154	22.47
Spurlock II	360,729	23.84	359,950	24.17	331,832	24.67
Landfills	7,198	0.81	7,118	8.66	6,807	2.68
Gilbert	188,452	12.43	192,708	12.35	103,514	14.02
Generating Unit						
Sub-total	1,076,168	25.44	1,099,592	26.33	809,141	23.08
Physical Inventory, Outage & Adjustments						
Gallatin	0		0		0	
Sub Total	1,076,168	25.30	1,099,592	26.15	809,141	22.85
Purchases	77,549	40.93	84,512	48.02	68,632	38.65
Sales to Others (Includes Losses)	(7,667)	40.74	(6,533)	91.99	(1,009)	36.35
(Over) or Under Recovery						
Inadvertent Net	6		923		4,665	
System Losses	(21,399)		(27,389)		(18,627)	
Total	1,124,657		1,151,105		862,802	
Total Net Fuel Cost (Includes System Losses & Inadvertent Exchange; Excludes Gallatin Steel)		26.08		27.85		27.00
Fuel Adjustment charge (credit) per kWh		5.83		7.60		6.75

The fuel adjustment rate is directly affected by not only overall fuel costs, but also by the variations that occur in the load characteristics, production by stations and units, quantity and fuel cost rate of purchases from and sales to others. Also, coal purchased in any month is charge to inventory and charged out at average cost during the month of actual use.

Inadvertent interchange of power among interconnected utilities creates a plus or negative fuel adjustment for individual months that equalize over a period of time

Note: Effective with the June 2005 power bill calculation, the fuel cost included in the base rate has been increased from 15.60 mills to 20.25 mills in accordance with PSC approval.

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**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary**

**September 2006**

CO-OP Name/EKPC		KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surcharge	Surcharge Mills/KWH	Revenue
BIG SANDY RECC	Month	31,202	16,681,660	42.61	126,782	50.21	104,612	56.48	942,175
	YTD	438,900	193,361,258	44.02	1,455,609	51.55	928,593	56.35	10,896,288
BLUE GRASS ENERGY	Month	170,017	82,106,008	42.71	624,006	50.31	515,953	56.60	4,646,877
	YTD	1,997,188	911,443,145	42.84	6,756,344	50.25	4,311,865	54.98	50,113,850
CLARK ENERGY COOP	Month	61,120	28,909,794	44.19	218,597	51.76	186,882	58.22	1,683,131
	YTD	742,778	325,518,235	44.53	2,424,849	51.97	1,589,674	56.86	18,508,345
CUMBERLAND VALLEY ELECTRIC	Month	69,341	34,524,083	43.22	262,384	50.82	219,130	57.17	1,973,592
	YTD	836,999	381,903,377	43.59	2,863,366	51.09	1,825,409	55.87	21,335,400
FARMERS RECC	Month	74,829	36,567,528	42.50	277,914	50.10	228,836	56.36	2,060,991
	YTD	793,214	385,874,948	42.26	2,861,648	49.67	1,813,172	54.37	20,980,797
FLEMING MASON RECC	Month	137,675	64,987,030	40.30	469,547	47.52	379,062	53.36	3,467,526
	YTD	1,421,098	692,764,041	41.64	4,636,380	48.33	2,986,159	52.64	36,468,908
GRAYSON RECC	Month	34,322	17,089,442	43.78	129,878	51.38	109,675	57.80	987,782
	YTD	440,890	195,373,550	44.34	1,461,228	51.82	947,586	56.67	11,071,776
INTER-COUNTY ECC	Month	62,521	28,719,396	43.60	217,389	51.17	183,532	57.56	1,652,970
	YTD	792,811	336,764,234	44.07	2,517,909	51.54	1,619,713	56.35	18,977,322
JACKSON ENERGY COOP	Month	121,448	61,194,943	42.84	464,391	50.42	385,404	56.72	3,471,089
	YTD	1,609,599	703,498,930	43.86	5,281,997	51.36	3,363,422	56.14	39,497,431
LICKING VALLEY RECC	Month	33,929	17,299,100	43.30	131,472	50.90	109,972	57.25	990,441
	YTD	446,836	198,695,361	44.13	1,491,762	51.63	957,795	56.45	11,217,117
NOLIN RECC	Month	103,856	56,088,936	40.53	426,275	48.13	337,184	54.14	3,036,800
	YTD	1,173,129	576,691,027	41.47	4,266,578	48.87	2,663,727	53.49	30,845,225
OWEN EC	Month	356,887	186,872,484	33.03	1,317,379	40.08	931,341	45.06	8,420,954
	YTD	3,459,576	1,762,417,558	34.84	12,206,068	41.76	6,865,690	45.66	80,469,410
SALT RIVER RECC	Month	149,227	74,897,673	40.50	535,668	47.65	443,409	53.57	4,012,390
	YTD	1,632,855	766,470,736	42.00	5,485,674	49.16	3,579,436	53.83	41,257,544
SHELBY ENERGY COOP	Month	58,446	32,437,729	40.34	246,526	47.94	194,214	53.92	1,749,172
	YTD	683,310	342,066,087	41.26	2,529,568	48.66	1,573,666	53.26	18,218,110
SOUTH KENTUCKY RECC	Month	157,885	77,153,676	42.97	586,371	50.57	487,283	56.88	4,388,647
	YTD	1,999,956	868,210,919	43.82	6,494,054	51.30	4,161,648	56.09	48,700,287
TAYLOR COUNTY RECC	Month	77,692	35,604,907	44.56	229,881	51.02	215,834	57.08	2,032,406
	YTD	895,303	390,286,015	45.82	2,511,380	52.26	1,799,567	56.87	22,194,226
<b>Totals</b>	Month	1,700,397	851,134,389	40.21	6,264,460	47.57	5,032,323	53.48	45,516,943
	YTD	19,364,442	9,031,339,421	41.47	65,244,414	48.69	40,987,122	53.23	480,752,036

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**EKPC Wholesale Power Accounting  
CO-OP Totals Billing Summary  
'E' Rates Only**

**September 2006**

CO-OP Name/EKPC	Month	KW	KWH	Fuel Mills/KWH	Fuel Charge	Fuel Mills/KWH	Surchage	Surchage Mills/KWH	Revenue
BIG SANDY RECC	Month	31,202	16,681,660	42.61	126,782	50.21	104,612	56.48	942,175
	YTD	438,900	193,361,258	44.02	1,455,609	51.55	928,593	56.35	10,896,288
BLUE GRASS ENERGY	Month	139,718	63,114,273	44.69	479,669	52.29	412,226	58.82	3,712,665
	YTD	1,725,644	733,993,164	44.56	5,446,727	51.98	3,586,504	56.86	41,737,891
CLARK ENERGY COOP	Month	60,120	28,509,794	44.35	216,675	51.95	184,976	58.43	1,665,962
	YTD	736,778	322,829,020	44.58	2,408,471	52.04	1,577,203	56.92	18,376,652
CUMBERLAND VALLEY ELECTRIC	Month	69,341	34,524,083	43.22	262,384	50.82	219,130	57.17	1,973,592
	YTD	836,999	381,903,377	43.59	2,863,366	51.09	1,825,409	55.87	21,335,400
FARMERS RECC	Month	65,375	30,785,928	43.70	233,974	51.30	197,251	57.71	1,776,526
	YTD	711,709	336,672,338	43.13	2,501,676	50.57	1,607,974	55.34	18,631,855
FLEMING MASON RECC	Month	58,770	28,382,449	43.82	215,705	51.42	182,274	57.84	1,641,630
	YTD	710,868	322,747,634	43.69	2,415,306	51.17	1,546,974	55.96	18,061,761
GRAYSON RECC	Month	32,041	15,847,033	44.30	120,436	51.90	102,720	58.38	925,141
	YTD	419,996	183,949,772	44.80	1,377,591	52.29	899,920	57.18	10,519,091
INTER-COUNTY ECC	Month	54,217	24,042,283	44.93	182,721	52.53	157,755	59.10	1,420,813
	YTD	721,257	297,243,038	45.01	2,235,663	52.53	1,451,980	57.41	17,065,622
JACKSON ENERGY COOP	Month	109,802	55,287,245	43.37	420,184	50.97	351,985	57.34	3,170,098
	YTD	1,508,636	651,876,223	44.34	4,905,554	51.87	3,142,411	56.69	36,953,048
LICKING VALLEY RECC	Month	33,929	17,299,100	43.30	131,472	50.90	109,972	57.25	990,441
	YTD	446,836	198,695,361	44.13	1,491,762	51.63	957,795	56.45	11,217,117
NOLIN RECC	Month	76,606	37,902,878	43.64	288,061	51.24	242,572	57.64	2,184,692
	YTD	934,327	425,708,794	43.89	3,159,874	51.31	2,058,470	56.15	23,901,836
OWEN EC	Month	165,173	81,096,067	36.30	515,793	42.66	427,974	47.94	3,887,432
	YTD	1,769,184	839,692,773	38.01	5,401,019	44.45	3,537,294	48.66	40,858,559
SALT RIVER RECC	Month	136,697	67,730,958	40.90	481,202	48.00	403,702	53.96	3,654,777
	YTD	1,524,313	702,782,173	42.49	5,015,662	49.63	3,313,025	54.34	38,192,538
SHELBY ENERGY COOP	Month	36,420	18,446,564	43.65	140,193	51.25	118,089	57.66	1,063,557
	YTD	482,595	211,535,520	44.53	1,575,304	51.98	1,033,808	56.86	12,028,849
SOUTH KENTUCKY RECC	Month	134,324	64,955,180	43.87	493,663	51.47	417,546	57.89	3,760,571
	YTD	1,806,863	765,826,374	44.61	5,745,760	52.11	3,715,843	56.96	43,621,706
TAYLOR COUNTY RECC	Month	59,864	28,031,421	44.11	213,037	51.71	181,047	58.17	1,630,595
	YTD	741,023	317,952,836	44.45	2,365,139	51.89	1,553,113	56.77	18,051,754
<b>Totals</b>	Month	1,263,599	612,636,916	42.55	4,521,951	49.93	3,813,831	56.15	34,400,667
	YTD	15,515,928	6,886,769,655	43.32	50,364,483	50.64	32,736,316	55.39	381,449,967

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## **EKPC Generation & Transmission Coordinated Schedule**

The EKPC Generation and Transmission Coordinated Schedule is a Gantt chart, which is a compilation of interdependent generation, transmission line and transmission substation project schedules associated with or affecting the planned EKPC generation additions. This is a “high level” schedule and does not include all of the activities required to complete the projects. The appropriate teams will maintain separate schedules for the additional detail of tasks.

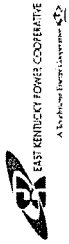
The generation addition projects include the five CT’s at Smith, a CFB Unit at Spurlock (Spurlock No. 4) and a CFB Unit at JK Smith. Associated with this electric power generation are the transmission and substation facilities required to adequately transfer this production into our transmission system grid or those projects needed for normal transmission development that have a significant affect on project schedules.

The associated substation projects are the Smith 138kV Substation Expansion, JK Smith 345kV CT Substation, JK Smith 345kV CFB Substation and the North Clark 345kV Substation. The associated transmission lines are the Smith – North Clark 345kV Line and the Smith – West Garrard 345kV Line. Please note that the Sideview substation site has been renamed as North Clark and the Bryantsville Substation as West Garrard.

The attached schedule has been reviewed and approved by our production, transmission line, transmission planning and generation planning personnel. The last revision date of this schedule is November 6, 2006.

This schedule will be reviewed, revised and approved by the appropriate personnel on a periodic basis and then distributed to all interested parties.

If you have any questions or need additional information contact Mark Brewer at extension 672.

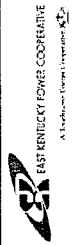


# EKPC Generation & Transmission Coordinated Schedule

ACCEPTANCE  
 Production\_CJ\_ Sys Protection  
 Lines\_DB\_ Trans Planning DA  
 Subs\_MZ\_ Gen Planning GD

ID	Task Name	Start	Finish	2005	2006	2007	2008	2009	2010	
				Q3	Q4	Q1	Q2	Q3	Q4	
SUBSTATION PROJECTS										
1	Smith 69kV Distr Sub	Mon 12/06	Tue 6/30/09							
2	Smith 138kV Substation (CTB)	Mon 12/06	Wed 8/1/07							
5	Smith 345kV CT Sub	Fri 1/20/06	Fri 2/16/07							
8	North Clark 345kV Substation	Fri 1/20/06	Fri 6/1/07							
11	Spurlock #4 Substation	Sun 12/17/06	Mon 12/31/07							
14	Smith 345kV CFB Substation	Sun 9/9/07	Tue 3/10/09							
21	West Garrard	Sun 12/30/07	Tue 6/30/09							
24	GENERATION PROJECTS									
25	PSC APPROVAL (Smith CT's & CFB)	Tue 8/29/06	Tue 8/29/06							
26	AIR PERMIT (Smith CT's & CFB)	Tue 5/15/07	Tue 5/15/07							
27	Smith CT #8	Mon 4/7/08	Fri 7/17/09							
32	Smith CT #9	Mon 2/25/08	Fri 6/5/09							
37	Smith CT #10	Mon 1/7/08	Fri 4/17/09							
42	Smith CT #11	Mon 10/29/07	Fri 2/6/09							
47	Smith CT #12	Mon 9/24/07	Fri 1/2/09							
52	Smith CFB Unit 1	Fri 6/1/07	Wed 3/10/10							
57	Spurlock #4	Wed 10/12/05	Wed 4/1/09							
64	Headquarters Sub & Sideview Cap Bank - COMPLETED	Mon 11/21/05	Fri 6/16/06							
TRANSMISSION PROJECTS										
65	Smith - North Clark (19 mile 345 kv)	Tue 7/12/05	Wed 12/31/08							
66	Board Approval	Tue 7/12/05	Tue 7/12/05							
67	Open House	Thu 11/10/05	Thu 11/10/05							

# EKPC Generation & Transmission Coordinated Schedule



ID	Task Name	Start	Finish	2005	2006	2007	2008	2009	2010
				Q3	Q4	Q1	Q2	Q3	Q4
69	Survey	Sun 10/30/05	Fri 12/9/05						
70	Environmental	Mon 10/31/05	Fri 7/28/06						
71	Design	Fri 12/9/05	Fri 5/12/06						
72	Steel poles/materials	Fri 2/24/06	Mon 7/10/06						
73	R/W Acquisition	Mon 12/5/05	Fri 8/18/06						
74	File Condemnation	Fri 5/19/06	Fri 5/19/06						
75	Construction (Avon - Spurlock 345kV Tie-in)	Mon 4/2/07	Fri 4/27/07						
76	Construction	Mon 7/10/06	Fri 6/1/07						
77	Avon - North Clark OPGW (FIBER)	Fri 1/19/07	Fri 11/2/07						
80	Smith - West Garrard (35 mile 345 kv)	Tue 7/12/05	Wed 12/31/08						
81	Board Approval	Tue 7/12/05	Tue 7/12/05						
82	Environmental Open House	Tue 7/11/06	Tue 7/11/06						
83	Open Houses Aug 29 & Aug 31	Tue 8/29/06	Thu 8/31/06						
84	Survey	Mon 8/21/06	Sat 11/25/06						
85	Design	Thu 11/30/06	Mon 4/2/07						
86	PSC	Wed 11/1/06	Mon 4/2/07						
87	R/W Acquisition	Thu 2/1/07	Wed 8/1/07						
88	steel poles/materials	Tue 5/1/07	Mon 10/1/07						
89	Environmental	Fri 7/28/06	Fri 8/17/07						
90	Construction	Fri 9/14/07	Wed 12/31/08						
91	Fiber Relocation at Smith	Fri 4/28/06	Mon 10/16/06						
92	Smith CT - Smith CFB 345KV Ties	Thu 5/17/07	Mon 11/3/08						
93	Smith CT 138KV Tie	Fri 6/2/06	Fri 6/1/07						

EAST KENTUCKY POWER COOPERATIVE  
Comparative Operating Statement  
(Nearest \$1,000)

	12 Months Ended 09/30/06	12 Months Ended 09/30/05	% Increase Decrease (-)
<b>REVENUE</b>			
Member Coops-----	\$649,060	\$564,802	14.9
Power Transactions - Deliveries----	5,274	4,112	28.3
Other-----	28,185	28,628	-1.5
<b>TOTAL REVENUE-----</b>	<b>\$682,519</b>	<b>\$597,542</b>	<b>14.2</b>
<b>OPERATIONS &amp; MAINTENANCE</b>			
Production			
Fuel-----	\$272,236	\$250,696	8.6
O & M-----	116,193	93,683	24.0
Transmission-----	25,197	24,000	5.0
General Administration-----	70,064	37,644	86.1
Power Transactions - Receipts----	110,488	105,431	4.8
Depreciation-----	55,134	48,181	14.4
Insurance-----	1,230	491	150.5
Taxes-----	(47)	234	-120.1
<b>Total Oper. &amp; Maint.-----</b>	<b>650,495</b>	<b>560,360</b>	<b>16.1</b>
<b>Margin Before Interest-----</b>	<b>32,024</b>	<b>37,182</b>	<b>-13.9</b>
Interest - Short Term Debt-----	286	453	-36.9
Interest - Long Term Debt-----	79,394	65,779	20.7
Interest Charged to Construction-	0	0	0.0
<b>Net Interest-----</b>	<b>79,680</b>	<b>66,232</b>	<b>20.3</b>
<b>NET MARGIN (DEFICIT)-----</b>	<b>(\$47,656)</b>	<b>(\$29,050)</b>	<b>64.0</b>

**STATISTICAL SUMMARY**

TIER-----	0.40	0.56	-28.4
Sales to Coops - MWH -----	12,421,591	12,101,609	2.6
% Increase of Prev Year-----	2.64	2.71	-2.4
Basic Rate to Coops (Mills)-----	45.08	40.09	12.4
Fuel Rate to Coops (Mills)-----	7.17	6.58	-9.0
Net Rate to Coops (Mills)-----	52.25	46.67	12.0
Deliveries to Others - MWH -----	125,458	167,783	-25.2
Production - MWH -----	11,086,976	10,576,347	4.8
Purchase Receipts - MWH -----	1,844,124	2,144,684	-14.0

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# EAST KENTUCKY POWER COOPERATIVE

## NET MARGINS - 2006

	MONTH		YEAR-TO-DATE		
	2006 Actual	2006 Budget	2006 Actual	2006 Budget	2005 Actual
<b>January</b>	8,898,355	30,491	8,898,355	30,491	5,432,227
<b>February</b>	3,492,578	7,874,973	12,390,933	7,905,464	15,043,053
<b>March</b>	(84,034)	2,986,610	12,306,899	10,892,074	12,090,862
<b>April</b>	(5,231,312)	(719,104)	7,075,587	10,172,970	6,915,169
<b>May</b>	(3,109,184)	606,557	3,966,403	10,779,527	(2,675,825)
<b>June</b>	(4,331,140)	(2,477,813)	(364,737)	8,301,714	(11,277,514)
<b>July</b>	(2,163,911)	(5,540,048)	(2,528,648)	2,761,666	(8,727,047)
<b>August</b>	408,336	5,090,954	(2,120,312)	7,852,620	(13,917,192)
<b>September</b>	(1,715,404)	2,853,151	(3,835,716)	10,705,771	(2,187,577)
<b>October</b>		(9,556,104)		1,149,667	(2,730,863)
<b>November</b>		1,405,668		2,555,335	1,642,650
<b>December</b>		2,422,275		4,977,610	(46,007,522)

Public reporting burden for this collection of information is estimated to average 24.25 hours (REA Forms 12-1) per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0017), Washington, DC 20503. OMB FORM NO. 0572-0017, Expires 12/31/94.

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.	
USDA-REA	BORROWER DESIGNATION Kentucky 59 & 63 GT Fayette
<b>OPERATING REPORT - FINANCIAL</b>	BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707
	INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.
	PERIOD ENDED September 30, 2006
	REA USE ONLY

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

<i>Kim Varner</i>	October 20, 2006
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
<i>Ray M. Balk</i>	October 20, 2006
SIGNATURE OF MANAGER	DATE

<b>SECTION A. STATEMENT OF OPERATIONS</b>				
ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues . . . . .	444,925,172	481,953,717	528,550,172	45,499,010
2. Income From Leased Property - Net. . . . .	0	0	0	0
3. Other Operating Revenue and Income . . . . .	9,976,089	9,434,278	9,280,228	1,116,760
4. Total Oper. Revenues & Patronage Capital (1 thru 3) . . . . .	454,901,261	491,387,995	537,830,400	46,615,770
5. Operation Expense - Production - Excluding Fuel . . . . .	37,019,764	51,907,799	56,161,598	6,546,690
6. Operation Expense - Production - Fuel . . . . .	201,663,771	210,465,599	222,044,864	19,505,381
7. Operation Expense - Other Power Supply . . . . .	68,976,437	63,151,299	71,115,224	4,394,466
8. Operation Expense - Transmission . . . . .	12,733,433	16,783,840	12,810,543	1,190,706
9. Operation Expense - Distribution . . . . .	660,446	669,340	1,510,481	67,196
10. Operation Expense - Consumer Accounts. . . . .	(1,030)	0	0	0
11. Operation Expense - Consumer Service & Inform . . . . .	2,673,406	2,985,809	3,302,556	420,450
12. Operation Expense - Sales . . . . .	99,603	100,454	35,775	11,550
13. Operation Expense - Administrative & General . . . . .	22,162,712	23,270,253	24,401,488	2,669,015
14. Total Operation Expense (5 thru 13) . . . . .	345,988,542	369,334,393	391,382,529	34,805,454
15. Maintenance Expense - Production . . . . .	26,088,144	30,503,815	34,002,936	2,979,927
16. Maintenance Expense - Transmission . . . . .	2,799,193	2,839,581	3,928,518	517,372
17. Maintenance Expense - Distribution. . . . .	786,422	852,770	805,180	114,589
18. Maintenance Expense - General Plant . . . . .	588,812	487,728	852,947	66,502
19. Total Maintenance Expense (15 thru 18) . . . . .	30,262,571	34,683,894	39,589,581	3,678,390
20. Depreciation & Amortization Expense . . . . .	38,273,918	41,370,553	44,061,745	4,607,296
21. Taxes . . . . .	234,940	(47,249)	800	0
22. Interest on Long-Term Debt . . . . .	51,262,109	61,084,752	61,849,060	7,517,325
23. Interest Charged to Construction - Credit . . . . .	0	0	0	0
24. Other Interest Expense . . . . .	204,957	218,148	149,179	20,449
25. Asset Retirement Obligations . . . . .	0	0	0	0
26. Other Deductions . . . . .	1,243,493	817,060	1,372,746	177,935
27. Total Cost of Electric Service (14 + 19 thru 25) . . . . .	467,470,530	507,461,551	538,405,640	50,806,849
28. Operating Margins (4 - 26) . . . . .	(12,569,269)	(16,073,556)	(575,240)	(4,191,079)
29. Interest Income. . . . .	4,231,282	5,875,293	2,600,145	1,032,763
30. Allowance for Funds Used During Construction . . . . .	5,407,788	5,800,899	8,488,752	920,378
31. Income (Loss) from Equity Investments. . . . .	0	0	0	0
32. Other Nonoperating Income - Net . . . . .	168,473	246,692	(143,186)	216,837
33. Generation & Transmission Capital Credits . . . . .	0	0	0	0
34. Other Capital Credits & Patronage Dividends . . . . .	574,149	314,956	335,300	305,697
35. Extraordinary Items . . . . .	0	0	0	0
36. Net Patronage Capital or Margins (27 thru 34) . . . . .	(2,187,577)	(3,835,716)	10,705,771	(1,715,404)
ITEM	Mills/kWh (Optional Use by Borrower)			
37. Electric Energy Revenue Per kWh Sold . . . . .		52.91	0.00	
38. Total Operation & Maintenance Expense Per kWh Sold . . . . .		43.61	0.00	
39. Total Cost of Electric Service Per kWh Sold . . . . .		54.77	0.00	
40. Purchased Power Cost Per kWh . . . . .		49.48	0.00	

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USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59 & 63 GT Fayette	
	PERIOD ENDED	REA USE ONLY
	September 30, 2006	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant In Service . . . . .	2,052,639,421	32. Memberships . . . . .	1,600
2. Construction Work in Progress . . . . .	300,891,214	33. Patronage Capital	
3. Total Utility Plant (1 + 2) . . . . .	2,353,530,635	a. Assigned and Assignable . . . . .	165,660,310
4. Accum. Provision for Depreciation & Amort. . . . .	804,958,155	b. Retired This Year . . . . .	0
5. Net Utility Plant (3 - 4) . . . . .	1,548,572,480	c. Retired Prior Years . . . . .	0
6. Non-Utility Property - Net . . . . .	820	d. Net Patronage Capital . . . . .	165,660,310
7. Investments in Subsidiary Companies . . . . .	0	34. Operating Margins - Prior Years . . . . .	(104,377,194)
8. Invest. in Assoc. Org. - Patronage Capital . . . . .	990,502	35. Operating Margins - Current Year . . . . .	(15,758,599)
9. Invest. In Assoc. Org. - Other - General Funds . . . . .	14,289,445	36. Non-Operating Margins . . . . .	43,025,040
10. Invest. In Assoc. Org. - Other - Non-General Funds . . . . .	0	37. Other Margins and Equities . . . . .	3,434,817
11. Investments in Economic Development Projects . . . . .	0	38. Total Margins & Equities (32, 33d thru 37) . . . . .	91,985,974
12. Other Investments . . . . .	26,433,649	39. Long-Term Debt - REA (Net) . . . . .	(25,775,592)
13. Special Funds . . . . .	23,886,841	(Payments-Unapplied\$ . . . . .)	
14. Total Other Property & Investments (6 thru 13) . . . . .	65,601,257	40. Long-Term Debt-Other-Econ. Devel. (net) . . . . .	0
15. Cash - General Funds . . . . .	813,248	41. Long-Term Debt-FFB-REA Guaranteed . . . . .	1,193,115,824
16. Cash - Construction Funds - Trustee . . . . .	500	42. Long-Term Debt-Other-REA Guaranteed . . . . .	0
17. Special Deposits . . . . .	425	43. Long-Term Debt-Other (Net) . . . . .	455,909,325
18. Temporary Investments . . . . .	94,737,711	44. Total Long-Term Debt (39 thru 43) . . . . .	1,623,249,557
19. Notes Receivable (Net) . . . . .	0	45. Obligations Under Capital Leases - Noncurrent . . . . .	0
20. Accounts Receivable - Sales of Energy (Net) . . . . .	50,746,169	46. Accumulated Operating Provisions . . . . .	102,319,564
21. Accounts Receivable - Other (Net) . . . . .	1,589,789	47. Total Other Noncurrent Liabilities (45 + 46) . . . . .	102,319,564
22. Fuel Stock . . . . .	87,393,167	48. Notes Payable . . . . .	0
23. Materials and Supplies - Other . . . . .	34,465,292	49. Accounts Payable . . . . .	43,845,090
24. Prepayments . . . . .	1,461,577	50. Taxes Accrued . . . . .	4,063,366
25. Other Current and Accrued Assets . . . . .	613,657	51. Interest Accrued . . . . .	18,574,562
26. Total Current and Accrued Assets (15 thru 25) . . . . .	271,821,535	52. Other Current & Accrued Liabilities . . . . .	4,084,197
27. Unamortized Debt Disc. & Extraord. Prop. Losses . . . . .	4,622,797	53. Total Current & Accrued Liabilities (48 thru 52) . . . . .	70,567,215
28. Regulatory Assets . . . . .	0	54. Deferred Credits . . . . .	2,495,759
29. Other Deferred Debits . . . . .	0	55. Accumulated Deferred Income Taxes . . . . .	0
30. Accumulated Deferred Income Taxes . . . . .	0	56. Total Liabilities and Other Credits	
31. Total Assets & Other Debits (5+14+26 thru 30) . . . . .	1,890,618,069	(38+44+47+53 thru 55) . . . . .	1,890,618,069

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.  
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Interest, other applicable financing costs, and interest earnings on the canceled Smith Station Project were \$478,554.03 in September 2006, and \$4,389,420.99 year-to-date.

East Kentucky Power provides steam service to Inland Container, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. The steam is sold wholesale to Fleming Mason RECC. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

September 2006 Demand\MMBTU	390.080	Energy\MMBTU	176,591.300
Year-to-date		Energy\MMBTU	1,708,441.500

\*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.

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**PRODUCTION PERFORMANCE REPORT**  
**AUGUST 2006**



	DALE		COOPER		SPURLOCK		J.K. SMITH		SYSTEM	
	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date	Month	Year to Date
<b>Net Generation -- MWH</b>	102,806	717,217	188,624	1,382,202	747,098	5,214,448	53,946	157,281	1,092,474	7,471,148
<b>Weighted Equiv. Availability Factor</b>	98.03	87.06	98.84	93.51	100.00	90.30	100.00	94.38	99.64	91.42
<b>Load Factor --% Coal-Fired Only Including CT's</b>	75.60	64.79	77.39	70.61	92.80	82.34	13.43	4.51	87.65 69.63	78.05 58.62
<b>Running Capacity Factor --% Coal-Fired Only Including CT's</b>	73.51	73.50	84.74	84.15	88.49	86.70	74.42	74.05	86.12 85.49	84.81 84.56
<b>Total Power Cost (Busbar) \$/MWH</b>	50.750	50.454	37.808	36.271	37.745	39.094	156.005	239.819	44.819	43.888
<b>Safety -OSHA Lost Time Incident Rate</b>	0	4.64	0	1.33	0	0	0	0	0	1.21
<b>Environmental Emissions</b>										
SO2--Tons	1,002.6	6,526.2	2,183.1	14,417.0	3,445.20	23,447.77	0.240	0.860	6,631.100	47,798.700
NOx--lbs./MMBtu	0.52	0.51	0.49	488.42	0.08	0.19	0.039	0.047	0.194	0.280

**Net Generation (MWH):** Is the amount of energy produced and delivered to the transmission system.

**Load Factor (%):** Is the ratio of the average load on the plant over a designated period of time to the peak load occurring in that period.

**Running Capacity Factor (%):** Is the ratio of the actual energy output to the energy output that would have resulted if each unit had been operated at its full rated capacity throughout its actual hours of operation.

**Weighted Equiv. Availability Factor (%):** Measures the percentage of time that the generating units are available to meet load, including adjustments for equipment deratings. Uses a plantwide weighted average.

**OSHA Lost-Time Accident Rate:** Is the number of lost-time accidents x 200,000 divided by total number of hours worked. Accidents requiring medical attention but not resulting in days lost are not included in this calculation. 200000 = 100 workers x 2,000 hours per year. Total number of hours worked equals total number of hours paid less vacation, sick leave, and holiday hours.

**Total Power Cost (Busbar) (\$/MWH):** Is the total cost to deliver energy to the Transmission System. This includes labor and benefits, operations and maintenance, fuel, Production overhead, depreciation, taxes, interest, and insurance.

**Environmental Emissions:** Is the tons of sulfur dioxide emitted by the power plants and the emission rule for nitrogen dioxide from the plants. Both of these parameters are regulated by the Clean Air Act and have limits that must be met.

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**EAST KENTUCKY POWER COOPERATIVE**  
**ANALYSIS OF GENERAL FUNDS**  
**AS OF END OF MONTH**  
**(\$1,000)**

Month	Used in Construction			Total General Funds			General Funds Used for Construction				Total General Funds Used for Construction
	Investments	Available for Immediate Advance	Requires Further Action(a)	No Funding Available	Invested or Used for Construction	Y-8 FFB	Fundable Loans Pending	Smith / N-8	Unfunded		
<b>2005</b>											
Jan	47,767	120,469	207,073	125,778	501,087	1 (a)	327,541	7,589	118,189	453,320	
Feb	119,989	70,469	266,734	126,095	583,287	1 (a)	337,202	7,589	118,506	463,298	
Mar	81,077	72,790	273,237	126,955	554,059	1 (a)	346,026	7,589	119,366	472,982	
Apr	88,165	73,495	278,960	125,360	565,980	1 (a)	352,454	7,589	117,771	477,815	
May	109,508	62,449	269,896	125,990	567,843	1 (a)	332,344	7,589	118,401	458,335	
June	121,071	5,257	298,465	126,888	551,681	1 (a)	303,721	7,589	119,299	430,610	
July	104,231	96,271	224,152	126,825	551,479	1 (a)	320,422	7,589	119,236	447,248	
Aug	136,240	33,722	221,854	127,943	519,759	1 (a)	255,575	7,589	120,354	383,519	
Sept	102,634	34,287	231,495	128,148	496,564	1 (a)	265,781	7,589	120,559	393,930	
Oct	83,801	4,287	254,299	128,182	470,569	1 (a)	258,585	7,589	120,593	386,768	
Nov	79,472	7,920	263,458	128,152	479,002	1 (a)	271,377	7,589	120,563	399,530	
Dec	69,996	7,920	299,225	128,499	505,640	1 (a)	307,144	7,589	120,910	435,644	
<b>2006</b>											
Jan	51,185	7,920	300,790	128,795	488,690	1 (a)	308,709	7,589	121,206	437,505	
Feb	52,845	7,920	317,011	128,635	506,411	1 (a)	324,930	7,589	121,046	453,566	
Mar	41,305	1,420	332,385	128,973	504,083	1 (a)	333,804	7,589	121,384	462,778	
Apr	71,345	30,881	322,432	129,132	553,790	1 (a)	353,312	7,589	121,543	482,445	
May	65,072	5,881	334,556	134,771	540,280	1 (a)	340,436	7,589	127,182	475,208	
June	95,716	5,881	349,823	134,284	585,704	1 (a)	355,703	7,589	126,695	489,988	
July	84,683	5,881	374,796	135,091	600,451	1 (a)	380,676	7,589	127,502	515,768	
Aug	130,148	6,213	341,918	135,681	613,960	1 (a)	348,130	7,589	128,092	483,812	
Sept	117,804	6,213	370,986	137,211	632,214	1 (a)	377,198	7,589	129,622	514,410	
Oct					0					0	
Nov					0					0	
Dec					0					0	

(a) Includes W-8 FFB Reclassified Projects

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EAST KENTUCKY POWER COOPERATIVE

TEMPORARY CASH INVESTMENTS

<u>Month</u> <u>2006</u>	<u>Amount Invested - \$1,000</u>		<u>Interest</u> <u>Rate Range-%</u>	<u>Range of</u> <u>Days</u> <u>Invested</u>	<u>Cumulative</u> <u>Earnings</u> <u>During 2006</u> <u>General</u>
	<u>Minimum</u>	<u>Maximum</u>			
Jan	\$19,244	\$62,302	4.106 - 4.364	1 - 6	\$136,493
Feb	\$5,552	\$64,936	4.254 - 4.512	1 - 11	\$237,903
Mar	\$8,305	\$73,748	4.355 - 4.759	1 - 19	\$353,936
Apr	\$28,393	\$91,428	4.562 - 4.759	1 - 12	\$582,155
May	\$42,387	\$76,453	4.625 - 5.005	1 - 16	\$836,769
Jun	\$16,245	\$100,645	4.810 - 5.079	1 - 15	\$1,037,347
Jul	\$52,000	\$93,200	5.021 - 5.203	1 - 12	\$1,336,354
Aug	\$41,108	\$109,708	5.084 - 5.227	1 - 16	\$1,626,728
Sept	\$80,625	\$123,358	5.103 - 5.203	1 - 18	\$2,047,189
Oct	\$45,292	\$92,752	5.101 - 5.203	1 - 13	\$2,342,175
Nov					
Dec					

Does not include investments in U.S. Securities of \$ 22,769,960 (book value) with average maturities of 0.5 years at interest rates averaging 5.34 %, and accrued interest earnings year-to-date of \$ 727,962.

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**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2006-00455**

**INFORMATION REQUEST RESPONSE**

**PUBLIC SERVICE COMMISSION DATA REQUEST DATED**

**NOVEMBER 9, 2006**

**REQUEST NO. 22**

**RESPONDING PERSON: Dale Henley**

**Request No. 22:** Identify:

a. Each and every agency of government, whether local, state, or federal, which either has an ongoing investigation of any aspect of EKPC's operations or has notified EKPC that an investigation may be opened.

b. Each and every administrative proceeding before which EKPC is currently a party.

**Response 22 a-b:**

(a) Other than the investigation on-going at the Public Service Commission in this case, and investigations that may be continuing at the Environmental Protection Agency and Department of Justice in regard to the two cases in litigation which were referenced in the responses to Requests 7 and 8 of the Commission's October 27, 2006 data requests, EKPC has not been informed of any investigations of any other aspect of its operations by any governmental agencies.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

b. Other than cases currently pending before the Commission, EKPC is involved in the following administrative proceedings:

(1) On July 18, 2006, EKPC received notice of an administrative challenge brought by the Sierra Club to the issuance of the Spurlock Unit 4 air permit. The petition filed by the Sierra Club seeks to have the air permit revoked; or, in the alternative, to have the permit re-issued with corrections to what petitioner believes to be errors and mistakes in the permit conditions. A preliminary hearing was held on Friday, July 21, 2006, in Frankfort at the Office of Administrative Hearings for the Environmental and Public Protection Cabinet. This matter is in discovery, with a hearing date set for early December 2006. The hearing is expected to last approximately three weeks.

(2) On August 15, 2006, EKPC received notice of an administrative challenge brought by the Sierra Club to the issuance of the Spurlock Unit 4 air permit. This challenge was filed under Section 505 (b)(2) of the Clean Air Act ("CAA"). The Petition requests that the United States Environmental Protection Agency ("EPA") object to the issuance of the Title V operating permit. EKPC filed its Response on September 27, 2006. The matter is pending before the EPA Administrator.



REDACTED

PSC Request 23

Page 1 of 1

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION DATA REQUEST DATED**

**NOVEMBER 9, 2006**

**REQUEST NO. 23**

**RESPONDING PERSON: Dale Henley**

**Request 23:** For each and every agency identified in this Order, Item 23, identify the nature of the investigation or proceeding, the current procedural status, and the date when EKPC had knowledge of the pendency of the investigation or proceeding.

**Response 23:** EKPC was first notified of the Environmental Protection Agency's investigation in regard to the New Source Review case, which centered on EKPC maintenance activities on various steam electric generating units, in August 2000. EKPC was first notified of the Environmental Protection Agency's investigation of the purchase of turbine generators for Dale Station Units 1 and 2 in January 2006.

[REDACTED]

**APRIL 2006**



MARCH 2006

**Transmission Planning****Summary of Future Transmission Projects Identified as of April 2006**

Transmission planning has presently identified the following transmission expansion requirements for the ten-year planning horizon (2006 through 2015):

- 266 miles of new transmission line construction, including 55 miles of new 345 kV line required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 17 new transmission switching substations, including three new 345 kV switching substations required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 201 miles of re-conductor or rebuild of existing transmission line
- 26 new breaker additions at existing transmission substations
- Replacement of four existing transmission transformers
- 31 new 69 kV capacitor banks totaling 469 Mvars
- 197 miles of transmission line requiring high-temperature upgrades
- 31 new distribution substations
- 3 upgrades of existing distribution transformers

All of the above numbers include the new 161 kV lines and substations required for Warren RECC's membership in EKPC.

**Resource Planning**

**Monthly Power Supply Update for  
EKPC Fuel & Power Supply Committee -- 4/11/06**

**Capacity vs. Load Summary**

Year	Peak Forecast		Reserves *		Capacity Requirements (Incl. Reserves)		Existing & Committed Capacity		Surplus Over Capacity Requirements		Reserve Margin (%)	
	Win	Sum	Win	Sum	Win	Sum	Win	Sum	Win	Sum	Win	Sum
2006	2,709	2,193	325	263	3,034	2,456	2,714	2,503	-320	47	0.2	14.1
2007	2,815	2,277	338	273	3,153	2,550	2,679	2,466	-474	-84	-4.8	8.3
2008	2,901	2,746	348	330	3,249	3,076	2,682	2,798	-567	-278	-7.5	1.9
2009	3,439	2,833	413	340	3,852	3,173	3,141	3,133	-711	-40	-8.7	10.6
2010	3,542	2,914	425	350	3,967	3,264	3,687	3,401	-280	137	4.1	16.7

**Breakdown of Existing and Committed Capacity**

Year	Coal Fired		Combustion Turbines		Purchases		SEPA Hydro		Landfill Gas		Total Capacity	
	Win	Sum	Win	Sum	Win	Sum	Win	Sum	Win	Sum	Win	Sum
2006	1,655	1,655	842	626	35	40	170	170	12	12	2,714	2,503
2007	1,655	1,655	842	626	0	0	170	170	12	15	2,679	2,466
2008	1,655	1,655	842	958	0	0	170	170	15	15	2,682	2,798
2009	1,629	1,907	1327	1041	0	0	170	170	15	15	3,141	3,133
2010	2,175	2,175	1327	1041	0	0	170	170	15	15	3,687	3,401

NOTES:

\*Reserve Margin goal is 12% in summer.

Gallatin Steel interruptible load is excluded, along with small interruptible loads.

Includes Greenup Hydro generation purchase through Dec 2006.

Pendleton Co. LFGTE assumed to be on-line January 2007.

Smith CT 8 assumed to be on-line January 2008.

Smith CT 9 assumed to be on-line March 2008.

Smith CT 10 assumed to be on-line April 2008.

Smith CT 11 assumed to be on-line May 2008.

Smith CT 12 assumed to be on-line July 2008.

Warren RECC load data included April 2008.

Spurlock 4 unit assumed to be on-line February 2009.

Smith CFB 1 assumed to be on-line November 2009 (may slip to Spring 2010).

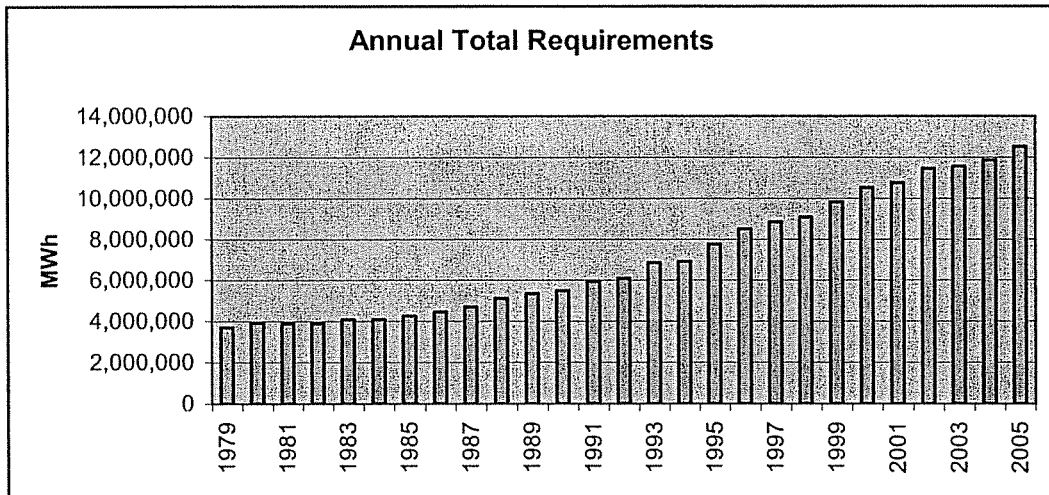
# COORDINATED PLANNING

## Forecasting and Market Analysis Process

### Historical Total Requirements

Year	MWh	Percent Change	Year	MWh	Percent Change	Year	MWh	Percent Change
1980	3,920,000		1990	5,489,092	2.7%	2000	10,521,400	7.1%
1981	3,894,000	-0.7%	1991	5,958,422	8.6%	2001	10,750,900	2.2%
1982	3,906,000	0.3%	1992	6,099,308	2.4%	2002	11,456,830	6.6%
1983	4,100,000	5.0%	1993	6,860,893	12.5%	2003	11,568,314	1.0%
1984	4,095,000	-0.1%	1994	6,917,414	0.8%	2004	11,865,797	2.6%
1985	4,264,518	4.1%	1995	7,761,980	12.2%	2005	12,527,829	5.6%
1986	4,470,630	4.8%	1996	8,505,621	9.6%			
1987	4,704,906	5.2%	1997	8,850,394	4.1%			
1988	5,123,702	8.9%	1998	9,073,950	2.5%			
1989	5,347,081	4.4%	1999	9,825,866	8.3%			

### Annual Total Requirements



MARCH 2006

**Finance & Risk Management Process – Frank Oliva, Manager**Treasury Management

- Cash Management

EKPC continues to investigate the best possible options of investing excess funds to enhance yield and project daily corporate cash needs. On March 31, EKPC had \$39,892,500 of temporary, short-term investments in general funds. Interest rates on investments ranged from 4.36% to 4.76%. \$2,802,560 (book value) is invested in long-term treasury and government agency securities, primarily pledged as security for insurance and post-retirement liabilities. This action supports EKPC's Mission to provide competitive energy to the member systems.

- Construction Funds

In March, no funds were transferred from Construction Funds to General Funds.

The interest rates on our floating/fixed rate pollution bonds through March 31 were:

Cooper – 6 Month fixed rate – 3.42%

Smith – 6 Month fixed rate – 2.95%

Spurlock – weekly floating rate ranged from 3.30% to 3.70%

The EKPC Residential Marketing Loan Program has been utilized by seven member systems for the purpose of making loans to member-consumers. EKPC will make loan funds available to each of its member systems that desire such funds. As of March 31, 6 of the 71 loans remain outstanding with balances totaling \$80,057.

To intensify marketplace opportunities in the area of propane, EKPC has entered into Revolving Line of Credit Agreements with four member systems. As of March 31, EKPC has purchased \$1,566,000 in capital stock and has loaned \$0 on the line of credit. In addition, EKPC had loaned \$3,798,498 to the four subsidiary corporations for the purchase of Thermogas' 50% interest in the retail propane joint ventures. The outstanding balance as of March 31 was \$3,629,808.

As of March 31, \$664,045 plus interest remains outstanding to promote industrial development in the certified territory of four member systems through

Finance Monthly Report  
Page 2  
March 2006

an Industrial Development Pilot Project. These actions support EKPC's Mission to provide competitive energy to the member systems.

- Finance

The Finance Process continues to monitor and maintain current financial information. In March, the CFC interest rate for lines of credit was 6.65% and the CFC variable, long-term rate was 6.80%. FFB interest rates on March 31 were 4.80% and 4.94% for two-year loans and thirty-year loans, respectively. The prime commercial rate increased .25% to 7.75%. The interest rate on March 31 for the CFC thirty-year long-term fixed rate loan was 7.30%. As of March 31, the interest rates on EKPC's Revolving Credit Facility ranged from 5.47% to 5.80%. This action supports EKPC's Mission to provide competitive energy to the member systems.

Budget & Financial Planning

- Budget

Prepare actual-to-budget comparison reports for February 2006 for all departments and business units. Final reports for December 2005 will be completed as soon as year end is closed.

Continued monthly analysis of fuel, purchased power, emission allowances and environmental surcharge revenue used in the evaluation of the 2006 projected margin.

The Budget Team provided various analyses of actual and budget data for the cost containment review of the Member Services business unit. These actions support EKPC's Mission to provide competitive energy to member systems.

- Financial Planning

Participated in the decision team's study of emissions compliance options for Cooper Station. Preliminary economic analysis continued on these various options.

Provided updated financial and statistical data to CFC for the unsecured revolving credit facility used to fund certain capital expenditures.

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March 2006

Completed preparation of the economic analysis for the application for a certificate of public convenience and necessity for construction of a scrubber on Spurlock Station Unit #1. These actions support EKPC's mission to provide competitive energy to the member systems.

#### Risk Management

- Insurance – A current insurance schedule is included with this report.

#### Property Insurance –

Builder's Risk Coverage – Work continues on obtaining Builder's Risk insurance coverage for the additional CTs and Smith #1.

Employment Practices – Personnel continue to work with Legal staff on specific employment practice suits.

- Member Systems Claims for Transmission System Disturbance – Three claims for South Kentucky RECC are being investigated.
- Energy Risk Management

Energy Risk Management Policy – The final drafts of the Energy Risk Management policy and procedures are being reviewed and will soon go to the Audit Committee, serving as the Risk Oversight Committee, for review. The policy is to document EKPC's policies on managing the risk inherent in its wholesale energy business.

EKPC Power Purchase Agreements and Credit Management – EKPC's credit is being reviewed and negotiated for purchases of power, transmission, Financial Trading Rights (FTR's) emission allowances and coal. Risk Management personnel continue to obtain, monitor and manage the credit support provided by trading counterparties, in the form of parental guarantees and payment netting provisions. Agreements are being negotiated with several counterparties.

MISO and PJM – Risk personnel continue to keep abreast of the evolving market.

Emergency Restoration Plan (ERP) – Distribution in process.

East Kentucky Power 2005-2006 Business Insurance					
as of March 31, 2006					
Type	Carrier	Coverage Limit	Self-Insured Retention	Annual Premium*	
Property	FM Global	\$2,869,666,209	\$50,000 Headquarters \$1,000,000 -All other	\$2,136,752	
Excess Liability (Commercial Umbrella) inc. Employment Practices Liability	AEGIS	\$35,000,000	\$1,000,000	\$525,866	
Excess Workers' Compensation	AEGIS	\$35,000,000	\$250,000	\$163,178	
Marine (Landing Dock Liability)	CNA/MOAC	\$1,000,000	\$100,000	\$6,784	
Excess Marine (Landing Dock Liability)	CNA/MOAC	\$5,000,000	n/a	\$8,374	
Crime (coverage limits from \$1 to \$10 million)	Chubb (Federal Insur Co)	\$1,000,000/10,000,000	\$25,000/\$100,000	\$28,928	
Directors & Officers Liability	AEGIS	\$10,000,000	\$75,000	\$60,010	
Fiduciary Liability	St. Paul/Travelers	\$10,000,000	\$0	\$10,900	
Builder's Risk - Spurlock #4 <i>3 year policy term- pd annually, coverage limit increases each year</i>	FM Global	\$250,000,000	\$500,000	\$235,631	
<b>ENVISION, LLC</b>					
Professional Liability	Tudor Insurance Co	\$1,000,000	\$2,500	\$3,382	

\*Premium includes state surcharge and all taxes unless otherwise noted.

**E.A. Gilbert Generation Project Costs thru 2/28/2006**

Contract # Number	Contract Purpose	Contractor	Original Design Costs	Contract Award + Amendment Costs	Contr. Award/Amend Over/(Under) Design Costs	(thru 2/28/06) Actual Recorded Expenditures	Actual Over/(Under) Contr. Amended Costs
E1	Turbine/Generator	GE	\$ 32,223,000	\$ 32,586,200.00	\$ 363,200.00	\$ 32,602,490	\$ 16,289.95
E6	Feedwater Heaters	Yuba Heat	1,436,000	728,185	(707,815)	737,889	9,704
E8	Deaerator	Ecodyne	225,000	192,500	(32,500)	192,500	-
E11	Condenser	TEI	1,620,000	1,560,662	(59,338)	1,560,662	-
E16	Circ. Water Pumps	Goulds/ITT	796,000	611,700	(184,300)	611,700	-
E17	Condensate Pumps	Flowserve	260,000	232,610	(27,390)	236,056	3,446
E21	Boiler Feed Pumps	Flowserve	1,260,000	1,735,539	475,539	1,708,081	(27,458)
E36	Distributed Control System (DCS)	ABB	2,000,000	4,345,000	2,345,000	2,946,303	(1,398,697)
E101	Alloy Piping	Bendtec	-	1,951,529	1,951,529	1,951,529	-
E103	Radial Stacker/Reclaimer	Metso Minerals	-	1,815,500	1,815,500	1,956,671	141,171
E131	Transformers	Waukesa/PSD	2,825,000	3,576,441	751,441	3,567,561	(8,880)
E146	Switchgear	Pederson	780,000	3,783,855	3,003,855	3,783,855	0
E201	Boiler Island	Alstom Power	126,900,000	146,725,985	19,825,985	149,038,624	2,312,639
E211	Coal/Limestone Handling	Sedgman	2,050,000	15,667,473	13,617,473	16,077,762	410,289
E221	Stack	Pullman Power	4,950,000	4,604,000	(346,000)	4,604,000	-
E222	Cooling Tower	Marley Cooling	1,900,000	2,382,600	482,600	2,383,549	949
E251	Piling	Richard Goettle	9,600,000	5,071,757	(4,528,243)	5,127,161	55,404
E261	Substructure	Baker	-	9,650,846	9,650,846	15,360,294	5,709,448
E281	Balance of Plant (+Misc. Pumps)	Cherne Contracting	76,001,000	82,105,100	6,104,100	83,288,178	1,183,078
E332	Painting	Universal	-	2,631,846	2,631,846	2,631,846	0
		Subtotal	\$ 264,826,000	321,959,328	57,133,328	330,366,710	8,407,382
	Escalation of Contracts		\$ 4,490,000		(4,490,000)		
	Contingency		9,880,000		(9,880,000)		
	Boiler Contingency		13,000,000		(13,000,000)		
		Subtotal	\$ 27,370,000	-	(27,370,000)	-	-
		<b>Total Contracts</b>	<b>\$ 292,196,000</b>	<b>321,959,328</b>	<b>29,763,328</b>	<b>330,366,710</b>	<b>8,407,382</b>
Other Costs	Engineering Design	Stanley	\$ 10,640,000	11,720,000	1,080,000	13,274,736	1,554,736
	Owners Cost	EKPC	19,500,000	19,500,000	-	20,781,040	1,281,040
	Spare Parts	EKPC	3,000,000	3,000,000	-	138,235	(2,861,765)
	Site Prep	EKPC	500,000	500,000	-	3,386,927	2,886,927
	Environmental Costs	EKPC	1,275,000	1,275,000	-	554,725	(720,275)
		Total Other	\$ 34,915,000	35,995,000	1,080,000	38,135,663	2,140,663
		<b>Total Contracts + Other</b>	<b>\$ 327,111,000</b>	<b>357,954,328</b>	<b>30,843,328</b>	<b>368,502,373</b>	<b>10,548,045</b>
		IDC	40,500,000	40,500,000	-	30,582,152	(9,917,848)
	Fuel Credit during Commissioning					(1,979,134)	(1,979,134)
		<b>Project Total</b>	<b>\$ 367,611,000</b>	<b>398,454,328</b>	<b>30,843,328</b>	<b>397,105,391</b>	<b>(1,348,937)</b>



# Finance & Planning

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## Accounting and Materials Management Process – Ann Wood, Manager

### General Accounting

Accounts payable wrote 1,209 checks in March 2006 totaling approximately \$39,465,000.

### East Kentucky Power Cooperative Fuel Adjustment Comparison with Kentucky Utilities As of February 28, 2006

Expense Month	EKPC Base Rate \$/mwh	EKPC Actual Fuel Rate \$/mwh	Debit/Credit \$/mwh	KU Base Rate \$/mwh	KU Actual Fuel Rate \$/mwh	Debit/Credit \$/mwh
Apr-04	15.60	19.80	4.20	14.94	16.14	1.20
May-04	15.60	18.79	3.19	14.94	15.02	0.08
Jun-04	15.60	20.93	5.33	14.94	16.27	1.33
Jul-04	15.60	20.46	4.86	14.94	16.46	1.52
Aug-04	15.60	22.39	6.79	14.94	17.07	2.13
Sep-04	15.60	20.87	5.27	14.94	18.10	3.16
Oct-04	15.60	20.18	4.58	14.94	18.01	3.07
Nov-04	15.60	22.56	6.96	14.94	17.05	2.11
Dec-04	15.60	26.85	11.25	14.94	17.73	2.79
Jan-05	15.60	28.28	12.68	14.94	18.14	3.20
Feb-05	15.60	23.39	7.79	14.94	18.46	3.52
Mar-05	15.60	23.23	7.63	14.94	17.61	2.67
Apr-05	15.60	23.06	7.46	14.94	20.06	5.12
May-05	20.25	21.90	1.65	18.10	19.28	1.18
Jun-05	20.25	25.16	4.91	14.94	24.12	9.18
Jul-05	20.25	25.69	5.44	18.10	24.81	6.71
Aug-05	20.25	31.34	11.09	18.10	25.70	7.60
Sep-05	20.25	29.12	8.87	18.10	24.80	6.70
Oct-05	20.25	28.34	8.09	18.10	23.89	5.79
Nov-05	20.25	26.97	6.72	18.10	20.41	2.31
Dec-05	20.25	33.34	13.09	18.10	20.73	2.63
Jan-06	20.25	27.81	7.56	18.10	20.13	2.03
Feb-06	20.25	27.13	6.88	18.10	22.50	4.40

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### Crowe Chizek Audit

Crowe Chizek will review the results of the audit at the April 2006 Audit Committee meeting.

### Materials Management

The ABB/EKPC Transformer Alliance Team met to discuss renewal of the alliance agreement and a pricing increase due to rising costs in raw materials. The pricing and agreement are under review; a recommendation will be made to management on the possible extension of the alliance. Charlie Horton traveled with Power Delivery Expansion personnel to Duffield, Virginia, to inspect concrete control buildings being considered for purchase for switching stations.

Hope Esposito has joined the Warehouse Team as a full-time temporary laborer. The Winchester Warehouse inventory increased during February by \$220,682, with an ending balance of \$12,022,539. Stock-related material handled during the month totaled \$1,239,300, and included material for fourteen (14) Power Delivery Expansion projects, and credits for eight (8) projects. 6,924 gallons of fuel was pumped at the facility during February. 8,002 gallons of unleaded was purchased for \$1.99/gallon; no diesel was purchased during the month.

### Payroll

In addition to our normal duties, payroll prepared and submitted first quarter payroll taxes as required. The department continues to refine the time and labor data entry process.

### Plant Accounting

Assets – Gannett-Fleming completed their site visit and are in the process of finalizing their report for the depreciation study.

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### **Pricing Process – Bill Bosta, Manager**

#### EKPC/LG&E Transmission and Interconnection Agreement Dispute

The parties filed Reply Briefs on Exception on January 3, 2006, and the case is ripe for decision. While the FERC is required to rule on Judge Grossman's decision, the Commissioners are under no time deadline to rule on the case and the rates being billed by LG&E to EKPC remain subject to refund. Based on the Commission's rulings thus far, EKPC will experience a 15% increase (about \$300,000 annually) in costs compared to the 43% increase (about \$860,000 annually) originally proposed and billed by LG&E. Based on the billing from LG&E since November 2002, EKPC estimates that LG&E will be forced to refund over \$1.4 million to EKPC. The \$3.5 million refund advocated by the FERC Trial Staff due to pancaked rates is in addition to the \$1.4 million noted above.

As part of the LG&E request to exit MISO at the FERC, EKPC was able to negotiate a provision that allows LG&E to reimburse EKPC for the pancaked rates issue beginning December 1 through the date of LG&E's exit from MISO. In December, EKPC received a credit of about \$69,000 and has filed for another \$120,000 for the month of January.

This project will enable EKPC to continue to strive to provide reliable service at a competitive price.

#### Environmental Surcharge Implementation/Emission Allowance Strategy

On March 20, EKPC submitted its ninth monthly report to the Commission for the Environmental Surcharge factor. EKPC filed a factor of 8.75% to be applied to service rendered in March 2006 and billed in April. EKPC also filed environmental surcharge factors on behalf of each of the sixteen member systems, ranging from 5.77% to 7.39%. This project helps EKPC maintain financial stability while meeting all regulatory compliance issues.

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**East Kentucky Power Cooperative, Inc.  
 Estimated Monthly Environmental Surcharge Factors  
 March 2006 through December 2006**

EKPC Expense Month (1)	12-month Rolling AVG Revenue (2)	Estimated Net Revenue Requirement (3)	Est. Monthly Environmental Surcharge Factor (4)
Mar-06	\$49,666,371	\$4,818,678	9.19%
Apr-06	\$50,534,587	\$5,117,728	9.62%
May-06	\$51,102,335	\$5,867,140	10.97%
Jun-06	\$51,329,272	\$6,520,955	12.19%
Jul-06	\$51,610,301	\$7,328,738	13.69%
Aug-06	\$51,932,972	\$7,224,801	13.40%
Sep-06	\$51,880,638	\$6,393,145	11.81%
Oct-06	\$51,923,966	\$5,343,199	9.78%
Nov-06	\$52,469,224	\$5,680,287	10.32%
Dec-06	\$52,568,357	\$6,611,969	12.07%

Current SO<sub>2</sub> price is \$845 per allowance as of March 31, 2006.

Current NO<sub>x</sub> price is \$2,575 per allowance as of March 31, 2006.

Gallatin Meeting

As a follow-up to information presented to Owen/EKPC regarding NO<sub>x</sub> and SO<sub>2</sub> costs billed under the prior contract, a meeting was held with Gallatin on February 3. Owen/EKPC offered information in support of our position for recovery of emission allowance cost during the last two years of the prior contract. The parties are attempting to resolve issues by settlement. Further discussions are likely to occur in April. This project helps EKPC meet its goal of providing reliable service while maintaining financial stability.

Direct Load Control DSM Filing

On January 30, EKPC filed an Application with the Public Service Commission for approval of a Demand Side Management (DSM) demonstration project. The project consists of the Direct Load Control of Air Conditioners and Water Heaters. EKPC is requesting a reasonableness review of the project from the Commission

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under the DSM statute and will not seek recovery of the costs of the project from Member Systems. EKPC is proposing to conduct the demonstration project beginning in June 2006 through the end of September 2007. A total of 400 load control switches for Air Conditioning units will be installed in residences at Blue Grass Energy and 400 Water Heater switches will be installed in residences at Blue Grass as well. An additional 300 Water Heater switches will be installed in residences at Big Sandy RECC. The proposed program is similar to a DSM program currently in place at KU and at LG&E. It is anticipated that the project will help EKPC learn whether Direct Load Control is an effective tool in reducing the growth in peak demand. A decision on the project is anticipated in the very near future. This project helps EKPC meet its goal of providing reliable service while maintaining financial stability.

### Case 2005-00045 Consideration of 2005 Energy Policy Act

On February 24, the Commission issued an Order requiring utilities to respond to several data requests regarding the potential state implementation of certain provisions of the 2005 Energy Policy Act (EPA Act). The Commission has focused on the issues of ‘Smart Metering’ (Time-of-Day Rates/Usage) and the ‘Interconnection Policy’ for distributed generation resources. The first set of data requests were filed on behalf of East Kentucky and each of the Member Systems on March 23. Supplemental requests are due April 13. This project helps EKPC meet its goal of providing excellent service to Member Systems while maintaining regulatory compliance.

### Cost Allocation Manual (CAM) Regulatory Filing

On March 31, in accordance with Commission regulatory requirements, EKPC filed amendments to the Company’s Cost Allocation Manual (CAM). The amendments consisted primarily of accounting changes effective for 2006 as well as a revised agreement with ACES. This project helps EKPC meet its goal of maintaining regulatory compliance.

### **Internal Audit & Performance Measures – Graham Johns, Coordinator**

#### Internal Auditing for Member Systems

- **Inter-County Energy Cooperative**—Met with the board of directors and audit committee on March 10 to present the four internal audits completed in

## Finance & Planning

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2005 and select the areas to audit in 2006. Will begin an audit of right-of-way maintenance this month.

- **Clark Energy Cooperative**—Will begin an audit of purchasing this month.
- **Jackson Energy Cooperative**—Will begin an audit of contracts in March or April.

### Zodiak Training (The Game of Business Finance and Strategy)

Nolin RECC, March 3 and April 12

### Other Projects

- Completed a comparison of revenue and cost per MWh for EKPC and neighboring utilities for 2004.
- Reviewed invoices for outside legal costs.
- The supervisory committee for the EKE Federal Credit Union sent Requests for Proposals for the annual audit.

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## Credit Union Process – Brian Tyler, Process Owner

### February 2006 Financial Report

Loans	13,416,660.56
Investments	3,255,068.30
Total Assets	17,641,973.99
Liabilities	2,163,117.37
Deposits	12,985,191.15
Equity	2,244,854.00
Interest on Loans	57,215.63
Investment Income	13,802.19
Total Income	71,862.89
Total Expenses	59,762.22
Retained Earnings	12,100.67
YTD Retained Earnings	19,837.49

### Election & Credit Union Annual Meeting

The Annual Meeting of the members of the East Kentucky Employees Federal Credit Union was held on **Wednesday, March 29, 2006**, at the Headquarters Building at East Kentucky Power. During the meeting, George Carruba, Board President, discussed the Credit Union’s performance for 2005. Brian Tyler, Credit Union Manager, talked about products and services that the Credit Union will be considering over the next year.

Results of the Credit Union Election were also announced. Paul Atchison, Judy Riddell (*incumbent*) and Robert Sherman (*incumbent*) were elected to the Board of Directors. Sarah Condley (*incumbent*) and Geneva Flannery were elected to the Credit Committee.

dge/dd  
 c: Directors & Alternate Directors  
 Executive Staff  
 Finance Staff

**MARCH 2006**Mission Statement:

The purpose of Governmental Affairs is to support EKPC in providing reliable, competitively priced electricity and the member systems in improving Kentuckians quality of life by:

- ◆ Developing and implementing legislative and public affairs strategies.
- ◆ Promoting the Cooperative program by educating elected officials and staff at all levels of government.
- ◆ Establishing and maintaining working relationships with other organizations, interests and communities.

Attached are the latest issues of Currents and Bill Tracker; which highlight all activities during March.



A report from Frankfort

Week ending March 31

3 legislative days left

## 2006 ROUNDUP

It ain't over 'til it's over.

But while there are officially three legislative days remaining, the fate of most energy related bills has already been decided.

So for those of you keeping score at home, here's the latest update of issues that co-ops followed this session. The last day for the session is April 15.

### CO-OP SERVICES BILL

HB 568 reverses a Supreme Court ruling and allows co-ops to continue to offer services other than electricity.

A compromise requires co-ops to establish affiliates to conduct non-electric services, and removes the co-op exemption from the Code of Conduct.

It also requires co-ops to report non-regulated activities each year to their members and the Public Service Commission.

The compromise addresses concerns of associations that represent propane dealers; banks; the state Chamber of Commerce; the cable industry; and consumer advocates.

The measure passed the House 95-3-2 and the Senate 36-1-1. If it is not signed or vetoed by Gov. Fletcher before Tuesday, it automatically becomes law.

### MUNICIPAL JOINT-ACTION

HB 82 would have given broad authority to municipal utilities, which are not regulated, to join together and float bonds to build and acquire electric facilities.

It received a hearing in the House Tourism, Development & Energy Committee, but was never called for a vote.

The Municipal Electric Power Association of Kentucky never fully agreed to three guiding principles offered by the state's regulated electric utilities as requirements for compromise.

MEPAK specifically rejected limited PSC jurisdiction over any municipal power agency.

The bill, sponsored by Rep. Mike Cherry, D-Princeton, appears dead this session.

### BIG RIVERS

HB 275 addressed Big Rivers' effort to unwind its contract with LG&E.

It gives co-ops an avenue to sell excess electricity, formerly supplied to a member, and not have it count against statutory limitations.

Gov. Fletcher signed the bill, sponsored by Rep. Gross Clay Lindsay, D-Henderson, into law on Feb. 23.

### EMINENT DOMAIN

HB 508 prohibits state and local governments from taking private land and transferring it to other private owners.

It also lists specific conditions for the use of eminent domain, including "for the creation or operation of public utilities."

The Kentucky Farm Bureau and the Kentucky League of Cities were the driving forces behind this compromise measure.

While the bill easily passed both chambers, legislators said they want to spend the interim studying the use of eminent domain in blighted areas.

Gov. Fletcher signed the bill, sponsored by Rep. Wilkey, into law on March 28.

All other eminent domain measures - HB 114, 122, 165, 183, 554, SB 29, and HCR 24 - died this session.

### **THE QUIZ RETURNS!**

Under HB 208, clogging would be declared the official dance of Kentucky. But one legislator has offered a floor amendment to make this the official dance:

- a) the Watusi
- b) the Twist
- c) the Hustle
- d) the Foxtrot

*Answer on page 3!*

## HEATING ASSISTANCE

HB 283 appropriated \$10 million in emergency funds to the Low Income Heating Assistance Program (LIHEAP).

It was the first bill of 2006 to become law. Rep. Daryl Owens, D-Louisville, was the sponsor.

Senate Bill 252 would have prohibited utilities from cutting off service to low-income customers between November 1 and March 31, and established termination policies.

The bill, sponsored by Sen. Gerald Neal, D-Louisville, never received a committee hearing.

HB 742 requires utilities to set up a voluntary program to help needy consumers with energy bills.

It passed the House 98-0 with a floor amendment that exempted municipal electric utilities.

But the bill has encountered trouble in the Senate, where a new version makes it voluntary for utilities to establish such programs.

The full Senate was ready to vote on the measure last week, but it was recommitted to the Senate Agriculture & Natural Resources Committee.

Its fate remains uncertain. The sponsor is Rep. Addia Wuchner, R-Burlington.

## CLEAN-COAL RECOVERY

HB 538 would have allowed utilities to recover financing, interest and other costs to build clean-coal power plants and related transmission facilities on a “pay-as-you-go” basis.

The mechanism, similar to a monthly environmental surcharge, would be approved annually by the PSC.

The bill’s sponsor was Rep. Robin Webb, D-Grayson. Investor-owned utilities and the Kentucky Office of Energy Policy were driving the bill.

The bill got two committee hearings, but was never called for a vote. Several industrial groups spoke in opposition, as well as the Attorney General’s office, claiming the measure would increase rates.

EKPC was initially neutral on the bill because the surcharge was permissive, not mandatory.

However, EKPC voiced several concerns over late changes that altered the PSC process for *any* baseload plant, whether the utility used the surcharge or not.

## AG/PSC ISSUES

Senate Resolution 146 confirmed Teresa Hill as vice chair of the Public Service Commission. It passed the Senate 38-0. Gov. Fletcher appointed Hill in August when Ellen Williams left to take another job. Hill’s term expires in July 2009.

HCR 26, sponsored by Rep. Nelson, D-Middlesboro, tried to petition the PSC not to approve any rate increases in 2006 by electric, natural gas, water or telecommunications utilities. It never received a committee hearing.

HB 52 would have required anyone paid to influence a decision by the PSC to file as a lobbyist with the Executive Branch Ethics Commission.

This bill grew out of Attorney General Greg Stumbo’s investigation of the LG&E-PSC rate case.

It unanimously passed the House, but was never called for a vote in the Senate committee. Rep. Cherry was the sponsor.

HB 524 would have required the PSC to act within 60 days on a complaint filed by the AG’s office against a utility.

It easily passed the House, but was never called in the Senate committee. Rep. Mike Weaver, D-Elizabethtown, was the sponsor.

HR 150 creates the Office of Energy Accountability within the AG’s office to “monitor, audit, review and investigate transactions at any level in the supply of home energy and transportation fuels,” as well as profit margins in retail or wholesale energy transactions.

It has been awaiting a vote by the full House since Feb. 7. The

sponsor is Rep. Teddy Edmonds, D-Jackson.

### TRANSMISSION

Senate Resolution 238 requests a legislative study of the electric transmission siting process. It passed the Senate unanimously on March 14.

The simple resolution does not carry the force of law and takes effect immediately upon its passage.

The measure calls on the legislature's Program Review and Investigations Committee to conduct the study.

It is co-chaired by Sen. Ernie Harris, R-Crestwood, the Senate's leading expert on energy issues.

Senate Caucus Chairman Richie Sanders, R-Franklin, sponsored the resolution due to landowner concerns with EKPC's line to serve Warren RECC.

However, EKPC has been calling for a PSC-led study of the 2004 transmission laws and regulations, due to concerns and issues with recent Orders. This study will offer an independent forum for discussion and review possible changes in the process.

HB 626 allows the PSC to consider the interstate benefits of proposed transmission lines in applications for certificates of public convenience & necessity.

This is in response to the federal Energy Policy Act of 2005,

which gives the Federal Energy Regulatory Commission (FERC) "backstop" authority to site major lines if states do not.

Rep. Tanya Pullin, D-South Shore, is the sponsor. It has passed both chambers and been delivered to the governor.

### COAL TRUCKS

HB 560 would have required anyone who ships, transports or receives coal to immediately report weight and other data to the state. A receiver that did not report an overweight shipment within 24 hours could be fined.

It never received a hearing in the Transportation Committee. Rep. Nelson was the sponsor.

### ADMINISTRATIVE HEARINGS

HB 470 streamlines the process for administrative hearings on contested permits and contains timelines for issuing a report. An emergency clause will help EKPC if the Spurlock #4 air permit is contested.

It has passed both chambers, and is awaiting Gov. Fletcher's signature. The sponsor is Rep. Jim Gooch, D-Providence.

SB 203 would have expanded the definition of net metering to include a number of new alternate energy sources, such as hydroelectric, wind, landfill gas, fuel cells and several others. It also established tax credits for solar, wind and geothermal systems.

The bill was sent to the Senate Appropriations & Revenue Committee, thereby killing it. The sponsor was Sen. Ray Jones, D-Pikeville.

### ENERGY POLICY

HB 299 directs the Kentucky Office of Energy Policy to develop a strategy for Kentucky to become a leader on the production of transportation fuels from coal, oil shale and biomass. Its sponsor is House Majority Floor Leader Rocky Adkins, D-Sandy Hook. It has passed both chambers.

HB 665, would exempt the FutureGen plant from state siting board requirements, if it is built in Kentucky. FutureGen is the U.S. Department of Energy's \$1 billion project to create the world's first zero-emissions fossil fuels plant. The sponsor is Rep. Pullin. It has passed both chambers and has been delivered to the governor.

Three resolutions – SR 286, HR 276 and HR 294 – encourage locating the FutureGen project in Kentucky. An amendment to HB 422 also offers several tax incentives for the project.

### **QUIZ ANSWER**

Get with the Watusi, if you agree with Rep. Kathy Stein, D-Lexington. Another amendment to HB 208, offered by Rep. Fred Nesler, D-Mayfield, would designate "Ring Around the Rosie" as the state's official children's nursery rhyme!

Bill	Sponsor	Issue	Filed	Committee	Bill History	Legislative status
SB39	Seum	Air pollution control districts	3-Jan	House Local Government	<a href="#">Click for History</a>	posted for passage for receding from House Committee Substitute for Monday, March 20, 2006
SB75	Harris	Hazardous waste assessment fees	10-Jan	House Natural Resources - posted	<a href="#">Click for History</a>	Signed by governor, March 24
SB76	Harris	Hazardous waste management	10-Jan	House Natural Resources - posted	<a href="#">Click for History</a>	Signed by governor, March 17
SB89	Kelly	Reorganization - Coal Council, Energy Policy	17-Jan	House Tourism, Development & Energy	<a href="#">Click for History</a>	Delivered to governor, March 24
SB96	Roeding	Administrative regulations	19-Jan	House State Government - posted	<a href="#">Click for History</a>	Passed Senate; posted in House committee
SB98	McGaha	Administrative regulations	19-Jan	House A & R - posted	<a href="#">Click for History</a>	Passed Senate; Passed House March 24; received in Senate
SB131	Stivers	Synthetic gas from coal contracts	30-Jan	House Tourism, Development & Energy - posted Feb. 28	<a href="#">Click for History</a>	Signed by governor, March 28
SB203	Jones	Net metering	Feb. 17	A & R	<a href="#">Click for History</a>	In Committee
SB252	Neal	Utility heating disconnects	1-Mar	Agriculture & Natural Resources	<a href="#">Click for History</a>	In Committee
SR146	Williams	Teresa Hill confirmation	1-Feb	Agriculture & Natural Resources	<a href="#">Click for History</a>	Passed Senate Feb. 22
SR238	Sanders	Transmission siting study	2-Mar	Agriculture & Natural Resources	<a href="#">Click for History</a>	Passed Senate March 14
SR286	Stivers	FutureGen	17-Mar		<a href="#">Click for History</a>	w/CAI,2
HB28	Crimm	Electricians/electrical contractors	3-Jan	Senate Licensing & Occupations	<a href="#">Click for History</a>	Adopted March 24
HB52	Cherry	PSC Ethics	3-Jan	Senate Agriculture & Natural Resources	<a href="#">Click for History</a>	Signed by governor, March 28
HB74	Denham	Rural development	3-Jan	Senate Agriculture & Natural Resources	<a href="#">Click for History</a>	Passed House March 6; in Senate committee
HB82	Cherry	MEPAK joint action	3-Jan	Tourism, Development & Energy - posted Feb. 10	<a href="#">Click for History</a>	Passed House Feb. 22; in Senate Committee
HB117	Meeks	Lead-based paint with SB 39	3-Jan	Senate Health & Welfare	<a href="#">Click for History</a>	Posted in Committee posted for passage in the Regular Orders of the Day for Friday, March 24, 2006; 3rd reading; floor amendment (2) defeated ; passed 22-15 with Committee Substitute, committee amendments (1-title), floor amendments (1) (3) and (4); received in House; to Rules (H)

HB139	Pasley	HVAC		3-Jan	Labor & Industry; posted 1-27	<a href="#">Click for History</a>	Recommitted to A & R, March 21
HB158	Patumbo	Engineers		3-Jan	Senate Licensing & Occupations	<a href="#">Click for History</a>	Signed by governor, March 28
HB271	McKee	Agricultural districts		9-Jan	Senate Agriculture & Natural Resources	<a href="#">Click for History</a>	Passed House Feb. 7; in Senate Committee
HB275	Lindsay	Big Rivers		10-Jan	Senate Agriculture & Natural Resources	<a href="#">Click for History</a>	Signed by the governor, Feb. 23
HB283	Owens	LIHEAP increase to \$10M		10-Jan	Senate A & R	<a href="#">Click for History</a>	Signed by the governor, Feb. 1
HB295	Belcher	Corporate Income Tax		10-Jan	Senate A & R	<a href="#">Click for History</a>	Mar 24-reported favorably, to Rules with Committee Substitute ; posted for passage in the Regular Orders of the Day for Friday, March 24, 2006; 3rd reading, passed 38-0 with Committee Substitute ; Conference Committee appointed in House; Free Conference Committee appointed in House
HB298	Vincent	Executive branch lobbying		10-Jan	State Government	<a href="#">Click for History</a>	Signed by governor, March 15
HB299	Adkins	Energy independence		10-Jan	Senate Agriculture & Natural Resources	<a href="#">Click for History</a>	Mar 24-received in House; to Rules (H); posted for passage for concurrence in Senate floor amendment (1) for Friday, March 24, 2006; House concurred in Senate floor amendment (1) ; passed 93-0
HB337	Jenkins	Deregulates telecom/PSC		12-Jan	Senate Agriculture & Natural Resources	<a href="#">Click for History</a>	Mar 24-taken from committee; 2nd reading; returned to Agriculture and Natural Resources (S)
HB374	Patumbo	Administrative regulations		17-Jan	Senate A & R	<a href="#">Click for History</a>	Delivered to governor, March 24
HB380	Moberly	Budget		17-Jan	Senate A & R	<a href="#">Click for History</a>	Mar 23-Conference Committee report filed in House and Senate; Conference Committee report adopted in House and Senate; Free Conference Committee appointed in House and Senate

<b>HB385</b>	<b>Bowen</b>	<b>Licensing of electricians</b>	<b>18-Jan</b>	<b>Senate Licensing &amp; Occupations</b>	<b>Click for History</b>	<b>Signed by governor, March 17</b>
HB396	Cherry	Legislative ethics	18-Jan	State Government - posted 1-30	Click for History	Posted in Committee
<b>HB403</b>	<b>Moberly</b>	<b>Revenue &amp; taxation - emergency</b>	<b>18-Jan</b>	<b>Senate A &amp; R</b>	<b>Click for History</b>	<b>Signed by governor, March 6</b>
<b>HB470</b>	<b>Gooch</b>	<b>Administrative hearings</b>	<b>30-Jan</b>	<b>Senate Agriculture &amp; Natural Resources</b>	<b>Click for History</b>	<b>Delivered to governor, March 24</b>
HB485	Owens	Residential utilities; exempts multi-unit residences from sales tax	1-Feb	A & R	Click for History	In Committee
HB506	Wayne	Taxation on pollution control equipment	3-Feb	A & R	Click for History	In Committee
<b>HB508</b>	<b>Wilkey</b>	<b>Eminent domain</b>	<b>3-Feb</b>	<b>Senate State Government</b>	<b>Click for History</b>	<b>Signed by governor, March 28</b>
<b>HB524</b>	<b>Weaver</b>	<b>PSC-AG complaints</b>	<b>7-Feb</b>	<b>Senate Agriculture &amp; Natural Resources</b>	<b>Click for History</b>	<b>Passed House 3-1; in Senate committee</b>
HB538	Webb	IOU clean-coal recovery	8-Feb	Tourism, Development & Energy - posted Feb. 14	Click for History	Posted in Committee
HB560	Nelson	Overweight coal trucks	Feb. 10	Transportation	Click for History	In Committee
<b>HB568</b>	<b>Wilkey</b>	<b>Co-op services</b>	<b>Feb. 13</b>	<b>Senate Agriculture &amp; Natural Resources</b>	<b>Click for History</b>	<b>Delivered to governor, March 22</b>
<b>HB626</b>	<b>Pullin</b>	<b>Transmission</b>	<b>Feb. 21</b>	<b>Senate Agriculture &amp; Natural Resources</b>	<b>Click for History</b>	<b>Delivered to governor, March 24</b>
<b>HB665</b>	<b>Pullin</b>	<b>FutureGen</b>	<b>Feb. 23</b>	<b>Senate Agriculture &amp; Natural Resources</b>	<b>Click for History</b>	<b>Delivered to governor, March 24</b>
HB693	Gooch	Electricity tax for mine rescues	27-Feb	Natural Resources & Environment - posted 3-2	Click for History	Posted for passage for March 16
<b>HB695</b>	<b>Pullin</b>	<b>Kentucky Gas Pipeline Authority</b>	<b>27-Feb</b>	<b>Senate Agriculture &amp; Natural Resources</b>	<b>Click for History</b>	<b>Passed House March 16 w/HCS; in Senate Agriculture &amp; Natural Resources</b>
<b>HB742</b>	<b>Wuchner</b>	<b>Voluntary energy assistance fund</b>	<b>27-Feb</b>	<b>Tourism, Development &amp; Energy - posted March 6</b>	<b>Click for History</b>	<b>Mar 24-2nd reading, to Rules; recommitted to Agriculture and Natural Resources (S)</b>
<b>HC120</b>	<b>Webb</b>	<b>Land stewardship task force</b>	<b>Jan. 26</b>	<b>Senate A &amp; R</b>	<b>Click for History</b>	<b>Signed by governor, March 28</b>
HR150	Edmonds	Creates Office of Energy Accountability in AG's office for price gouging	6-Feb		Click for History	To House Floor, Feb. 7
<b>HC217</b>	<b>McKee</b>	<b>U.S. energy needs - ag-based fuels</b>	<b>27-Feb</b>	<b>Senate Agriculture &amp; Natural Resources</b>	<b>Click for History</b>	<b>Passed House March 13; in Senate committee</b>
HR276	Pullin	FutureGen	21-Mar		Click for History	Introduced in House
HR294	Pullin	FutureGen	23-Mar		Click for History	To House Floor March 24

# Human Resources & Corporate Support Services

MARCH 2006

**EKPC:** To provide reliable and competitive energy and member services.

**Unit:** To serve and assist the Cooperative, it's employees, the Member Systems, and External Customers by:

- Managing Costs
- Ensuring the safety, well-being, and development of EKPC employees
- Providing appropriate corporate staffing requirements
- Providing effective communications
- Complying with all laws and regulations

## Human Resources, Facilities Management, Corporate Support Services

### 1. Managing Costs

#### Significant Results:

- **Budget management** –Centers 032, 040, 041, 043, 046, 047 are under budget \$115,017 year to date through February.
- **Cost containment** – All non-critical costs are being delayed.

### 2. Ensuring the safety, well-being, and development of EKPC employees

#### Significant Results:

- **Lost Time Incident Rate through February 28<sup>th</sup> – 0.35**

### 3. Providing appropriate corporate staffing requirements

#### Significant Results:

- **Positions Filled:**
  - Christopher Collier - C.T. Technician (hired 3/6/06) J.K. Smith
- **Positions open:**
  - Construction Project Manager @ Spurlock
  - Warehouseman @ Spurlock
  - Maintenance Material Specialist @ Spurlock
  - VP Power Delivery
  - Engineer - Operations

# Human Resources & Corporate Support Services

## MONTHLY REPORT

- Maintenance Mechanic - Entry @ Spurlock
- Auxiliary Operator @ Dale
- Sr. Engineer
- Landfill Generating Plant Operator @ Bavarian
- Sr. Engineer - EMS
- Environmentalist
- HR-PD Safety Training & Compliance Coordinator
- Construction Technician Crew Leader
- Electrician @ Cooper
- Line Technician @ Bardstown
- Forecasting & Marketing Analysis Supervisor
- Mid-term Planning Supervisor
- Sr. Engineer - Transmission Planning
- Sr. Analysis - Resource Planning

#### 4. Providing effective communications

##### Significant Results:

- Through individual and group communications employees are being asked to better manage their health care costs to help control/maintain overall health care costs.

#### 5. Regulatory compliance

##### Significant Results:

- No regulatory HR issues.

#### 6. Member Systems Support

##### Significant Results:

- Members continue to call for services.

#### Information Technology Process – Wes Moody, Manager

Provide support for the PeopleSoft ERP system

*PeopleSoft HRMS Version 8.8*

- ◆ Payroll – Analysis for Credit Union on transferring money using an ACH file instead of a wire transfer.
- ◆ Benefits – Continue working on re-design of Personalized Employee



# Human Resources & Corporate Support Services

## MONTHLY REPORT

Benefits Statements.

- ◆ HR – Modifying Crystal reports to reflect new business unit and the hiring of new Vice President.

PeopleSoft is an enterprise resource-planning tool that integrates company financial and human resource information into a common application. This supports key measures **Competitive Energy** and **Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information about capital projects, benefits, expenditures, fixed assets, budgets and other financial and human resource information.

Enhance Production Management Reporting System

- ◆ Emission information has been added to the PMRS database and reporting for Fly Ash and Bed Ash for each of the Coal Fired Plants.
- ◆ Documentation specific to the Landfill plants is being developed. Training of the users will be planned in the next couple of months in order for the users to take over reporting responsibilities within the PMRS system.
- ◆ Research and Planning has started for the conversion of this database from Oracle 9i to Oracle 10g.

This supports key measure **Competitive Energy and Reliable Energy** by providing the capability to automate the Fuel Evaluation Process within the Production Business Unit.

Support Maximo CMMS System

- ◆ Attended in-house user group meeting. Created Crystal reports per user request. Modified two panels per user request.

This supports **Competitive Energy and Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information for the Production Business Unit.

Drawing Management System

- ◆ Application is currently being tested at Spurlock.

This supports **Competitive Energy and Reliable Energy**, by providing at each power plant a standardized drawing platform.

Redesign EKPC's Websites – Internet/Extranet/Intranet

- ◆ Redesigned pages for Industrial Development section of corporate site. Features imbedded links to industrial offerings within KY state map
- ◆ Updated Environmental Education pages – calendar, links, nature notes
- ◆ New menu look for Intranet

This supports key measures **Competitive Energy, Reliable Energy, and Member Services** by developing a network and computing environment that facilitates a collaborative work environment.

Provide Company-Wide Computer and Network Services

# Human Resources & Corporate Support Services

## MONTHLY REPORT

- ◆ The Computer Support Line resolved 83 support calls during the previous period.
- ◆ Maximo upgrade has been postponed until May due to spending limitations
- ◆ Provided network support to cost containment teams, including special network security, share directories, outside access for member system employees serving on teams
- ◆ Assisted Smith employees with backup of hard drives on CT control systems
- ◆ Helped troubleshoot a network server problem at Grayson RECC
- ◆ Corrected a hardware problem that was causing short-term network slowdowns on random segments.

Computer and network services support key measures **Competitive Energy** and **Reliable Energy** by developing a network and computing environment that facilitates a collaborative work environment.

Provide Telecommunications to Substations.

- ◆ Back haul circuits have been installed for the 220MHz master radio at Renaker that will link to Headquarters switchyard.

This supports key measure **Reliable Energy** by providing the ability to get substation information and do remote switching.

Provide Telecommunications to Members

- ◆ All EKPC equipment has been removed from the old Cooper microwave shelter to make space for South Kentucky RECC's new two-way equipment. A back-up generator circuit has been provided until co-located generator issues are solved.

This supports key measure **Member Services** by providing a value-added service to member systems.

Provide New Two-way Radio System

- ◆ Two of the three antennas were installed at Stanton for the drive test, scheduled for April 10.
- ◆ An initial review of the responses for the detailed consulting services was made and follow-up questions and answers were addressed in conference calls with each of the respondents.

This supports key measures **Reliable Energy** and **Competitive Energy** by providing a two-way radio system that will enhance our ability to maintain and operate the transmission system and to assist in outage restoration.

Maintain the Telecommunications System

- ◆ Drawings for the new digital system are being delivered to the remote sites.
- ◆ Routine maintenance was performed at twelve microwave sites.
- ◆ The building floor was repaired at the Goddard microwave site.

# Human Resources & Corporate Support Services

## MONTHLY REPORT

- ◆ Tower lights were repaired at Greensburg and Goddard.
- ◆ Quarterly inspections of towers were completed in March. Visual and operational tests of towers light controllers were completed for the entire system to verify towers meet FCC and FAA requirements.

Routine operation and maintenance of the telecom systems supports key measures **Competitive Energy** and **Reliable Energy** by providing the ability to get critical power system operating information.

### Implement Telecommunications Strategic Plan

- ◆ All circuits have been moved to the new digital system.
- ◆ A new AVTEC radio console has been installed at the Bardstown service center in preparation for cutover to the new AVTEC system.
- ◆ This new telecom system supports key measures **Competitive Energy** and **Reliable Energy** by providing better circuits and more circuits to monitor and remotely control power facilities, network our computers, link our telephone systems, and links our 2-way radio base stations to the Control Centers.

### IT Performance Measures

- ◆ Annual O&M Budget - On Budget.
- ◆ Lost Time Accident Rate – 0.0
- ◆ WAN Availability – 100.0%
- ◆ LAN Availability – 100.0%
- ◆ Two-Way Radio Availability
  - Member System Base Stations – 99.5%
  - EKPC Base Stations – 99.9%
- ◆ Application Availability – 100%
- ◆ Data Circuit Availability- 99.3%
- ◆ On-Time 555 Problem Resolution – 95%
- ◆ Customer Satisfaction Index
  - NCS Team – 93%
- ◆ PBX Availability – 100%

MARCH 2006

Pending Litigation against EKPC

1. Brenda Milton v. EKPC, et al (Employment Discrimination Lawsuit) – Clark Circuit Court. On November 21, 2001, EKPC was served with a summons and Complaint initiated by a former employee seeking damages on claims of a hostile workplace environment, retaliation constructive discharge, and assault and battery by a co-worker. EKPC filed a motion for a more definite statement which was heard by the Court in December 2001, and an order entered on May 21, 2002, directing plaintiff to refile her lawsuit setting forth more detailed facts regarding her claims. The Amended Complaint was received on June 18, 2002, and EKPC has filed an Answer for itself and the three individual employees also named as Defendants in the lawsuit. In December 2002 Plaintiff began taking depositions but abruptly halted the depositions without completion. Danny Flinchum's deposition was held February 15, 2005. EKPC served discovery requests on March 29, 2005, which were not answered. EKPC filed its Motion for Summary Judgment the first week in January 2006. The Plaintiff has already requested two continuances of the hearing. A mediation is scheduled for April 11, 2006.
2. Dorsey McCarty, et al v. EKPC – Magoffin Circuit Court. Plaintiffs sued EKPC alleging off right-of-way damages associated with chemical spraying of a right-of-way. EKPC's Answer was filed on November 4, 2002. There has been no further action.
3. Mark Jordan v. EKPC and CBA – U.S. District Court for the Eastern District of Kentucky. On August 10, 2005, former employee Jordan sued CBA alleging improper denial of his eligibility for disability benefits under EKPC's group disability plan administered by CBA; and breach of his privately negotiated worker's compensation settlement with EKPC, specifically as to certain future disability entitlements. EKPC filed its Answer on August 19, 2005, wherein it denied any liability. On September 27, 2005, EKPC made its initial disclosure, and had the joint meeting with plaintiff's counsel as ordered by the court. EKPC is working on a Summary Judgment motion and discovery requests.
4. United States of America v. EKPC (Clean Air Act Enforcement) – U.S. District Court, Lexington – On January 28, 2004, the federal EPA sued EKPC alleging that physical or operating changes to three coal-fired generators resulted in simultaneous violations of the Prevention of Significant Deterioration ("PSD") provision of the Clean Air Act; the New Source Performance Standards ("NSPS") of the Clean Air Act; and the State Implementation Plan ("SIP") for Kentucky, as approved by EPA.

The lawsuit seeks injunctive relief, and civil penalties of up to \$25,000 a day before January 31, 1997, and \$27,500 a day since then. On June 18, 2004, EKPC filed its Answer denying all claims.

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In December 2005, attorneys from Hunton & Williams updated the Board in Executive Session. On January 17, 2006, EKPC filed four motions with the court asking that most, if not all of the claims, be dismissed. These motions for summary judgment involved,

- (a) statute of limitation issues;
- (b) federal enforceability of the Spurlock No. 2 operating permit;
- (c) applicability of the routine maintenance exclusion; and
- (d) calculation of emissions under PSD based on post-change actual annual emission where the baseline emission calculations are based on actual historic annual emissions prior to project work, and not based on hypothetical emissions.

The court has previously set this matter for trial in late May/early June 2006; but this schedule could change depending upon whether the court rules favorably upon all or some of these motions. EKPC is preparing for trial.

5. Enviropower LLC v. EKPC (Spurlock 4 Certificate Order) – Franklin Circuit Court. The PSC filed a notice with the Franklin Circuit Court on February 10 stating that the entire Designated Record of PSC Case No. 2004-00423 has been filed or incorporated by reference from the prior Enviropower action in Franklin Circuit Court seeking an injunction to prevent the hearing in that case. The court should now have all required records to allow it to render a decision on the Motions to Dismiss filed by the PSC and EKPC.
6. Enviropower v. PSC (Spurlock 4 – Denial of Intervention) – Court of Appeals. The Appellants' Brief has been filed, as of February 21. The brief of the Appellees, EKPC, the PSC, the Attorney General, and Gallatin Steel, are due on April 21.
7. Kevin Speaks v. EKPC, et al – Pulaski Circuit Court. Plaintiff is seeking judicial review of an Unemployment Commission Order affirming his discharge from employment with EKPC. EKPC has moved to dismiss the Complaint, and the motion will be heard on April 7, 2006.

#### Pending Litigation for EKPC

1. Substation Vandalism (EKPC v. Caudill, Middleton & McElroy) – Garrard Circuit Court. Judgment was entered in favor of EKPC against these three individuals for damages in the amount of \$126,000 representing the replacement cost associated with the step-down transformer vandalized by the defendants on July 15, 1997. In addition, McElroy was assessed an additional \$50,000 for punitive damages since he was the shooter. Judgment has been entered against all three defendants. To date, \$76,086.72 on the Judgment has been collected from the defendants.

2. *EKPC v. Greenwich Insurance Company* – U.S. District Court for the Eastern District of Kentucky. EKPC has filed this action (originally in Clark Circuit Court but was removed to federal court) to recover proceeds of a performance bond against the surety of this land. Lexington Coal Company is claiming entitlement to the proceeds also but EKPC does not believe that claim is meritorious and intends to vigorously prosecute the claim. Lexington Coal has attempted to transfer this action to Bankruptcy Court but the U.S. District Court, in an order entered on January 24, 2006, denied the motion to transfer the case. The case has been remanded back to Clark Circuit Court.

#### Claim and Topics

1. *KU and LG&E v. EKPC (FERC Proceeding)* – On September 18, 2002, KU and LG&E filed with the FERC a proposed restructuring of two agreement with EKPC. The first is an Interconnection Agreement dated 5/11/1995, and the second is a Transmission Agreement dated 2/9/1995 for transmission service to the Gallatin Steel Company. The modifications sought by KU and LG&E are intended to incorporate all, or substantially all, of the rates and charges under the Midwest ISO ("MISO") tariff. EKPC objects and contends that the two agreements may not be modified since earlier amendments to the agreements, in conjunction with the KU/LG&E merger, and companion rate case, were intended to foreclose subsequent modifications for the remaining life of both agreements.

On April 1, 2004, the administrative law judge entered preliminary findings for EKPC. On March 31, 2004, a preliminary order was entered in the case favorable to EKPC's position. On December 22, 2004, FERC issued its order, which affirmed most of the judge's findings. The order remanded the case for further proceedings. On balance, the FERC decision was more favorable to EKPC than to LG&E/KU. A final decision is expected shortly.

2. *PSC Case No. 2004-00401* – Proposed FAC Cap – The PSC held an informal conference on May 26, 2005, to consider possible alternatives in dealing with fuel adjustment clause fluctuations. Several EKPC member system managers and staff representatives attended and discussed the impacts of the fluctuations and billing lag. An analysis will be made of possible changes in FAC billing procedures to reduce the billing lag. A proposal will be submitted to the PSC in the next few weeks.
3. *PSC Case No. 2004-00423* – (Spurlock Unit 4 Certificate Application) – The Commission granted construction certificates for the Spurlock 4 unit in an order dated September 13. The order also includes a report on the Commission's investigation of allegations of improprieties in EKPC's 2004 RFP which were made by Enviropower LLC. The order addresses every factual allegation made by Enviropower and completely validates EKPC's position on every issue. The Commission found that Enviropower was not the lowest and best bidder in the RFP and commends EKPC for conducting a process "truly designed and

## LEGAL

- carried out to determine the best and lowest-cost bid.” Construction of the Spurlock 4 unit can proceed as soon as the construction permit from the Division of Air Quality is issued.
4. PSC Case No. 2005-00053- (Smith Generation Certificates) – The Commission has issued a supplemental data request in this case. Responses are due on February 6.
  5. FERC Case No. TX05-1 – On October 1, 2004, EKPC filed an application with the Federal Energy Regulatory Commission (“FERC”) seeking an order compelling the Tennessee Valley Authority (“TVA”) to physically interconnect with EKPC’s transmission system at three new locations for purposes of serving Warren RECC when it becomes a member on April 1, 2008. The filing was necessary because TVA refused to allow the proposed interconnections. On April 14, 2005, FERC ruled for EKPC that it was entitled to the interconnection. Since EKPC and TVA were unable to work through details necessary to implement the interconnections, the task of doing so now falls to the FERC.
  6. Commonwealth of Kentucky Sales and Use Tax Audit – On June 6, 2005, EKPC filed its response to a sales and use tax audit totaling roughly Two Million Dollars for the period February 1, 2001 through November 30, 2004. EKPC acknowledged owing \$257,459.46 and PROTESTED the balance of the assessments. After review, the Revenue Cabinet will issue a final ruling on whether it accepts all or any portion of the PROTEST.
  7. USEPA Notice of Violation – On January 17, 2006, the United States Environmental Protection Agency (“USEPA”) issued a Notice of Violation (“NOV”) under Section 113 of the Clean Air Act (“CAA”) charging operation of Dale Station Units 1 and 2 with technical violation of the CAA’s acid rain program, and provisions of the NOx State Implementation Plan or Nox SIP Call. The issue for both units involves whether these units were subject to regulations as generators having a “nameplate” capacity greater than 25 megawatts and/or were generators used to generate 25 megawatts or more of electricity. A conference with the USEPA was held on February 13, 2006, at the Region IV offices in Atlanta. The Company’s representatives had earlier met with state regulators on January 27, 2006. A second meeting in Washington was held on March 23, 2006, to work through the issues.
    - Kentucky followed suit by issuing its own Notice of Violation (“NOV”) for Dale Station Units 1 and 2 also alleging technical non-compliance respecting those programs over which it has jurisdiction.
  8. PSC Case No. 2005-00417 – Spurlock 2 Scrubber – This case was filed in October 2005. EKPC has responded to the Commission staff’s first data request. No hearing has been scheduled in the case, as of this report.
  9. PSC Case No. 2005-00495 – FAC – The FAC six-month review hearing was held on March 16, 2006. All proceedings were routine.

## LEGAL

10. *PSC Case No. 2006-00017* – Integrated Resource Plan – The PSC granted EKPC’s motion for a six-month extension of its 2006 IRP filing deadline, by an order dated February 17. EKPC’s IRP will now be due on October 21, 2006.
11. *PSC Case No. 2006-00033* – Pendleton County LFGTE Facility – The PSC granted EKPC’s request for a declaratory order approving the Pendleton County Landfill Gas Project on March 10, 2006.
12. *PSC Case No. 2006-00132* – Spurlock Unit 1 Scrubber – EKPC filed an Application with the Commission on March 27, 2006 for a Certificate of Public Convenience and Necessity to add a Flue Gas Desulfurization system to Spurlock Station Unit 1.

Dale W. Henley  
General Counsel

c: Dave Eames (for distribution)  
(H:legal\MR-mar06)



MARCH 2006

**Economic Development Process**

- Participating as member of the Steering Committee of Bluegrass Tomorrow's effort in conducting an economic analysis of a 19 county area in central Kentucky. This study is for purposes of promoting a regional approach to economic development.
- Met with the Grant County Industrial Development Authority regarding the development of an expanded Williamstown Lake project. The possibility of developing a hydroelectric facility as part of this proposal, as well as funding possibilities, were explored.
- The groundbreaking for Knotwood Industries in Jackson Energy's service area was attended. EKPC sold the land to Knotwood in order to make this project a reality.
- Met with the Kentucky Cabinet for Economic Development to orient them to our economic development efforts and to become acquainted with their key regional representatives.
- Participated in meetings sponsored by the Kentucky World Trade Center on doing business in China, Germany, and other international markets.
- Work continued in developing regional support of the National Bio Lab proposed for Pulaski County.
- A presentation was made to the EKPC Cost Containment Team charged with looking into the Economic Development Process.
- Board meetings of the Kentucky Association for Economic Development and Commerce Lexington, as well as special meetings of the Lexington Venture Club, the Kentucky Chamber of Commerce and the University of Kentucky's Center for Manufacturing were attended.
- Met with the staff of Owen Electric regarding EKPC's Economic Development efforts.

**Non-Traditional Power Production Process**

- Negotiated an Agreement with Wayne Supply Company limiting EKPC's exposure for repairs to the Laurel Ridge Unit # 3 LFGTE Project. Repairs will be completed by early April and the unit returned to service.

## Member Services

- Made a site inspection visit to the wind towers in southeast Kentucky and collected data cards.
- Raised output on the Hardin County LFGTE units from 800 kW to 850kW.
- All four LFGTE Projects are now operating at 850 kW, subject to gas availability.
- Finalized plans with Nolin Electric for an April 17<sup>th</sup> Ribbon Cutting ceremony at Hardin Co. LFGTE. Secretary Wilcher will be the guest speaker.
- Renewable energy presentation to Elliot County Middle School on behalf of Grayson Electric.
- Equipment specifications reviewed and bid packages for the Pendleton County LFGTE released.

### Marketing & Natural Resources Process

- Helped staff a booth at the Cincinnati Home and Garden Show for Owen Electric.
- Energy Advisors met with Trane concerning new information about dual-fuel and new heat pumps.
- Performed a program for Ohio Biological Society at the request of the Ohio Transmission Siting Board. This event was held in Columbus, Ohio.
- Manned a booth at the John Michael Montgomery Hunting and Fishing Expo at the request of Salt River RECC.
- Performed the “Venomous Snakes of Kentucky” program for the Harrison County Lions club for Blue Grass Energy.
- Met with the staff of Grayson, Salt River, Taylor County and Big Sandy RECC concerning PartnersPlus and Touchstone Living programs.
- Cost Containment efforts are in full swing. Numerous meetings with staff and member service representatives were conducted. A final report will be submitted by April.

Listed below are the Environmental activities for this month:

Touchstone Cooperative	School	Date
CVRECC	Poplar Creek Elementary	3/1/2006
SKRECC	Russell Springs Elementary	3/2/2006
Fleming Mason Energy	Laurel Elementary	3/2/2006
CVRECC	Whitley Intermediate	3/3/2006

# Member Services

## MONTHLY REPORT

Nolin RECC	Howevalley Elementary	3/6/2006
SKRECC	Turner Intermediate	3/6/2006
Inter-Co Energy	Paint Lick Elementary	3/7/2006
Bluegrass Energy	Western Elementary	3/7/2006
SKRECC	Monticello Independent	3/7/2006
CVRECC	G. R. Hampton Elementary	3/8/2006
Salt River RECC	Old Kentucky Home Mddle	3/8/2006
Salt River RECC	Old Kentucky Home Mddle	3/9/2006
Grayson RECC	Wurtland Middle School	3/9/2006
Grayson RECC	Isonville Elementary	3/10/2006
SKRECC	Whitley City Elementary	3/10/2006
Salt River RECC	Kids Fest	3/11/2006
Clark Energy	Shearer Elementary	3/13/2006
Shelby Energy	Wright Elementary	3/13/2006
Clark Energy	Strode Station	3/14/2006
Grayson RECC	Blaine Elementary School	3/14/2006
Shelby Energy	Clear Creek Elementary	3/15/2006
Taylor RECC	Knifley Grade Center	3/15/2006
Grayson RECC	East Carter Middle School - 4H	3/16/2006
Shelby Energy	Simpsonville Elementary	3/16/2006
Bluegrass Energy	Franklin Co High School	3/17/2006
Inter-County Energy	Camp Dick Elementary	3/20/2006
Cumberland Valley Electric	Nevisdale Elementary	3/21/2006
Shelby Energy	Eminence Elementary	3/21/2006
Inter-County Energy	Calvary Elementary	3/22/2006
Shelby Energy	Bedford Elementary	3/22/2006
Big Sandy RECC	Johnson County Awards Banquet	3/23/2006
Grayson RECC	Sandy Hook Elementary	3/23/2006
Blue Grass Energy	Bourbon County High	3/24/2006
South KY RECC	Pine Knot Intermediate	3/27/2006
Jackson Energy	Cold Hill Elementary	3/28/2006
South KY RECC	Turner Intermediate	3/28/2006
South KY RECC	Turner Intermediate	3/29/2006
South KY RECC	Monticello Elementary	3/30/2006
Blue Grass Energy	Landsdowne Elementary	3/31/2006
Grayson RECC	Olive Hill Elementary	3/31/2006

- Construction Projects Involving Environmental Activities for February: Smith-Sideview 345/69 kV Substation and Transmission Project, Cranston-Rowan 138 kV Transmission Line, Gap of the Ridge Sub and Tap, Wilson-Aberdeen, Memphis Junction- Aberdeen, GM-Memphis Junction, Barren County-Oakland-Magna, Beam-Tichenor, Inez Sub and Tap, Conway Sub and Tap, Snow Hill Sub and Tap, Pendleton County LFGTE, Cedar Grove Industrial Park Sub and Tap, Bluegrass Parkway Sub and Tap, Keavy #2 Substation Expansion, Laurel County Industrial Park Substation Expansion, South Point Sub and Tap.

## Member Services

- Met with Cultural Resource Analysts concerning the archaeological and cultural surveys on the Wilson-Aberdeen, Memphis-Junction – Aberdeen, GM-Memphis Junction, and Barren County-Oakland-Magna projects.
- Met with Kentucky Heritage Council personnel to discuss moving forward with a programmatic categorical exclusion on cultural resources for certain projects. The discussions are preliminary. Development of this formalized agreement would ease scheduling issues associated with compliance with Section 106 of the National Historic Preservation Act.
- Met with RUS staff concerning projects currently under environmental review.
- Venomous snake safety presentations were given at the Sportsman's Night Out Banquet on behalf of South Kentucky RECC, and the West Virginia Vegetation Management Conference.

### Member and Corporate Communications Process

- Developed detailed draft communications plan with message points to various audiences to explain the all-in-cost reduction plan of \$20-\$30 million by year-end 2007.
- Printed flyers on a behalf of member systems and Legislative Affairs asking people to contact legislators in support of the co-op services bill (House Bill 568).
- Printed post cards for Government Affairs urging passage of the House Bill 568.
- Electronically posted the May InterChange of stories, photos and graphics for member system Kentucky Living inserts on Esource, a member only web site hosted by EKPC. The package included materials explaining Electrical Safety Month.
- Distributed the next estimate from Pricing on the upcoming Environmental Surcharge factor.
- Developed three new safety ads for member systems to use during May Electrical Safety Month and the rest of 2006.
- Distributed the February Fuel Adjustment Clause report.
- Visited Blue Grass Energy and Nolin RECC to discuss Communications services and assess member needs.
- Printed invitations for the opening of the Pearl Hollow Landfill Gas-to-Electric Generating Plant.

## Member Services

- Printed flyers and other materials for Jackson Energy's annual meeting.
- Answered media calls regarding the landfill gas projects and other issues.

### Touchstone Energy Brand Management

- Participated in Member Services Cost Containment Team.
- Began work on advertising messages for the next ad flight.
- Worked on TSE Living direct mail piece.
- Assisted Grayson with new radio ads for local insertion.

## Power Delivery Unit

MARCH 2006

### POWER DELIVERY-OPERATIONS -- GEORGE CARRUBA, MANAGER

The following information is related to system transmission outages and the Average Service Unavailability Index (ASUI) and how they reflect Power Delivery Unit's efforts towards the key measures used in the corporate scorecard for reliable energy, competitive energy and providing service to our member services.

**System Peak** – EKPC's coincident peak in February 2006 was 2488 MWh, occurring at hour 0900 on the 19th. Member system requirements for the month of February 2006 were 1,130,941 MWh, an increase of 8.64 % above February 2005. Heating degree-days for February were 816 heating-degree-days, which is the same as a normal year. The average temperature was 35.9 degrees or 1.4% cooler than normal

**Outage Reports for February 2006** - EKPC Power Supply outages have accounted for .02 consumer hours out year-to-date. Of these, none were scheduled, and .02 were emergency outages. None of these were due to major storms. For the month of February, we experienced two emergency outages affecting three substations and two member systems. No scheduled outages occurred and 10 line requests were also completed. Emergency outage reports for the complete system are attached.

**Average Service Unavailability Index (ASUI)** – Through February 2006, our reliability measure, ASUI is 4.08 minutes with no major storms.

**EAST KENTUCKY POWER COOPERATIVE  
EMERGENCY OUTAGES - THIS MONTH  
February 2006**

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
BLUE GRASS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CLARK	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CUMBERLAND VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FARMERS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FLEMING-MASON	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
GRAYSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
INTER-COUNTY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
JACKSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
NOLIN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SALT RIVER	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
SHELBY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SOUTH KENTUCKY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
TAYLOR COUNTY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SYSTEM TOTAL	1-33%	2-67%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	3-100%

TLIN=Transmission Line Equipment Failure	ROW=Right-Of-Way	VAND=Vandalism
TSUB=Transmission Sub Equipment Failure	ABO=Accident By Outsiders	WILD=Wildlife
DSUB=Distribution Sub Equipment Failure	PERR=Personnel Error	SIMP=System Improvements
WTHR=Storm/Weather Related	MOPS=Mis-operation of Protection Scheme	

**EAST KENTUCKY POWER COOPERATIVE  
EMERGENCY OUTAGES - YEAR TODATE  
February 2006**

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
BLUE GRASS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CLARK	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	2-100%
CUMBERLAND VALLEY	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
FARMERS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FLEMING-MASON	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
GRAYSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
INTER-COUNTY	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
JACKSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	1-100%
NOLIN	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SALT RIVER	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
SHELBY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SOUTH KENTUCKY	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
TAYLOR COUNTY	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
<b>SYSTEM TOTAL</b>	<b>4-29%</b>	<b>2-14%</b>	<b>0-0%</b>	<b>5-36%</b>	<b>0-0%</b>	<b>0-0%</b>	<b>0-0%</b>	<b>0-0%</b>	<b>3-21%</b>	<b>0-0%</b>	<b>0-0%</b>	<b>14-100%</b>

TLIN=Transmission Line Equipment Failure  
 TSUB=Transmission Sub Equipment Failure  
 DSUB=Distribution Sub Equipment Failure  
 WTHR=Storm/Weather Related

ROW=Right-Of-Way  
 ABO=Accident By Outsiders  
 PERR=Personnel Error  
 MOPS=Mis-operation of Protection Scheme

VAND=Vandalism  
 WILD=Wildlife  
 SIMP=System Improvements



**EAST KENTUCKY POWER COOPERATIVE  
SUBSTATION OUTAGE SUMMARY REPORT  
FEBRUARY 2006 for Entire System**

Date/Time Emer/Sched	Time Off		Consumer Hours Out	KWH Unservd	Substation		Type / Cause
	Consumers Out	Hours Out			Company	Description	
02/19/06 7:03 Emergency	0 h 56 m 1,541	1,438	7,000	W6 Blue Lick 3 Salt River	Transmission Line Equip. Failure : Conductor LGEE had 6676 69 KV transmission line between So. Park-Mud Lane to relay out of service. Reports indicate a conductor down near Coral Ridge Rd. LG&E personnel report the conductor failed near a splice, lightning may have damaged this conductor during a previous thunderstorm.		
02/24/06 17:33 Emergency	5 h 17 m 1	5	77,613	N56 Inland Container #1 Fleming-Mason	Transmission Sub. Equip. Failure : Lightning Arrestor A transmission lightning arrestor located just outside of circuit interrupter N56-828 failed at Inland Container substation.		
02/24/06 17:33 Emergency	5 h 17 m 1	5	716	N56 Inland Container #2 Fleming-Mason	Transmission Sub. Equip. Failure : Lightning Arrestor A transmission lightning arrestor located just outside of circuit interrupter N56-828 failed at Inland Container substation.		
<b>TOTAL</b>	1,543	1,449	85,329	<b>Average Hours Outage Per</b>		0.00	
<b>YEAR TO DATE</b>	24,842	11,809	104,866	<b>YTD Avg Hrs Outage Per</b>		0.02	
<b>TOTAL CONSUMERS SERVED = 489,213</b>							

**EAST KENTUCKY POWER COOPERATIVE  
POWER SUPPLIER OUTAGE REPORT**

**February 2006**

Page 1 of 1

**Average Hours Outage Per Consumer**

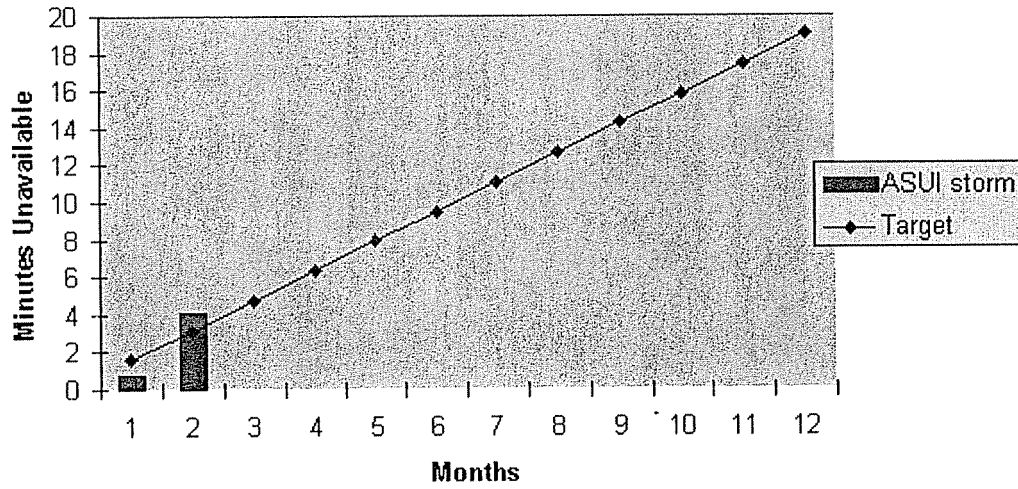
	THIS MONTH			YEAR-TO-DATE		
	<u>EMERGENCY</u>	<u>SCHEDULE</u>	<u>TOTAL</u>	<u>EMERGENCY</u>	<u>SCHEDULE</u>	<u>TOTAL</u>
BIG SANDY	0.00	0.00	0.00	0.00	0.00	0.00
BLUE GRASS	0.00	0.00	0.00	0.00	0.00	0.00
CLARK	0.00	0.00	0.00	0.01	0.00	0.01
CUMBERLAND VALLEY	0.00	0.00	0.00	0.05	0.00	0.05
FARMERS	0.00	0.00	0.00	0.00	0.00	0.00
FLEMING-MASON	0.00	0.00	0.00	0.00	0.00	0.00
GRAYSON	0.00	0.00	0.00	0.00	0.00	0.00
INTER-COUNTY	0.00	0.00	0.00	0.04	0.00	0.04
JACKSON	0.00	0.00	0.00	0.00	0.00	0.00
LICKING VALLEY	0.00	0.00	0.00	0.01	0.00	0.01
NOLIN	0.00	0.00	0.00	0.14	0.00	0.14
OWEN	0.00	0.00	0.00	0.00	0.00	0.00
SALT RIVER	0.03	0.00	0.03	0.03	0.00	0.03
SHELBY	0.00	0.00	0.00	0.00	0.00	0.00
SOUTH KENTUCKY	0.00	0.00	0.00	0.03	0.00	0.03
TAYLOR COUNTY	0.00	0.00	0.00	0.07	0.00	0.07
EKPC	0.00	0.00	0.00	0.00	0.00	0.00
SYSTEM AVERAGE	0.00	0.00	0.00	0.02	0.00	0.02

EKPC POWER SUPPLIER OUTAGES have accounted for .02 consumer hours out year to date. Of these .00 were scheduled, .00 were due to major storms, and .02 were other emergency outages.

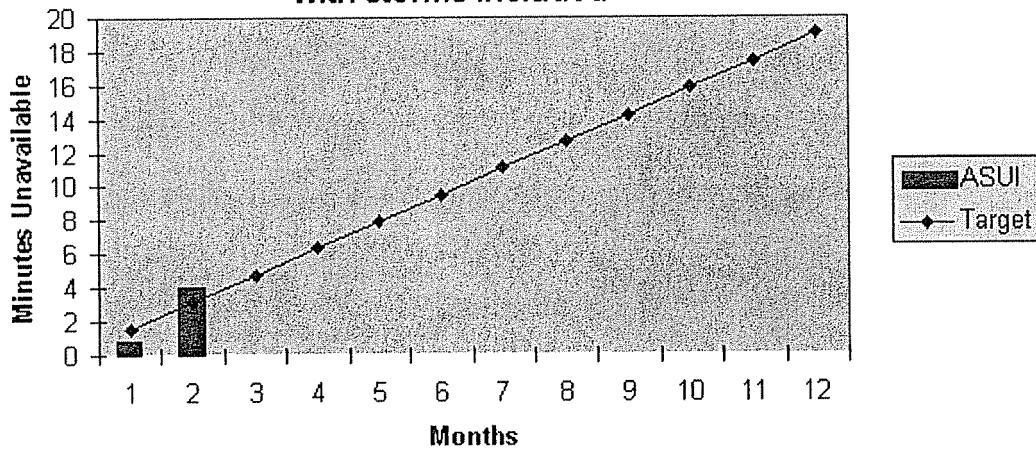
**Average Service Unavailability Index Report**  
(ASUI)

<b><u>Month</u></b>	<b><u>Year</u></b>	<b><u>Without Major Storms (Min.)</u></b>	<b><u>With Major Storms (Min.)</u></b>	<b><u>Threshold</u></b>	<b><u>Target</u></b>	<b><u>Stretch</u></b>
1	2006	0.7914	0.7914	2.08	1.58	1.08
2	2006	4.0745	4.0745	4.17	3.17	2.17
3	2006	0.0000	0.0000	6.25	4.75	3.25
4	2006	0.0000	0.0000	8.33	6.33	4.33
5	2006	0.0000	0.0000	10.42	7.92	5.42
6	2006	0.0000	0.0000	12.50	9.50	6.50
7	2006	0.0000	0.0000	14.58	11.08	7.58
8	2006	0.0000	0.0000	16.67	12.67	8.67
9	2006	0.0000	0.0000	18.75	14.25	9.75
10	2006	0.0000	0.0000	20.83	15.83	10.83
11	2006	0.0000	0.0000	22.92	17.42	11.92
12	2006	0.0000	0.0000	25.00	19.00	13.00

**Average Service Unavailability Index  
with storms excluded**



**Average Service Unavailability Index  
with storms included**



## **POWER DELIVERY – MAINTENANCE – Rick Drury, Manager**

The main purpose of Power Delivery maintenance is to support the EKPC mission by “meeting or exceeding our Member’s electric service expectations by providing safe and cost effective maintenance of EKPC’s Power Delivery System.” The ongoing maintenance activities in this process are designed and carried out with this mission in mind. Below is a scorecard with measures that reflect our progress in meeting this mission.

<b>Mission</b>	<b>Key Measures</b>	<b>Year-To-Date Results</b>	<b>Year-To-Date Goal</b>	<b>Yearly Goal</b>
<b>Safety</b>				
Accidents	Lost Time Accident Rate	0.00 <sup>1</sup>	0.56 <sup>1</sup>	3.3
Inspections	Avg. Inspection Rating	100% <sup>1</sup>	98% <sup>1</sup>	98%
<b>Electric Service</b>				
Frequency	MAIFI	.97 <sup>3</sup>	1.75 <sup>3</sup>	1.75
Duration	ASUI (without major storms)	4.07 <sup>1</sup>	3.17	19 min.
<b>Cost Effective</b>				
Cost	Operating Cost	\$379,395 <sup>2</sup>	\$748,683 <sup>2</sup>	\$8,619,073
	Capital Project Cost	\$40,381 <sup>2</sup>	\$983,268 <sup>2</sup>	\$3,498,836
<b>Member’s Expectations</b>				
Member System Satisfaction	Member System Survey	N/A <sup>3</sup>	88%	88%

**Notes:**

1. Year to date results and goals through February 28, 2006.
2. Year to date results and goals through January 31, 2006.
3. Year to date results and goals through December 31, 2005.

## **POWER DELIVERY-EXPANSION-Mary JANE WARNER, MANAGER**

Status reports for the progress of projects “under construction” in Power Delivery-Expansion are included in the board book materials



**Power Delivery Expansion  
MARCH PROJECT SUMMARY  
2006**

Projects	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\R/W Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>SUBS &amp; TAPS</b>												
Aberdeen Jct. 161 kV Trans Sub (2 Breakers)	S	●			❖	❖				12/31/07		
Alex Creek 5.6/6.44 MVA Substation	S	●								12/01/07		
Alex Creek Tap 69 kV, 1.4 mi.	L	●								12/01/07		
Barren Co. 161 kV Trans Sub (2 Breakers)	S	●				❖				12/31/07		
Barren County - Magna 24 mi.	L	●	❖	❖	□	□				12/31/07		
Joe Tichenor W.Bardstown 69 kV w/556 Recond.	L	●	❖							12/15/06		
Beattyville #2, 69-12.5 kV, 11.2/14 MVA	S	●								05/01/07		
Beattyville Distr-Beattyville SW. Sta 69kV Trans Line 2 mi	L	●								12/01/07		
Beattyville Switching Station 1-69kV Breaker Addition	S	●								12/01/07		
Big Creek 69-12.5 kV, 11.2 MVA Substation	S	●	❖		○	❖				12/01/06		
Tap, 10 mi.	L	●	○	○		□				12/01/06		
BlueGrass Parkway 69-12.5 kV, 11.2/14 MVA Sub	S	●		□						05/01/06		
Tap 0.04 mi.	L	●		□						05/01/06		
Bristow # 2 Sub. 69-12.5 kV, 11.2/14MVA Sub Add	S	●		N/A	N/A	●	N/A	●	●	05/01/06	01/16/06	
Bullitt Co. 69 kV BKR Addition	S	●	●	●	●	□	N/A			05/05/06		
Bullitt County - JTichenor/W Bardstown 69kV line	L	●		❖	□	□				06/01/06		
Burlington 11.2/14 MVA 69-12.5 Distr.Sub	S	●								05/01/07		
Tap .19 mile	L	●								05/01/07		
Campbellsville #2 69-12.5 kV, 11.2/14 MVA	S	●								05/01/07		
Cedar Grove 161-12.47kV 12 MVA Dist Sub	S	●		○		❖				05/01/06		
Conway 69-12.5 kV, 11.2 MVA Dist. Sub.	S	●		❖						05/05/06		
Conway Tap 0.2 mi.	L	●								05/01/06		
Cranston-Rowan Co. 138 kV, 7.50 mi.	L	●	○	□	●	●				05/01/07		
Cynthiana Normally Open 69 kV Tap and Switch	L	●								05/01/06		
Deatsville 11.2/14 MVA, 69-12.5 kV Distr. Sub	S	●								05/01/07		
Tap, 0.2 mi	L	●								05/01/07		
Downing # 2 Sub 69-12.5 kV, 11.2/14MVA Sub Add	S	●	N/A	●	●	●	●	●	●	05/01/06	02/28/06	
E. Bowling Green 161 kV Trans Sub (1 Breaker)	S	●			❖	○				12/31/07		
Edmonton Ind'l Park 69-12.5 kV, 11.2 MVA	S	●	●	□	●	●				06/01/06		
Tap 4.0 mile	S	●	○	□						06/01/06		
Fall Rock 69 kV Sub.-Install 3-69 kV Breakers	S	●								12/01/07		
Garlin 11.2/14, 69-12.5 kV MVA Sub	S	●								05/01/07		
Tap, 0.5 mi	L	●								05/01/07		
Gap of the Ridge 69-12.5 kV, 11.2 MVA Dist. Sub	S	●	●	●	●	□				12/01/06		
Tap	L	●		○	○	○				12/01/06		

- ❖ - Project Started
- - 25% - 49% Complete
- - 50% - 89% Complete
- - 90% - 100% Complete

- S Substation Team
- L Line Team



**Power Delivery Expansion  
MARCH PROJECT SUMMARY  
2006**

<b>Projects</b>	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>SUBS &amp; TAPS CONT'D</b>												
Garrard Co. Breaker Addition	S	●	N/A			○				12/01/06		
Garrard Co.-KU Lancaster Trans Line, 69kV, .10 mi	L	●		❖						12/01/06		
Girdler 11.2/14 MVA, 69-13.2 kV Sub	S	●								05/01/07		
Tap, 3.5 mi	L	●								05/01/07		
GM 161 kV Trans Sub ( 4 Breakers)	S	●	●	●	●	●	N/A	●	●	10/15/05		
GM-Memphis Jct. - 161 kV 14.5 miles	L	●	○	□	□	□				12/31/07		
Hardin Co. Landfill Facilities and Tap	L	●								12/01/05		
Hardwicks Creek 69-12.5 kV, 5.6/6.44 MVA Sub	S	●	●	●	●	●	●	●	●	12/01/05		03/09/06
Tap, 69 kV, 3 mi.	L	●	●	●	●	●	●	●	●	02/23/06		02/23/06
Headquarters 69-12.47 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	○		05/05/06		
Tap, 69 kV, .02 mi.	L	●	●	●	□	□	N/A			05/05/06		
Headquarters Tap (Assoc w/Transmission Stat. Portion)	L	●	●	●	□	□	N/A			05/05/06		
Inez Sub (Site Acquisition Only)	S	●	❖	●	○	N/A	N/A	N/A	N/A	12/01/06		
Tap 69 kV - 6.0 mi.	L	●		❖						12/01/06		
J.K. Smith-N.Clark 345kV Trans line 19 mi	L	●		❖	□	□				06/01/07		
J. K. Smith 138 kV/345 DC Tie Line	L	●								06/01/07		
J. K. Smith CT Substation 345 kV	S	●	N/A	N/A						06/01/07		
J.K. Smith 138 kV - 345 kV Tie Modifications	S	●	N/A	N/A	N/A	□	N/A			12/29/06		
Keavy #2 69-12.5 kV, 11.2 MVA	S	●	●	N/A	●	●				06/01/06		
Keavy-Laurel Co. (Circuit #2), 69 kV, .40 mi.	L	●	❖	❖	○	○				06/01/06		
KU Bedford Tap	L	●	N/A	●	●	●	●	●	●	06/15/05	06/24/05	
Laurel Co. Ind'l Park #2 Sub 11.2 MVA	S	●	●	N/A	●	●	N/A	○		05/05/06		
Liberty Church 11.2/14 MVA, 69-13.2 kV Sub	S	●								05/01/07		
Tap, 1.8 mi	L	●								05/01/07		
Little Mount 161-12.5 kV Distr. Substation	S	●	●	●	●	●	●	●		12/01/05		
Tap, 6 mi.	L	●	●	●	●	●	●	□	□	12/01/05		
Memphis Jct. 161 kV Trans Sub ( 2 Breakers)	S	●	❖	N/A	●	□				12/31/07		
Memphis Jct. - Aberdeen 161kV 27 mi	L	●	○	○	□	□				12/31/07		
North Clark (Sideview) 345 kV Transmission Station	S	●		□						06/01/07		
Oak Ridge 69-2.5 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	●	05/05/06		03/13/06
Oak Ridge Tap	L	●	●	●	●	●	N/A	●	●	05/01/06		03/10/06
Pine Grove #2 69-12.5kV, 11.2/14MVA Sub Add.	S	●								11/01/07		
Pine Grove # 2 Tap 69 kV, 0.1 mi.	L	●								11/01/07		
Powell - Taylor 69-12.5 kV, 11.2 MVA Sub	S	●	●	●	●	□				06/02/06		
Powell - Taylor 69 kV Tap 4.75 mi.	L	●	❖	□	□	□				06/01/06		

- ❖ - Project Started
- - 25% - 49% Complete
- - 50% - 89% Complete
- - 90% - 100% Complete

- S Substation Team
- L Line Team



**Power Delivery Expansion  
MARCH PROJECT SUMMARY  
2006**

Projects	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\R/W Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>SUBS &amp; TAPS CONT'D</b>												
Rowan Co. 138 kV Breaker Addition	S	●	N/A	N/A	N/A	●	N/A	□		01/02/07		
Salmons Substation 161-69 kV (Warren RECC)	S	●								12/31/07		
Snow Hill 69-25 kV, 11.21/14 MVA Sub	S	●		□						06/01/07		
Tap .20 mi	L	●		□						05/01/06		
South Point 69-12.47kV, 11.2 Sub	S	●		❖						06/01/06		
Tap	L	●		❖						06/01/06		
Spurlock #4	S	●		N/A		❖				02/15/08		
Upchurch Sub 11.2/14 MVA Sub 69-12.5 kV	S	●	●	●	●	●	●	□		05/02/06		
Tap	L	●	●	●	●	□		❖		05/02/06		
W. Bardstown Jct. 69 kV BKR Station	S	●				❖				12/01/06		
W. Nicholasville #2 69-12.5kV, 11.2/14MVA Sub Addit.	S	●								05/01/07		
W. Nicholasville Tap 69 kV, .04 mi	L	●								05/01/07		
Web's Cross Roads 69-12.5 11.2/14 MVA Sub	S	●								11/01/06		
Web's Cross Roads Tap .30 mi.	L	●		❖	❖					11/01/06		
Wilson-Aberdeen 161/69 kV, 26mi.	L	●		❖	○	○				12/31/07		
Woodstock 11.2/14 MVA Substation	S	●								12/01/07		
Woodstock 69 kV Tap, 4.4 mi.	L	●								12/01/07		
<b>STATION UPGRADES</b>												
Avon 138 kV Line Tap (Dale Line)	S	●	N/A	N/A	N/A	●	●	●	●	Complete		
Boone Dist Sub Upgrade 15/20/25 MVA Complete	S	●	●	N/A	●	●	N/A	○		05/01/06		
Boone Co. Station Service Relocation	S	●	N/A	N/A	N/A	●	●	□	●	05/01/06		
Boone Sub Tap Reconf 69kV, 0.1 m	L	●								05/01/06		
Cooper Aux. Transformer Addition	S	●	N/A	N/A	●	●	N/A	●	●	09/01/03	02/01/04	
Cooper Dist Sub Rebuild	S	●	N/A	N/A	●	●	●	●	●	12/01/05		03/14/06
Kargle #1 Addition	S	●	●	N/A	●	●	N/A	●	●	12/30/05		
McKinney Corner Substation Upgrade	S	●								05/01/06		
<b>CAPACITOR BANKS</b>												
Bedford 6.12 MVAR Cap Bank & Tap	S&L	●	●	●	●	●	N/A	●		06/01/05	09/11/05	02/09/06
Blevins Valley 10.1 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●		05/01/06		
Clay Village 12.25 MVAR Cap bank	S	●								05/01/06		
Griffin 9.18 MVAR Cap Bank	S	●								05/01/06		

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**Power Delivery Expansion  
MARCH PROJECT SUMMARY  
2006**

Projects	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\RW Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>CAPACITOR BANKS CONT'D</b>												
Hickory Plains 25.52 MVAR Cap Bank	S	●	N/A	N/A	❖	❖				05/01/06		
Lees Lick 10.715 MVAR Cap Bank	S	●	N/A	●	N/A	●	N/A	●	●	01/31/02	06/21/02	
Loretto 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	●	12/01/04	07/31/04	
Martin County 12.25 MVAR Cap Bank	S	●	N/A	N/A		○				05/01/06		
Maytown 10.2 MVAR Cap Bank	S									12/01/06		
Norwood 20.41 MVAR Cap Bank & Tap	S&L	●								12/01/06		
Shelby County 25.51 MVAR Cap Bank & Tap	S&L	●	●	N/A	●	●	N/A	●	□	12/01/03	12/01/03	
Sideview 7.14 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	●	●	○	05/01/06		
Sinai 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●	●	12/01/05	07/16/05	
Tyner Increase to 26.53 MVAR Capacitor	S&L	●	N/A	N/A	●	❖				12/01/05		
W. R. Smoot 30.61 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	○	05/01/06		
<b>RECONDUCTORS</b>												
Bonnieville-Munfordville, 69kV, 8.18 mi.	L	●	N/A	N/A	●	●	N/A	❖		12/01/05		
Burkesville-Snow Jct.69kV Recond, 556.6, 10.07	L	●								12/01/07		
Dale - Three Forks Jct. 138 kV Rebuild 4.75 mi	L	●			❖	❖				11/30/07		
Davis Jct. - Nicholasville 69 kV(556.6 MCM ACSS) 4 Miles	L	●								05/02/07		
Fort Knox Jct. - Smithersville Jct. 69 kV, 3.11 mi.	L	●								05/01/07		
Grants Lick-Stanley Parker Jct., 69kV, 9.94 mi.	L	●	N/A	N/A	●	●	N/A			12/01/05		
Headquartaers - Millersburg Reconductor .09		●	N/A	N/A	□	●	N/A			05/01/06		
Hickory Plains - PPG 69kV Recond 556.5 2.5 mi	L	●								12/02/07		
Hillsboro- Peastick 69kV Recond, 556.6, 10.51 mi	L	●								12/01/07		
GEE's Fawkes Tap-Fawkes KU 138kV Line Recon	L	●								04/01/07		
Three Forks Jct.-Fawkes 138kV Line Rebuild 2.58mi	L	●			❖	❖				11/30/07		
Tyner-North London ReBLD.954MCM 69kV,16.71mi	L	●								05/01/07		
Tyner - McKee Trans. Line Rebuild 954 MCM 9.3 mi	L	●								05/01/07		
Union City - Lake Reba Tap 138 kV Rebuild 1.3 mi	L	●			❖	❖				11/30/07		
W. Bardstown Jct - W Bardstown 69 kV, 4.5 miles	L	●	N/A	N/A			N/A			12/15/06		
W. Berea - Three Links Reconductor .09 miles	L	●								05/01/06		

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## Power Production

MARCH 2006

### Engineering

Engineering is supporting the Smith Unit No. 1 and Spurlock Unit No. 4.

Engineering is also supporting the scrubbers at Spurlock Power Station.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

### Environmental

A public hearing was held on the Spurlock Power Station Unit No. 4 Air Quality Permit. Following consideration of comments, the final permit to construct will be issued.

Witness preparation has continued for the NSR Lawsuit currently scheduled for May 23, 2006. Additional time will be scheduled for this effort.

A number of meetings have been held with the Division for Air Quality on both the Draft Permit on Spurlock Power Station Unit No. 4 and the soon to be submitted Smith application. A meeting with the Federal Land Manager has been scheduled for April 7<sup>th</sup> for the Smith Power Station Permit.

A discussion was held with the Division for Air Quality for a test burn of wood at Cooper Power Station. An approval request will be submitted for that test burn.

The Division for Air Quality has requested mercury emission data for all power plants in the state. They are required by EPA to develop a new regulatory program by November of this year.

These activities support all three of our corporate key measures—reliable energy, competitive energy, and services.

### Fuel

EKPC's coal inventory at the end of March 2006 will be approximately 59 days. The inventory is projected to be at approximately this same level at the end of April.

Fuel personnel have continued their increased contact with EKPC coal suppliers to ensure that deliveries remain as current as possible. Deliveries to Gilbert, where possible, have been delayed due to the high inventory.

# Power Production

## Production Monthly Report

Page 2

March 2006

### Fuel (Continues)

Fuel personnel continue to provide assistance to Production personnel in regards to future fuel sources for Gilbert Unit 3, Spurlock Unit No. 4, Smith Unit No. 1, and future combustion turbines.

Replacement contracts have been negotiated at prices less than the Charolais contract for the Gilbert unit at Spurlock Power Station. The Charolais contract has been mutually cancelled through the contract market price re-opener.

Approximately 15,000 gallons of No. 2 fuel oil were purchased for Dale Power Station and 15,000 gallons for Cooper Power Station.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

### Production

#### Dale Power Station

Dale Power Station has generated a total of 204,761 net MWh through February 28, 2006. Unit No. 1 was on-line and fully available until a scheduled outage on March 4<sup>th</sup> due to spring outage. The unit was back on-line March 19<sup>th</sup> and remained on-line until March 20<sup>th</sup>. At this time the unit was forced off-line due to a water wall tube leak. The repair was made, and the unit was put back on-line March 21<sup>st</sup>. On March 24<sup>th</sup> the unit was scheduled off-line to take fine mesh screen out of main stop valve on the turbine. The unit was back on-line March 25<sup>th</sup> and fully available the remainder of the month. Unit No. 2 was on-line and fully available until a scheduled outage on March 9<sup>th</sup> due to spring outage. The unit was back on-line March 21<sup>st</sup> and fully available the remainder of the month. Unit No. 3 was on-line and fully available for the month. Unit No. 4 was on-line and fully available until March 17<sup>th</sup>. The unit was forced off-line due to a 138 kV bus differential; a KU bucket truck hit a transmission line. The 138 kV switchyard was put back in-service and back on-line the same day and fully available the remainder of the month.

Dale's employees performed semi-annual preventive maintenance on Unit No. 1 and Unit No. 2 boiler and turbine equipment. Unit No. 2B mill was rebuilt and installed new treated water headers and lines for Unit No. 1 and Unit No. 2.

# Power Production

## Production Monthly Report

Page 3

March 2006

### Dale Power Station (Continues)

Performance Contracting was on-site for Unit No. 1 and Unit No. 2 outages with VAC truck to clean penthouse, ductwork, and windbox. Enerfab replaced 71 sections of rear water wall tubes. RTW Industrial was on-site repairing refractory on Unit No. 1 water wall tubes. B&W was also on-site for boiler inspection. Steve Hays of Factory Mutual was on-site to inspect Unit No. 1 and Unit No. 2.

Other routine preventive maintenance was also performed plant-wide by Dale Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

### J.K. Smith Power Station

The combustion turbines have generated a total of 10,846 net MWh through February 28, 2006. All units were available for the entire month.

Preparation and planning is ongoing for Smith Unit No. 1 CFB and combustion turbines eight through twelve.

Work is ongoing for the Technician Training Program at J.K. Smith Power Station. Internal preventive maintenance is ongoing at J.K. Smith.

Other routine preventive maintenance was performed plant-wide by J.K. Smith Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

# Power Production

## Production Monthly Report

Page 4

March 2006

### Cooper Power Station

Cooper Power Station has generated 365,072 net MWh through February 28, 2006. Unit No. 1 was on-line and fully available until a scheduled outage March 10<sup>th</sup> for spring outage. The unit was back on-line March 22<sup>nd</sup> and fully available the remainder of the month. The unit was back on-line 2 ½ days early. Unit No. 2 was on-line until a forced outage on March 3<sup>rd</sup>. The control system cards were replaced, and the unit was back on-line the same day. The unit was scheduled off-line on March 25<sup>th</sup> and back on-line on March 26<sup>th</sup> to clean the condenser. The unit was scheduled off-line again on March 26<sup>th</sup> to check the control cards. The unit was back on-line the same day. Also, on March 26<sup>th</sup> the unit was off-line for more turbine control card checks. The unit was on-line and fully available the remainder of the month.

Cooper Power Station's maintenance personnel performed normal preventive maintenance tasks during the month. Some of the tasks that were completed were ball and spring checked on Unit No. 1 and Unit No. 2 pulverizers, shot tubes on Unit No. 1 and Unit No. 2 condensers, changed oil and greased various pieces of equipment, meggered Unit No. 1 motors, and inspected coal feeders.

B&W Construction replaced leading edge tubes on Unit No. 1 boiler. Hall Contracting replaced Unit No. 1 hydrogen cooling water supply and discharge lines. Magnetech, Inc., did vibration analysis on critical equipment.

Other routine preventive maintenance was performed plant-wide by Cooper Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

### Spurlock Power Station

Spurlock Power Station has generated a net equivalent of 1,344,232 MWh through February 28, 2006. Unit No. 1 was on-line and fully available for the month of March. Unit No. 2 was on-line and fully available until March 27<sup>th</sup>. The unit was scheduled off-line for annual outage for boiler inspection and minor repairs. Unit No. 3 was on-line and fully available until March 24<sup>th</sup> when the unit had to be derated due to a bad servo closing the No. 1 control valve. The derate remained in effect for approximately 60 hours and ended at noon on March 26<sup>th</sup> when the unit was taken off-line to replace the servo. The unit was back online on March 28<sup>th</sup> and fully available the remainder of the month.

**Production Monthly Report**

Page 5

March 2006

Spurlock Power Station (Continues)

Unit No. 3 has been burning the Tire Derived Fuel since March 6<sup>th</sup>.

Other routine preventive maintenance was performed plant-wide by Spurlock Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

**MAY 2006**

# COORDINATED PLANNING

APRIL 2006

## Transmission Planning

### Summary of Future Transmission Projects Identified as of May 2006

Transmission planning has presently identified the following transmission expansion requirements for the ten-year planning horizon (2006 through 2015):

- 266 miles of new transmission line construction, including 55 miles of new 345 kV line required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 17 new transmission switching substations, including three new 345 kV switching substations required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 201 miles of re-conductor or rebuild of existing transmission line
- 26 new breaker additions at existing transmission substations
- Replacement of four existing transmission transformers
- 31 new 69 kV capacitor banks totaling 469 Mvars
- 197 miles of transmission line requiring high-temperature upgrades
- 31 new distribution substations
- 3 upgrades of existing distribution transformers

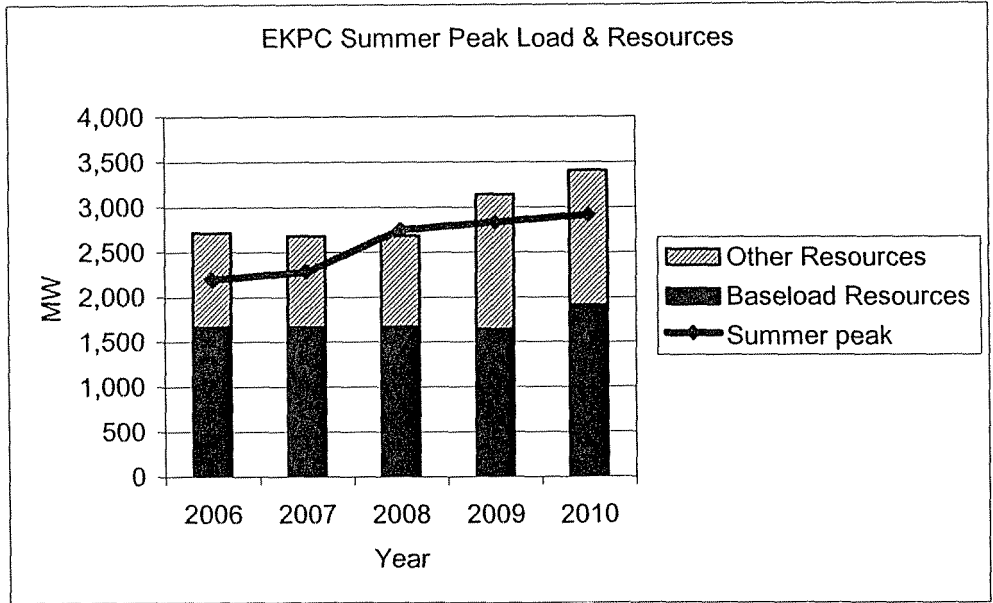
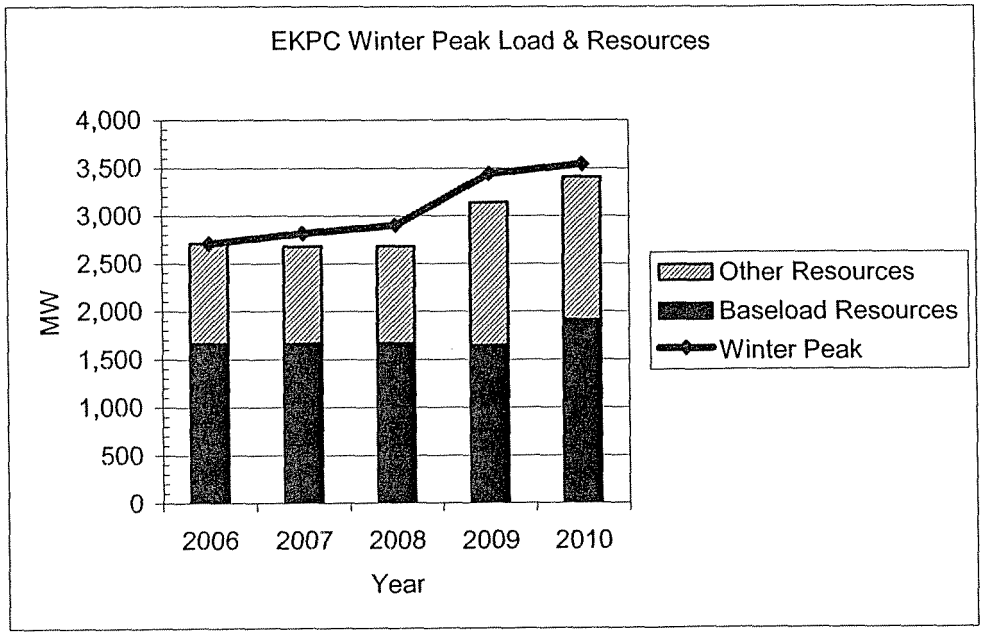
All of the above numbers include the new 161 kV lines and substations required for Warren RECC's membership in EKPC.



# COORDINATED PLANNING

## Resource Planning

The following graphs show the projected winter peak load and capacity resources broken down by baseload and other resources. Capacity resources include existing and committed resources as noted following the graphs. The peak loads shown do not include reserves. The winter graph shows the impact of delays in adding new capacity. EKPC will need to make seasonal purchases of transmission and/or power to cover the peak load and reserves. Summer seasonal purchases should not be necessary except in 2008, although it may be economical to purchase transmission to bring in economy power.



NOTES:

Gallatin Steel interruptible load is excluded, along with small interruptible loads.

Includes Greenup Hydro generation purchase through Dec 2006.

Pendleton Co. LFGTE assumed to be on-line January 2007.

Smith CTs 8-11 assumed to be on-line by Summer 2008.

Smith CT 12 assumed to be on-line by Fall 2008.

Warren RECC load data included April 2008.

Spurlock 4 unit assumed to be on-line Spring 2009.

Smith CFB 1 assumed to be on-line Spring 2010.

APRIL 2006

**Finance & Risk Management Process – Frank Oliva, Manager**Treasury Management

- Cash Management

EKPC continues to investigate the best possible options of investing excess funds to enhance yield and project daily corporate cash needs. On April 28, EKPC had \$68,128,000 of temporary, short-term investments in general funds. Interest rates on investments ranged from 4.56% to 4.76%. \$2,817,432 (book value) is invested in long-term treasury and government agency securities, primarily pledged as security for insurance and post-retirement liabilities. This action supports EKPC's Mission to provide competitive energy to the member systems.

- Construction Funds

On April 11, EKPC requested advances a total of \$25,000,000 on the Z-8 FFB Guaranteed Loan for the construction of Gilbert Unit #3 and its associated transmission facilities; of which \$15,000,000 is to be received on May 3, and \$10,000,000 is to be received on May 9.

The interest rates on our floating/fixed rate pollution bonds through April 30 were:

Cooper – 6 Month fixed rate – 3.42%

Smith – 6 Month fixed rate – 3.68%

Spurlock – weekly floating rate ranged from 3.15% to 3.97%

The EKPC Residential Marketing Loan Program has been utilized by seven member systems for the purpose of making loans to member-consumers. EKPC will make loan funds available to each of its member systems that desire such funds. As of April 30, 6 of the 71 loans remain outstanding with balances totaling \$77,373.

To intensify marketplace opportunities in the area of propane, EKPC has entered into Revolving Line of Credit Agreements with four member systems. As of April 30, EKPC has purchased \$1,566,000 in capital stock and has loaned \$0 on the line of credit. In addition, EKPC had loaned \$3,798,498 to the four subsidiary corporations for the purchase of Thermogas' 50% interest in the retail propane joint ventures. The outstanding balance as of April 30 was \$3,605,246.

As of April 30, \$664,045 plus interest remains outstanding to promote industrial development in the certified territory of four member systems through

Finance Monthly Report  
Page 2  
April 2006

an Industrial Development Pilot Project. These actions support EKPC's Mission to provide competitive energy to the member systems.

- Finance

The Finance Process continues to monitor and maintain current financial information. In April, the CFC interest rate for lines of credit was 6.75% and the CFC variable, long-term rate was 6.90%. FFB interest rates on April 30 were 4.84% and 5.19% for two-year loans and thirty-year loans, respectively. The prime commercial rate remained at 7.75%. The interest rate on April 28 for the CFC thirty-year long-term fixed rate loan was 7.60%. As of April 28, the interest rates on EKPC's Revolving Credit Facility ranged from 5.87% to 6.05%. This action supports EKPC's Mission to provide competitive energy to the member systems.

Budget & Financial Planning

- Budget

Prepared actual-to-budget comparison reports for February 2006 for all departments and business units. Final reports for December 2005 were completed after year-end closing.

Continued monthly analysis of fuel, purchased power, emission allowances and environmental surcharge revenue used in the evaluation of the 2006 projected margin.

Provided historical, current, and projected volume and cost of coal, oil, gas, methane gas, emission allowances, and purchased power for the Business Management Plan. This information will be used in comparison of historical and projected trends of these large expenses for the cooperative.

The Budget Team provided various analyses of actual and budget data for the cost containment review of the Member Services business unit. These actions support EKPC's Mission to provide competitive energy to member systems.

- Financial Planning

Participated in the decision team's study of emissions compliance options for Cooper Station. Preliminary economic analysis continued on these various options. This action supports EKPC's mission to provide competitive energy to the member systems.

Finance Monthly Report  
Page 3  
April 2006

### Risk Management

- Insurance – A current insurance schedule is included with this report.

#### Property Insurance –

Builder's Risk Coverage – Work continues on obtaining Builder's Risk insurance coverage for the additional CTs and Smith #1.

Employment Practices – Personnel continue to work with Legal staff on specific employment practice suits.

- Member Systems Claims for Transmission System Disturbance – Three claims for South Kentucky RECC were paid.
- Energy Risk Management

Energy Risk Management Policy – The final drafts of the Energy Risk Management policy and procedures are being reviewed and will soon go to the Audit Committee, serving as the Risk Oversight Committee, for review. The policy is to document EKPC's policies on managing the risk inherent in its wholesale energy business.

EKPC Power Purchase Agreements and Credit Management – EKPC's credit is being reviewed and negotiated for purchases of power, transmission, Financial Trading Rights (FTR's) emission allowances and coal. Risk Management personnel continue to obtain, monitor and manage the credit support provided by trading counterparties, in the form of parental guarantees and payment netting provisions. Agreements are being negotiated with several counterparties.

MISO and PJM – Risk personnel continue to keep abreast of the evolving market.

Emergency Restoration Plan (ERP) – Distribution in process.

<b>East Kentucky Power 2005-2006 Business Insurance</b>					
<b>as of April 30, 2006</b>					
Type	Carrier	Coverage Limit	Self-Insured Retention	Annual Premium*	
Property	FM Global	\$2,869,666,209	\$50,000 Headquarters \$1,000,000 -All other	\$2,136,752	
Excess Liability (Commercial Umbrella) inc. Employment Practices Liability	AEGIS	\$35,000,000	\$1,000,000	\$525,866	
Excess Workers' Compensation	AEGIS	\$35,000,000	\$250,000	\$163,178	
Marine (Landing Dock Liability)	CNA/MOAC	\$1,000,000	\$100,000	\$6,784	
Excess Marine (Landing Dock Liability)	CNA/MOAC	\$5,000,000	n/a	\$8,374	
Crime (coverage limits from \$1 to \$10 million)	Chubb (Federal Insur Co)	\$1,000,000/10,000,000	\$25,000/\$100,000	\$28,928	
Directors & Officers Liability	AEGIS	\$10,000,000	\$75,000	\$60,010	
Fiduciary Liability	St. Paul/Travelers	\$10,000,000	\$0	\$10,900	
Builder's Risk - Spurlock #4 <i>3 year policy term- pd annually, coverage limit increases each year</i>	FM Global	\$250,000,000	\$500,000	\$235,631	
<b>ENVISION, LLC</b>					
Professional Liability	Tudor Insurance Co	\$1,000,000	\$2,500	\$3,382	

\*Premium includes state surcharge and all taxes unless otherwise noted.

**E.A. Gilbert Generation Project Costs thru 3/31/2006**

Contract #	Contract Purpose	Contractor	Original Design Costs	Contract Award + Amendment Costs	Contr. Award/Amend Over/(Under) Design Costs	(thru 3/31/06) Actual Recorded Expenditures	Actual Over/(Under) Contr. Amended Costs
E1	Turbine/Generator	GE	\$ 32,223,000	\$ 32,586,200.00	\$ 363,200.00	\$ 32,602,490	\$ 16,289.95
E6	Feedwater Heaters	Yuba Heat	1,436,000	728,185	(707,815)	737,889	9,704
E8	Deaerator	Ecodyne	225,000	192,500	(32,500)	192,500	-
E11	Condenser	TEI	1,620,000	1,560,662	(59,338)	1,560,662	-
E16	Circ. Water Pumps	Goulds/ITT	796,000	611,700	(184,300)	611,700	-
E17	Condensate Pumps	Flowserve	260,000	232,610	(27,390)	236,056	3,446
E21	Boiler Feed Pumps	Flowserve	1,260,000	1,735,539	475,539	1,708,081	(27,458)
E36	Distributed Control System (DCS)	ABB	2,000,000	4,345,000	2,345,000	2,982,448	(1,362,552)
E101	Alloy Piping	Bendtec	-	1,951,529	1,951,529	1,951,529	-
E103	Radial Stacker/Reclaimer	Metso Minerals	-	1,815,500	1,815,500	1,956,671	141,171
E131	Transformers	Waukesa/PSD	2,825,000	3,576,441	751,441	3,567,561	(8,880)
E146	Switchgear	Pederson	780,000	3,783,855	3,003,855	3,783,855	0
E201	Boiler Island	Alstom Power	126,900,000	146,725,985	19,825,985	149,038,624	2,312,639
E211	Coal/Limestone Handling	Sedgman	2,050,000	15,667,473	13,617,473	16,092,380	424,907
E221	Stack	Pullman Power	4,950,000	4,604,000	(346,000)	4,604,000	-
E222	Cooling Tower	Marley Cooling	1,900,000	2,382,600	482,600	2,383,549	949
E251	Piling	Richard Goettle	9,600,000	5,071,757	(4,528,243)	5,127,161	55,404
E261	Substructure	Baker	-	9,650,846	9,650,846	15,360,294	5,709,448
E281	Balance of Plant (+Misc. Pumps)	Cherne Contracting	76,001,000	82,105,100	6,104,100	83,288,178	1,183,078
E332	Painting	Universal	-	2,631,846	2,631,846	2,631,846	0
		Subtotal	\$ 264,826,000	321,959,328	57,133,328	330,417,473	8,458,145
	Escalation of Contracts		\$ 4,490,000		(4,490,000)		
	Contingency		9,880,000		(9,880,000)		
	Boiler Contingency		13,000,000		(13,000,000)		
		Subtotal	\$ 27,370,000	-	(27,370,000)	-	-
	<b>Total Contracts</b>		<b>\$ 292,196,000</b>	<b>321,959,328</b>	<b>29,763,328</b>	<b>330,417,473</b>	<b>8,458,145</b>
Other Costs							
	Engineering Design	Stanley	\$ 10,640,000	11,720,000	1,080,000	13,274,736	1,554,736
	Owners Cost	EKPC	19,500,000	19,500,000	-	20,801,890	1,301,890
	Spare Parts	EKPC	3,000,000	3,000,000	-	138,235	(2,861,765)
	Site Prep	EKPC	500,000	500,000	-	3,386,927	2,886,927
	Environmental Costs	EKPC	1,275,000	1,275,000	-	554,725	(720,275)
	Total Other		\$ 34,915,000	35,995,000	1,080,000	38,156,514	2,161,514
	<b>Total Contracts + Other</b>		<b>\$ 327,111,000</b>	<b>357,954,328</b>	<b>30,843,328</b>	<b>368,573,987</b>	<b>10,619,659</b>
	IDC		40,500,000	40,500,000	-	30,582,152	(9,917,848)
	Fuel Credit during Commissioning					(1,979,134)	(1,979,134)
	<b>Project Total</b>		<b>\$ 367,611,000</b>	<b>398,454,328</b>	<b>30,843,328</b>	<b>397,177,004</b>	<b>(1,277,324)</b>

Spurlock #4 Generation Project Costs thru 3/31/2006

Contract #	Contract Number Purpose	Contractor	Original Design Costs	Contract Award + Amendment Costs	Contr. Award/Amend Over/(Under) Design Costs	(thru 3/31/06) Actual Recorded Expenditures	Actual Over/(Under) Contr. Amended Costs
F1	TURBINE GENERATOR	GE	\$ 32,395,000	\$ 32,895,000.00	\$ 500,000.00	\$ 14,831,024.40	\$ (18,063,975.60)
F6	FEEDWATER HEATERS	Yuba	756,000	1,207,124	451,124	1,118,645	(88,479)
F8	DEAERATOR	Ecodyne	200,000	303,094	103,094	280,040	(23,054)
F11	CONDENSER	TEI	1,600,000	2,858,510	1,258,510	2,144,100	(714,410)
F16	CIRCULATING WATER PUMPS	ITT Industries	630,000	694,200	64,200	69,420	(624,780)
F17	CONDENSATE PUMPS	Flowsolve	245,000	323,505	78,505	169,175	(154,331)
F21	BOILER FEED PUMPS	Flowsolve	1,774,000	2,375,772	601,772	232,740	(2,143,033)
F36	DISTRIBUTED CONTROL SYSTEM		4,000,000		(4,000,000)		-
F46	FANS & MOTORS	Howden	2,668,000	2,718,458	50,458	263,470	(2,454,988)
F71	ASH HANDLING EQ ONLY		1,500,000		(1,500,000)		-
F101	ALLOY PIPING AND ALLOY SUPPOF	BendTec	2,450,000	3,922,297	1,472,297		(3,922,297)
F103	RADIAL STACKER/RECLAIMER		-		-		-
F131A	TRANSFORMERS - Large	Pauwels	4,625,000	3,100,552	(1,524,448)		(3,100,552)
F131B	TRANSFORMERS - Medium	Waukesha	-	1,354,700	1,354,700		(1,354,700)
F146	SWITCHGEAR	Pederson Power	4,273,000	3,914,646	(358,354)	1,101,112	(2,813,534)
F201	BOILER ISLAND	Alstom Power	180,500,000	194,500,000	14,000,000	66,682,345	(127,817,655)
F204	EMISSIONS MONITORING		300,000		(300,000)		-
F211	COAL/LIMESTONE HANDLING	Dearborn Mid-West	8,650,000	12,078,400	3,428,400		(12,078,400)
F221	STACK / CHIMNEY	Pullman Power	5,700,000	5,851,000	151,000	78,000	(5,773,000)
F222	COOLING TOWER	Marley Cooling Twr.	2,454,000	3,025,100	571,100	302,510	(2,722,590)
F251	PILING	Richard Goettle	5,650,000	6,560,145	910,145	5,868,719	(691,426)
F261	SUBSTRUCTURE	Baker Concrete	12,900,000	17,178,476	4,278,476	2,839,687	(14,338,789)
F271	STRUCTURAL STEEL		-		-		-
F263	CIRCULATING WATER PIPE	Reynolds	6,000,000	10,385,620	4,385,620	2,480,441	(7,905,179)
F264	ASH SILO'S		-		-		-
F281	BALANCE OF PLANT	Cherne	72,000,000	99,574,708	27,574,708	800,000	(98,774,708)
F281	TURBINE CRANE		-		-		-
F281	AUXILIARY GEN & BUILDING (2000 KW) <sup>c</sup>		-		-		-
F332	PAINTING		2,500,000		(2,500,000)		-
	Subtotal		\$ 353,770,000	404,821,306	51,051,306	99,261,427	(305,559,879)
	STEEL CONTINGENCY		\$ 10,000,000		(10,000,000)		
	F201 BOILER CONTINGENCY		9,025,000		(9,025,000)		
	F281 BOP CONTINGENCY		7,200,000		(7,200,000)		
	CONTINGENCY (EXCL F1,F201,F281)		6,887,500				
	Subtotal		\$ 33,112,500	-	(26,225,000)	-	-
	<b>Total Contracts</b>		<b>\$ 386,882,500</b>	<b>404,821,306</b>	<b>24,826,306</b>	<b>99,261,427</b>	<b>(305,559,879)</b>
	Other Costs						
	Engineering Design	Stanley	\$ 16,270,000	16,200,000	(70,000)	5,938,354	(10,261,646)
	Owners Cost	EKPC	20,000,000	20,000,000	-	3,835,411	(16,164,589)
	Spare Parts	EKPC	-	-	-	-	-
	Site Prep	EKPC	-	-	-	1,332,342	1,332,342
	Environmental Costs	EKPC	-	-	-	-	-
	Total Other		\$ 36,270,000	36,200,000	(70,000)	11,106,107	(25,093,893)
	<b>Total Contracts + Other</b>		<b>\$ 423,152,500</b>	<b>441,021,306</b>	<b>24,756,306</b>	<b>110,367,534</b>	<b>(330,653,772)</b>
	Interest During Construction	IDC	46,546,775	46,546,775	-	2,387,655	(44,159,120)
	Fuel Credit during Commissioning						(1,979,134)
	<b>Project Total</b>		<b>\$ 469,699,275</b>	<b>487,568,081</b>	<b>24,756,306</b>	<b>112,755,189</b>	<b>(376,792,026)</b>



# Finance & Planning

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## Accounting and Materials Management Process – Ann Wood, Manager

### General Accounting

Accounts payable wrote 1,044 checks in April 2006 totaling approximately \$35,179,000. The FERC Form 1 was submitted to the Kentucky Public Service Commission.

### East Kentucky Power Cooperative Fuel Adjustment Comparison with Kentucky Utilities As of March 31, 2006

Expense Month	EKPC Base Rate \$/mwh	EKPC Actual Fuel Rate \$/mwh	Debit/Credit \$/mwh	KU Base Rate \$/mwh	KU Actual Fuel Rate \$/mwh	Debit/Credit \$/mwh
Oct-04	15.60	20.18	4.58	14.94	18.01	3.07
Nov-04	15.60	22.56	6.96	14.94	17.05	2.11
Dec-04	15.60	26.85	11.25	14.94	17.73	2.79
Jan-05	15.60	28.28	12.68	14.94	18.14	3.20
Feb-05	15.60	23.39	7.79	14.94	18.46	3.52
Mar-05	15.60	23.23	7.63	14.94	17.61	2.67
Apr-05	15.60	23.06	7.46	14.94	20.06	5.12
May-05	20.25	21.90	1.65	18.10	19.28	1.18
Jun-05	20.25	25.16	4.91	14.94	24.12	9.18
Jul-05	20.25	25.69	5.44	18.10	24.81	6.71
Aug-05	20.25	31.34	11.09	18.10	25.70	7.60
Sep-05	20.25	29.12	8.87	18.10	24.80	6.70
Oct-05	20.25	28.34	8.09	18.10	23.89	5.79
Nov-05	20.25	26.97	6.72	18.10	20.41	2.31
Dec-05	20.25	33.34	13.09	18.10	20.73	2.63
Jan-06	20.25	27.81	7.56	18.10	20.13	2.03
Feb-06	20.25	27.13	6.88	18.10	22.50	4.40
Mar-06	20.25	26.38	6.13	18.10	25.30	7.20

## Finance & Planning

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### Crowe Chizek Audit

Crowe Chizek reviewed the results of the audit at the April 2006 Audit Committee meeting. The 2005 audit is now final.

### Materials Management

The Winchester Warehouse inventory increased during March by \$155,810, with an ending balance of \$12,178,349. Stock-related material handled during the month totaled \$994,804, and included material for sixteen (16) Power Delivery Expansion projects, and credits for nine (9) projects. 8,546 gallons of fuel were pumped at the facility during February. 7,940 gallons of unleaded were purchased for \$2.48/gallon; no diesel was purchased during the month.

### Payroll

This team is in the process of adding several new departments to the PeopleSoft Time and Labor self-service module. Testing was completed on a time and labor update. This has been moved to the production environment. We are currently testing more time and labor bundles and a Tax Update.

### Plant Accounting

Assets – Gannett-Fleming completed their site visit and are in the process of finalizing their report for the depreciation study.

### **Pricing Process -- Bill Bosta, Manager**

#### EKPC/LG&E Transmission and Interconnection Agreement Dispute

The parties filed Reply Briefs on Exception on January 3, 2006, and the case is ripe for decision. While the FERC is required to rule on Judge Grossman's decision, the Commissioners are under no time deadline to rule on the case and the rates being billed by LG&E to EKPC remain subject to refund. Based on the Commission's rulings thus far, EKPC will experience a 15% increase (about \$300,000 annually) in costs compared to the 43% increase (about \$860,000 annually) originally proposed and billed by LG&E. Based on the billing from LG&E since November 2002, EKPC estimates that LG&E will be forced to refund

## Finance & Planning

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over \$1.4 million to EKPC. The \$3.5 million refund advocated by the FERC Trial Staff due to pancaked rates is in addition to the \$1.4 million noted above.

As a part of the LG&E request to exit MISO at the FERC, EKPC was able to negotiate a provision that allows LG&E to reimburse EKPC for the pancaked rates issue beginning December 1. To date, EKPC has received a credit of about \$69,000 for December, \$120,000 for January, and \$93,000 for February, or about \$282,000.

This project will enable EKPC to continue to strive to provide reliable service at a competitive price.

### Environmental Surcharge Implementation/Emission Allowance Strategy & Six-Month Review Case No. 2006-00131

On April 20, EKPC submitted its tenth monthly report to the Commission for the Environmental Surcharge factor. EKPC filed a factor of 9.08% to be applied to service rendered in April 2006 and billed in May. EKPC also filed environmental surcharge factors on behalf of each of the sixteen member systems, ranging from 5.98% to 7.64%. On April 25, the Commission issued data requests to EKPC and its Member Systems for the first six-month review case. EKPC must file responses to the data requests as well as testimony in the case by May 17. This project helps EKPC maintain financial stability while meeting all regulatory compliance issues.

# Finance & Planning

MONTHLY REPORT

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East Kentucky Power Cooperative, Inc.  
Estimated Monthly Environmental Surcharge Factors  
April 2006 through December 2007

EKPC Expense Month (1)	12-month Rolling AVG Revenue (2)	Estimated Net Revenue Requirement (3)	Est. Monthly Environmental Surcharge Factor (4)
April-06	\$50,142,559	\$4,452,621	8.37%
May-06	\$50,710,306	\$5,548,977	10.43%
June-06	\$50,937,243	\$6,156,468	11.58%
July-06	\$51,218,272	\$6,966,437	13.09%
August-06	\$51,540,943	\$6,869,778	12.82%
September-06	\$51,488,609	\$6,054,658	11.25%
October-06	\$51,531,937	\$5,086,919	9.36%
November-06	\$52,077,195	\$5,392,019	9.84%
December-06	\$52,176,328	\$6,234,189	11.44%
January-07	\$52,668,654	\$7,547,839	13.82%
February-07	\$53,172,568	\$6,933,873	12.53%
March-07	\$53,672,918	\$6,933,628	12.41%
April-07	\$53,744,751	\$5,569,230	9.85%
May-07	\$54,540,102	\$6,073,659	10.63%
June-07	\$55,403,696	\$7,527,542	13.08%
July-07	\$55,573,404	\$8,007,928	13.90%
August-07	\$55,625,581	\$7,904,831	13.70%
September-07	\$55,691,712	\$7,205,677	12.43%
October-07	\$55,771,880	\$6,110,735	10.45%
November-07	\$55,435,952	\$6,265,270	10.79%
December-07	\$55,418,583	\$7,265,036	12.60%

Current SO<sub>2</sub> price was \$725 per allowance as of April 27, 2006.

Current NO<sub>x</sub> price was \$2,350 per allowance as of April 27, 2006.

## Gallatin Settlement

As a result of extensive discussions among the parties as to the appropriate level of NO<sub>x</sub> and SO<sub>2</sub> costs billed under the prior contract, a settlement was reached with Gallatin Steel in mid-April. The settlement closes all issues related to the operation of the prior contract and the effect of the settlement on Gallatin's bill will be deferred until 2007. This project helps EKPC meet its goal of providing reliable service while maintaining financial stability.

## Finance & Planning

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### Direct Load Control DSM Filing

On April 18, the Commission approved EKPC's request for approval of a Demand Side Management (DSM) demonstration project. The project consists of the Direct Load Control of Air Conditioners and Water Heaters. As a result of the Order, EKPC will conduct the demonstration project beginning in June 2006 through the end of September 2007. A total of 400 load control switches for Air Conditioning units will be installed in residences at Blue Grass Energy and 400 Water Heater switches will be installed in residences at Blue Grass as well. An additional 300 Water Heater switches will be installed in residences at Big Sandy RECC. It is anticipated that the project will help EKPC learn whether Direct Load Control is an effective tool in reducing the growth in peak demand. This project helps EKPC meet its goal of providing reliable service while maintaining financial stability.

### Case 2005-00045 Consideration of 2005 Energy Policy Act

On April 13, EKPC and its Member Systems filed responses to the Commission Staff's Second Data Request and the initial data request from the Louisville Metro Human Needs Alliance. The next step in the process is an informal conference among all respondents to the data requests and interested parties to be held on Wednesday, May 10 at the Commission. This project helps EKPC meet its goal of providing excellent service to Member Systems while maintaining regulatory compliance.

### **Internal Audit & Performance Measures -- Graham Johns, Coordinator**

#### Internal Auditing for Member Systems

- Inter-County Energy Cooperative—Completed an audit of right-of-way maintenance and delivered the report to management.
- Clark Energy Cooperative—Completed the fieldwork on an audit of purchasing and the report is being written.
- Jackson Energy Cooperative—Will begin an audit of contracts in May.

#### Zodiak Training (The Game of Business Finance and Strategy)

Co-facilitated a session at Nolin RECC on April 12.

# Finance & Planning

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EKE Federal Credit Union

The Supervisory Committee evaluated proposals for the annual audit and recommended a firm to the Board of Directors.

**Credit Union Process – Brian Tyler, Process Owner**

March 2006 Financial Report

Loans	13,427,477.89
Investments	3,245,178.49
Total Assets	17,557,385.77
Liabilities	2,047,317.74
Deposits	13,256,991.10
Equity	2,253,076.73
Interest on Loans	64,161.74
Investment Income	20,774.56
Total Income	85,839.96
Total Expenses	77,617.23
Retained Earnings	8,222.73
YTD Retained Earnings	28,060.22

Credit Union Survey

The Credit Union will be conducting a survey of the members to determine what products and services to offer in the future. Once the results are compiled, the Credit Union Board of Directors will use this information to determine the path of the Credit Union in the future.

Brian Tyler re-elected to position

Brian Tyler, the manager of the East Kentucky Employees Federal Credit Union, has been re-elected as the president of the Blue Grass Credit Union Chapter. Brian held this position for the past year.

dge/dd  
 c: Directors & Alternate Directors  
 Executive Staff  
 Finance Staff

## Governmental Affairs

APRIL 2006

Mission Statement:

The purpose of Governmental Affairs is to support EKPC in providing reliable, competitively priced electricity and the member systems in improving Kentuckians quality of life by:

- ◆ Developing and implementing legislative and public affairs strategies.
- ◆ Promoting the Cooperative program by educating elected officials and staff at all levels of government.
- ◆ Establishing and maintaining working relationships with other organizations, interests and communities.

Attached is the latest issues of Currents, which highlights all activities during April.

## 2006 SESSION: CO-OP CAVALRY RIDES AGAIN

In one of the electric industry's toughest legislative sessions ever, Kentucky's cooperatives once again came out on top.

In even-numbered years, the "regular" 60-day sessions pack plenty of punch. Elections and budget matters add to the fun.

But longtime observers agreed that this year's session featured more five-star issues for co-ops than ever before.

And, as predicted, the deciding factor in many of these issues was the co-op grassroots strength and support.

Kentucky's co-ops:

- Passed a landmark bill that will provide opportunities to serve rural Kentucky with vital non-electric services
- Secured key legislation to allow Big Rivers Electric Corp. to undo its contract with KU-LG&E-E.ON U.S.
- Allied with investor-owned utilities against a municipal effort to expand their unregulated power & reach
- Finalized new regulations to exempt utility vehicles from hours of service standards

- Fought back attempts to weaken a utility's power of eminent domain, and
- Battled further restrictions on siting new transmission lines and facilities.

The session marked the first time in decades that co-ops sounded a large call to action – and the co-op cavalry answered in unprecedented fashion.

Throughout the session, co-op supporters flooded phone lines and e-mails with hundreds of messages for lawmakers.

Several managers and directors journeyed to Frankfort to meet their local legislators and attend key committee meetings.

Co-op lobbyists developed a unified strategy, educated wary legislators and implemented a complex battle plan against a host of well-funded opponents.

Ron Sheets of KAEC called it a "highly successful, if not historic" session for co-ops that will be remembered for years.

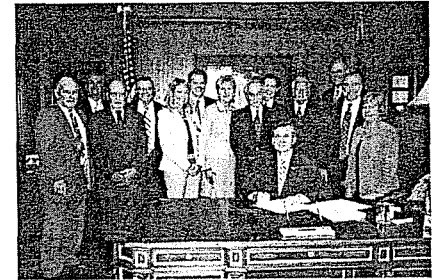
Roy Palk, president & CEO of EKPC, said: "The entire co-op program should be proud of the tremendous grassroots effort that went into this session.

"Our people are our strength, and that was proven again this year. Congratulations to everyone involved."

## GOVERNOR SIGNS CO-OP SERVICES BILL

On April 10, Gov. Ernie Fletcher held a ceremonial signing of House Bill 568, the co-op services bill, in his office.

Lobbyists, legislators and special guests gathered to mark the occasion.



HB 568 reverses a Supreme Court ruling and allows co-ops to continue to offer non-electric services. It officially becomes law on July 12.

Co-op leaders have called it one of the most important legislative achievements ever.



Sponsored by Rep. Rob Wilkey, D-Scottsville, HB 568 also had one of the toughest roads to passage.

The Kentucky Retail Federation, a powerful trade association that also represents the Kentucky Propane Gas Association, began lobbying against the issue even before the bill was introduced on Feb. 13.



Opponents gained the upper hand early by exaggerating the co-ops' purpose in proposing the bill, saying co-ops planned to open grocery stores, car dealerships and even "Kentucky Rural Fried Chicken."

It quickly became clear to co-op lobbyists that a compromise was necessary if the bill was to survive. The compromise:

- ✓ Requires co-ops to establish affiliates to conduct non-electric services
- ✓ Removes the co-op exemption from the Code of Conduct, and
- ✓ Requires co-ops to report non-regulated activities each year to their members and the PSC.

The deal also satisfied concerns from the state Chamber of Commerce, bankers, cable and telecommunications industries and consumer advocates.

Still, several individual propane dealers – along with the HVAC industry – remained opposed to the bill and tried to defeat it.

Six propane gas companies – including three of the biggest in the country – spent thousands on lobbyists in the waning days of the session.

The co-op compromise held tough, however, and HB 568 passed both chambers in less than two weeks with only four "no" votes.

## HB 568 INTERACTIVE

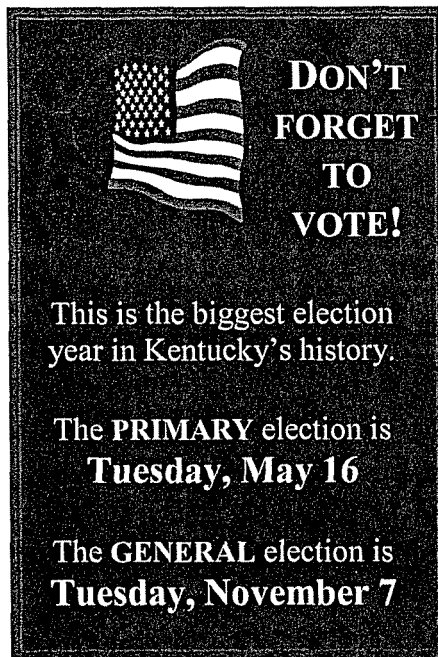
Click [here](#) for the bill's history in the Legislative Record.

Click [here](#) to read the full text of the compromise version.

Click [here](#) for a roll call list of votes by the House and Senate.

Click [here](#) to read a *Lexington Herald-Leader* political column on the bill.

Click [here](#) to read a *Herald-Leader* editorial about the bill.



**DON'T FORGET TO VOTE!**

This is the biggest election year in Kentucky's history.

The **PRIMARY** election is **Tuesday, May 16**

The **GENERAL** election is **Tuesday, November 7**

### FLETCHER KEEPS TRAPP ROAD FUNDS

Gov. Fletcher vetoed \$370 million in projects from the state's \$18 billion budget this week.

But he kept more than \$15 million in place for much-needed improvements to Ky. 89 in Clark County, the winding, two-lane

road leading to the J.K. Smith Station.

EKPC lobbyists supported local efforts in Frankfort to obtain – and maintain – the critical funding.

Special thanks to Rep. Don Pasley, Sen. R.J. Palmer and Clark County Judge-Executive John Myers for their hard work in securing the funds.

EKPC has applied to add a clean-coal power plant and five CT units at Trapp by 2009.

When finished, the Smith Station will contain more than \$1 billion in assets.

### DID YOU KNOW...

We're not accusing anyone, but legislators filed 666 resolutions this session, and the budget (HB 380) was 666 pages long.

Is it the mark of the beast – or just another odd coincidence from a devilish session? You be the judge. Our mouths are shut.

### THE FINAL QUIZ!

Since it's baseball season (GO REDS!), here's an easy quiz to hit out of the park.

Only three members of the National Baseball Hall of Fame also have been U.S. Senators.

Two of these distinguished gentlemen are from Kentucky. Who are they? Find the answer on the last page of *Currents*.

## FINAL BILL STATUS

Here's a list of other bills that could have impacted co-ops, and the final fate of each bill.

Bills that passed will officially become effective **Wednesday, July 12**, unless they contained an emergency clause or a provision that delayed the effective date.



### **THESE BILLS PASSED IN 2006**

**Eminent domain:** HB 508 prohibits state and local governments from taking private land and transferring it to other private owners.

It also lists specific conditions for the use of eminent domain, including "for the creation or operation of public utilities."

Legislators are expected to study the use of eminent domain in blighted areas during the interim.

All other eminent domain measures - HB 114, 122, 165, 183, 554, SB 29, and HCR 24 - died.

**Big Rivers:** HB 275 addressed Big Rivers' effort to unwind its contract with LG&E.

It gives co-ops an avenue to sell excess electricity, formerly supplied to a member, and not

have it count against statutory limitations.

**Transmission:** Senate Resolution 238 calls on the legislature's Program Review and Investigations Committee to conduct a study of the electric transmission siting process. It was introduced primarily due to landowner concerns with EKPC's line to serve Warren RECC.

However, EKPC has been calling for a PSC-led study of the 2004 transmission laws and regulations, due to concerns and issues with recent Orders. This study will offer an independent forum for discussion and review possible changes in the process.

HB 626 allows the PSC to consider the interstate benefits of proposed transmission lines in applications for certificates of public convenience & necessity.

This is in response to the federal Energy Policy Act of 2005, which gives the Federal Energy Regulatory Commission (FERC) "backstop" authority to site major lines if states do not.

**Energy accountability:** HR 150 urges the Attorney General to create an internal Office of Energy Accountability to "monitor, audit, review and investigate transactions at any level in the supply of home energy and transportation fuels," as well as profit margins in retail or wholesale energy transactions.

**Administrative hearings:** HB 470 streamlines the process for administrative hearings on contested permits and contains specific timelines for issuing a report.

EKPC was successful in attaching an emergency clause to this measure, so it took effect upon the governor's signature (April 4). This will help EKPC if the Spurlock #4 air permit is contested.

**Home energy assistance:** HB 283 appropriated \$10 million in emergency funds to the Low Income Heating Assistance Program (LIHEAP).

HB 742 allows - but does not require - utilities to set up voluntary programs to help needy consumers with energy bills, and offers guidelines.



**Energy policy:** Led by House Majority Floor Leader Rocky Adkins, D-Sandy Hook, HB 299 directs the Kentucky Office of

Energy Policy to develop a strategy for Kentucky to become a leader on the production of transportation fuels and synthetic natural gas from fossil and biomass resources.

**FutureGen:** HB 665 would exempt the FutureGen plant from state siting board requirements, if it is built in Kentucky. FutureGen is the U.S. Department of Energy's \$1 billion project to create the

world's first zero-emissions fossil fuels plant.

Two resolutions – SR 286 and HR 294 – encourage locating the FutureGen project in Kentucky. Unfortunately, tax incentives for the project did not pass.



**THESE  
BILLS  
FAILED  
IN 2006**

**PSC Ethics:** HB 52 would have required anyone paid to influence a decision by the PSC to file as a lobbyist with the Executive Branch Ethics Commission. This bill grew out of Attorney General Greg Stumbo's investigation of the LG&E-PSC rate case.

**Clean coal cost recovery:** HB 538 would have allowed utilities to recover financing, interest and other costs to build clean-coal power plants and related transmission facilities on a "pay-as-you-go" basis.

The mechanism, similar to a monthly environmental surcharge, would be approved annually by the PSC. The bill, which was driven by investor-owned utilities, ran into significant opposition from major industries.

**Municipal joint action:** HB 82 would have given unbridled authority to municipal utilities, which are not regulated, to join together and float bonds to build or acquire electric facilities.

**Utility cut-offs:** SB 252 would have prohibited utilities from cutting off service to low-income customers between November 1 and March 31, and established termination policies.

**Utility rate increases:** HCR 26 would have petitioned the PSC not to approve rate increases in 2006 by electric, natural gas, water or other utilities.

**PSC complaints:** HB 524 would have required the PSC to act within 60 days on a complaint filed by the Attorney General against a utility.

**Overweight coal trucks:** HB 560 would have required anyone who ships, transports or receives coal to immediately report weight and other data to the state. A receiver that did not report an overweight shipment within 24 hours could be fined.

**Net metering:** SB 203 would have expanded the definition of net metering to include new alternate energy sources such as hydroelectric, wind, landfill gas, and others. It also would have established tax credits for solar, wind and geothermal systems.

**2006: BY THE NUMBERS**

*Senate bills introduced — 258*  
*Senate bills passed — 79 (31%)*  
*House bills introduced — 754*  
*House bills passed — 144 (19%)*  
*Resolutions introduced — 666*  
*Resolutions passed — 528 (79%)*

**WHAT ELSE WE  
SAW...**

**Co-op reception:** For the first time in years, co-ops hosted their own legislative reception in Frankfort.

It was a tremendous success, with nearly 250 people – and more than half of the legislature – in attendance.



*Above: LaJuana Wilcher, secretary of the Environmental & Public Protection Cabinet, posed with Cory the corn snake – and EKPC's Jeff Hohman – at the reception.*

**Hours of service:** The House and Senate Transportation committees both approved a change in regulations to exempt utility services vehicles from state hours of service standards.

The change was necessary to match state requirements with the blanket HOS exemption contained in last year's federal highway reauthorization bill.

Co-ops led the charge to remove any confusion about enforcement for utility vehicles.

**Circular controversy:** In a baffling and unprecedented move early in the session, the Revenue Cabinet withdrew 246 circulars that guide companies on accounting and tax procedures.

The unexpected action sparked a firestorm of outcry and opposition from businesses, the state Chamber of Commerce and utilities.

A public hearing was scheduled on the issue. But days before it was held, the Cabinet withdrew the regulations that withdrew the circulars.

Confused? So were we.

It's still not clear how all this will affect the electric industry's ongoing fight over transformer taxes and other audits.



**Hill confirmed to PSC:** SR 146 confirmed Teresa Hill as vice chair of

the PSC. Gov. Fletcher appointed her in August when Ellen Williams left to take another job. Hill's term expires in July 2009.

## OTHER BILLS THAT PASSED

**Telephone deregulation:** HB 337 will deregulate all but the most basic telephone service in Kentucky by limiting PSC jurisdiction to oversight over local service and wholesale agreements and regulations.

Rates for basic local service will be capped for five years for those providers that elect to deregulate service, but will then be allowed to increase under market competition.

**Mine safety:** SB 200 aims to improve safety in Kentucky coal mines by mandating telephone or other two-way communications equipment in underground and surface mines by Sept. 1, 2006. Mine operators will be required to implement state-approved emergency action, mine ventilation, and roof control plans and conduct evacuation training every six weeks, along with quarterly drills.

**Drug & alcohol testing of miners:** HB 572 mandates drug and alcohol testing of coal miners and provides incentives for mining companies to develop and enforce policies for a drug-free workplace. Workers compensation insurers would be required to give credit on policy premiums for certified drug-free workplaces. Miners would be required to submit to drug and alcohol testing as a condition of certification.

**Indoor smoking:** HB 55 would require that state government buildings have a written smoking policy that could prohibit smoking indoors, and local governments would have authority to prohibit smoking in their buildings, as would boards of regents for university buildings.

**Funeral protests:** Two pieces of legislation -- SB 93 and HB 333 -- would create penalties aimed at preventing protestors from interrupting funerals, memorial services or burials.

**Veterans' loans:** HB 314 would provide qualified veterans or their spouses with a low-interest loan of \$10,000 or less for personal expenses, including tuition costs or the purchase of a home or business. A veteran's child under age 27 would also qualify for a loan for college, vocational training or private school tuition for preschool or K-12.

**Interim drivers license:** HB 90 will create a six-month interim drivers license for teenage drivers aged 16-18 between the learner's permit and a full license, beginning April 1, 2007. Passenger restrictions would not apply if a certified driving instructor accompanies permit and intermediate license holders. The bill requires at least 60 hours of supervised driving, including at least 10 hours at night, with a fully licensed driver at least 21 years of age and driving would be prohibited from midnight to 6 a.m.

**Historical displays:** HB 277 will allow state agencies, local governments, and public schools to post the Ten Commandments and other religious materials as historic artifacts if they are displayed in a balanced, objective, and not solely religious manner. Schools could display religious

materials only as part of a non-devotional, academic course approved by the school's governing body.

**Nurse prescriptions:** SB 65 will allow advanced registered nurse practitioners to write prescriptions for controlled narcotics such as OxyContin and morphine under a doctor's supervision. The measure extends their existing prescription writing authority, which includes antibiotics.

**Sex offender restrictions:** HB 3 will toughen penalties and tighten registration requirements for sexual offenders. State colleges and universities could require criminal background checks of school visitors in addition to those already required for employment. Sex offenders would be barred from living within 1,000 feet of a school or playground. Registration for some offenders would be increased from 10 years to 20 years.

**Health and safety:** HB 117 will expand statewide testing of children and pregnant women considered at-risk for elevated blood lead levels. The legislation also strengthens the state's seat belt law and requires children under 16 to wear helmets on all-terrain vehicles. Failure to wear a seat belt while driving would become a primary offense for which motorists could be cited even if they commit no other violation.

**Student testing:** The state would pay for and require all high school juniors to take the ACT, commonly required as a college entrance exam, under SB 130. The measure would allow sophomores, juniors and seniors to take the WorkKeys test, geared toward students who do not plan to attend college. Students' testing fees would be paid by the Department of Education the first time they take the ACT and/or the WorkKeys tests.

**Deadly force:** SB 38 will allow the use of deadly force against an intruder in a person's home or vehicle. The measure eliminates from state law the "duty to retreat" if an individual believes they are threatened.

— Source: *Legislative Research Commission*

## QUIZ ANSWER

Easy, right? Unfortunately, none of them was a Cincinnati Red. But hey, you can't win them all. Here are the three:



**U.S. Sen. Jim Bunning**, a Republican from Southgate, is in his second term representing Kentucky. Before politics, Sen. Bunning was best known as a hard-throwing pitcher for the Detroit Tigers and Philadelphia Phillies. The 1996 Hall of Famer is one of only five players ever to pitch a no-hitter in both leagues.



**A.B. "Happy" Chandler** is one of the best-known politicians in Kentucky history, serving twice as Governor and as

U.S. Senator from 1939-45. But he also was baseball's second-ever Commissioner, and is often overlooked for his pioneering role in integrating the game in 1947. A Democrat from Henderson, Happy was elected to the Hall of Fame in 1982. He died at his Versailles home in 1991.

The last Hall of Fame/Senator was Morgan Bulkeley, the first president of baseball's National League. A former Civil War soldier, and Governor of Connecticut, he was elected to that state's U.S. Senate seat in 1905. He died in 1922.

## THANK YOU

Legislative sessions often are pure chaos. Sort of like a UK football game. We get caught up in the hectic atmosphere, and it's easy to forget to say thanks — or a prayer — for our co-op colleagues and supporters.

**So from Barry Mayfield and Eric Gregory — a hearty, and heartfelt, thanks.**

In that spirit, please keep Lucas Jones, the grandson of Hayden Timmons, in your thoughts and prayers. Lucas is recovering at home from surgery for bone cancer. You can keep track of his progress by [clicking here](#).

# Human Resources & Support Services

APRIL 2006

**EKPC:** To provide reliable and competitive energy and member services.

**Unit:** To serve and assist the Cooperative, it's employees, the Member Systems, and External Customers by:

- Managing Costs
- Ensuring the safety, well-being, and development of EKPC employees
- Providing appropriate corporate staffing requirements
- Providing effective communications
- Complying with all laws and regulations

## Human Resources, Facilities Management, Corporate Support Services

### 1. Managing Costs

#### Significant Results:

- **Budget management** – Centers 032, 040, 041, 043, 046, 047 are under budget \$285,644 year to date through March
- **Cost containment** – HR Cost Containment teams starting soon as result of board requests to contain costs.

### 2. Ensuring the safety, well-being, and development of EKPC employees

#### Significant Results:

- 285 number of HQ employees participated in Health Fair.
- OSHA Lost Time Accident Rate of .34 through March 31.

### 3. Providing appropriate corporate staffing requirements

#### Significant Results:

- **Positions Filled:**
  - Vice President of Power Delivery - John Twitchell
- **Positions open:**
  - Construction Project Manager @ Spurlock
  - Warehouseman @ Spurlock
  - Maintenance Material Specialist @ Spurlock
  - Engineer - Operations
  - Maintenance Mechanic - Entry @ Spurlock

- Auxiliary Operator @ Dale
- Sr. Engineer
- Landfill Generating Plant Operator @ Bavarian
- Sr. Engineer - EMS
- Environmentalist
- HR-PD Safety Training & Compliance Coordinator
- Construction Technician Crew Leader
- Electrician @ Cooper
- Line Technician @ Bardstown
- Sr. Engineer - Transmission Planning
- Sr. Analysis - Resource Planning

#### 4. Providing effective communications

##### Significant Results:

- Employee meetings offered questions and answer opportunities with Mr. Palk.

#### 5. Regulatory compliance

##### Significant Results:

- Communicated the 2006 Affirmative Action Plan Statement with all levels of Management, employees and vendors.

#### 6. Member Systems Support

##### Significant Results:

- HR offered varied support to six member systems.

#### Information Technology Process – Wes Moody, Manager

Provide support for the PeopleSoft ERP system

*PeopleSoft HRMS Version 8.8*

- ◆ Payroll – Modified Direct Deposit to include Credit Union ACH file, updated reports, and test with PNC Bank. Applied Tax Update 06B to HRDEV and HRTEST.
- ◆ Time & labor - Bundle #6 applied to PROD. Bundle #7 in progress.
- ◆ Benefits – Continued working on re-design of Personalized Employee Benefits Statements. Provided insurance company with medical, dental, &

## Human Resources & Support Services

vision employees and dependents.

- ◆ HR – HR 8.8 SP1 Bundle #8 has been applied to DEV and TEST. Automatic processing of Crystal reports to management on hold until tools upgrade completed.

### *PeopleSoft Financials Version 7.5*

- ◆ Project Costing – The third report for the Power Delivery Business Unit to report Estimates & Actual costs of projects for Substation/Cap Bank projects for Special Projects has been held up until Power Delivery designs the information needed on the report

### *Enhance PeopleSoft Modification Reporting System*

- ◆ Began design of new reporting system. This web-based application will replace the current windows application used to track modifications to the PeopleSoft product.

PeopleSoft is an enterprise resource-planning tool that integrates company financial and human resource information into a common application. This supports key measures **Competitive Energy** and **Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information about capital projects, benefits, expenditures, fixed assets, budgets and other financial and human resource information.

### *Enhance Production Management Reporting System*

- ◆ Meetings have been held regarding the possibility of the Landfill Gas Plants using the Production Management System in the near future. Trips to analyze the network performance over the broadband connections have been planned over the next couple weeks to determine the possibilities for a fast network.

This supports key measure **Competitive Energy and Reliable Energy** by providing the capability to automate the Fuel Evaluation Process within the Production Business Unit.

### *Develop Power Delivery Scoping System*

- ◆ Two initial design meetings have been held to discuss the new design of this scoping system that will allow the Power Delivery Expansion Planning area to track vital information regarding new, update, and removal construction projects.
- ◆ A prototype of the online system was presented to the users which triggered additional requirements that are needed to be designed into the system

This supports **Competitive Energy and Reliable Energy**, by providing the capability to capture company information and to help employees make better decisions by providing more accurate and timely information for the Power Delivery Business Unit.

### *Enhance Coal Accounting System*

- ◆ Daily Usage Crystal Report was modified per users request to allow the coal buyers more flexibility in reviewing coal inventories and planning coal inventory requirements for each unit.



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This supports **Competitive Energy and Reliable Energy** by providing Power Production with the flexibility required to purchase coal both on the spot market and contract basis.

Redesign EKPC's Websites – Internet/Extranet/Intranet

- ◆ Developed pages for Industrial Development containing “live maps”. Allows visitors to see key information about a site or building by hovering their mouse cursor over the location on the map. Also has direct links to KY industrial site for more information on each specific item.
- ◆ Created a demo CD for Bill Prather to show to member systems. It will allow him to demonstrate how they can link to the Growth and Opportunities (GO) section (see above) of the EKP site and make it appear as if its on their own site.
- ◆ Setup Nick Comer to be able to maintain Open House information himself.

This supports key measures **Competitive Energy, Reliable Energy, and Member Services** by developing a network and computing environment that facilitates a collaborative work environment.

Provide Company-Wide Computer and Network Services

- ◆ The Computer Support Line resolved 85 support calls during the previous period.

Computer and network services support key measures **Competitive Energy and Reliable Energy** by developing a network and computing environment that facilitates a collaborative work environment.

Provide Telecommunications to Substations.

- ◆ A new HVIU was installed at the Milton substation.
- ◆ Design and drawings were completed for the six remaining “local” RTU circuits at HQ to be transported to the Backup Control Center in conjunction with the “B” RDAS relocation.
- ◆ The Backup Control Center Telecom project was opened, SONET mux parts were ordered, and a kickoff meeting was held with consultants to identify and assign tasks. We identified limitations of the present plan and possible upslope ideas to improve the disaster recovery response time.

This supports key measure **Reliable Energy** by providing the ability to get substation information and do remote switching.

Provide Telecommunications to Members.

- ◆ All radios and antennas were received for the Cumberland Valley SCADA project. The design and drawings for the installation were also completed.
- ◆ The design and drawings were completed to add a new control base radio to communicate with South Kentucky RECC on their new two-way radio system.
- ◆ Antenna systems were defined and bids received for the Fleming-Mason SCADA project. Radios for the link to the EMS console in Flemingsburg

## Human Resources & Support Services

office were ordered. Path profiles were examined to determine which remotes are likely to link by radio.

- ◆ Parts were and licensing services were ordered to double the capacity of the Folsom-Stanley Parker microwave radio, so Owen Electric will have 4 T1s for its use.
- ◆ Fiber specs were compared and a recommendation made to save \$ 57K on the optical groundwire order for new transmission lines serving Warren RECC and for use on the JK Smith-North Clark line.

This supports key measure **Member Services** by providing a value-added service to member systems.

### Provide New Two-way Radio System

- ◆ Antenna installation was completed at Stanton and the drive test was completed. Data is being compiled by UTCG.
- ◆ A communications consultant gave a presentation at EKPC and discussed their approach to designing the system and preparing the vendor RFP.

This supports key measures **Reliable Energy** and **Competitive Energy** by providing a two-way radio system that will enhance our ability to maintain and operate the transmission system and to assist in outage restoration.

### Maintain the Telecommunications System

- ◆ Drawings for the new digital system are being delivered to the remote sites.
- ◆ Routine maintenance was performed at six microwave sites.
- ◆ Repairs were made to the emergency generator at Horse Cave.
- ◆ Tower lights were repaired at the Winchester microwave site.
- ◆ The air conditioner was replaced at the Stanton microwave site.

Routine operation and maintenance of the telecom systems supports key measures **Competitive Energy** and **Reliable Energy** by providing the ability to get critical power system operating information.

### Implement Telecommunications Strategic Plan

- ◆ All circuits have been moved to the new digital system.
- All remaining new AVTEC radio consoles have been installed and tested at the various service centers in preparation for cutover to the new AVTEC system.

This new telecom system supports key measures **Competitive Energy** and **Reliable Energy** by providing better circuits and more circuits to monitor and remotely control power facilities, network our computers, link our telephone systems, and links our 2-way radio base stations to the Control Centers.

## IT Performance Measures

- ◆ Annual O&M Budget - On Budget.
- ◆ WAN Availability – 100.0%
- ◆ LAN Availability – 100.0%
- ◆ Two-Way Radio Availability
  - Member System Base Stations – 99.8%
  - EKPC Base Stations – 99.6%
- ◆ Application Availability – 100%
- ◆ Data Circuit Availability – 96.4%
- ◆ On-Time 555 Problem Resolution – 98.8%
- ◆ Customer Satisfaction Index
  - NCS Team – 100%
- ◆ PBX Availability – 100%

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Pending Litigation against EKPC

1. Brenda Milton v. EKPC, et al (Employment Discrimination Lawsuit) – Clark Circuit Court. On November 21, 2001, EKPC was served with a summons and Complaint initiated by a former employee seeking damages on claims of a hostile workplace environment, retaliation constructive discharge, and assault and battery by a co-worker. EKPC filed a motion for a more definite statement which was heard by the Court in December 2001, and an order entered on May 21, 2002, directing plaintiff to refile her lawsuit setting forth more detailed facts regarding her claims. The Amended Complaint was received on June 18, 2002, and EKPC has filed an Answer for itself and the three individual employees also named as Defendants in the lawsuit. In December 2002 Plaintiff began taking depositions but abruptly halted the depositions without completion. Danny Flinchum's deposition was held February 15, 2005. EKPC served discovery requests on March 29, 2005, which were not answered. EKPC filed its Motion for Summary Judgment the first week in January 2006. The Plaintiff has already requested two continuances of the hearing. A mediation was unsuccessfully held on April 11, 2006.
2. Dorsey McCarty, et al v. EKPC – Magoffin Circuit Court. Plaintiffs sued EKPC alleging off right-of-way damages associated with chemical spraying of a right-of-way. EKPC's Answer was filed on November 4, 2002. There has been no further action.
3. Mark Jordan v. EKPC and CBA – U.S. District Court for the Eastern District of Kentucky. On August 10, 2005, former employee Jordan sued CBA alleging improper denial of his eligibility for disability benefits under EKPC's group disability plan administered by CBA; and breach of his privately negotiated worker's compensation settlement with EKPC, specifically as to certain future disability entitlements. EKPC filed its Answer on August 19, 2005, wherein it denied any liability. On September 27, 2005, EKPC made its initial disclosure, and had the joint meeting with plaintiff's counsel as ordered by the court. EKPC is working on a Summary Judgment motion and discovery requests.
4. United States of America v. EKPC (Clean Air Act Enforcement) – U.S. District Court, Lexington – On January 28, 2004, the federal EPA sued EKPC alleging that physical or operating changes to three coal-fired generators resulted in simultaneous violations of the Prevention of Significant Deterioration ("PSD") provision of the Clean Air Act; the New Source Performance Standards ("NSPS") of the Clean Air Act; and the State Implementation Plan ("SIP") for Kentucky, as approved by EPA.

The lawsuit seeks injunctive relief, and civil penalties of up to \$25,000 a day before January 31, 1997, and \$27,500 a day since then. On June 18, 2004, EKPC filed its Answer denying all claims.

**LEGAL**

In December 2005, attorneys from Hunton & Williams updated the Board in Executive Session. On January 17, 2006, EKPC filed four motions with the court asking that most, if not all of the claims, be dismissed. These motions for summary judgment involved,

- (a) statute of limitation issues;
- (b) federal enforceability of the Spurlock No. 2 operating permit;
- (c) applicability of the routine maintenance exclusion; and
- (d) calculation of emissions under PSD based on post-change actual annual emission where the baseline emission calculations are based on actual historic annual emissions prior to project work, and not based on hypothetical emissions.

The court has previously set this matter for trial in October 2006; but this schedule could change depending upon whether the court rules favorably upon all or some of these motions. EKPC is preparing for trial.

5. Enviropower LLC v. EKPC (Spurlock 4 Certificate Order) – Franklin Circuit Court. The PSC filed a notice with the Franklin Circuit Court on February 10 stating that the entire Designated Record of PSC Case No. 2004-00423 has been filed or incorporated by reference from the prior Enviropower action in Franklin Circuit Court seeking an injunction to prevent the hearing in that case. The court should now have all required records to allow it to render a decision on the Motions to Dismiss filed by the PSC and EKPC.
6. Enviropower v. PSC (Spurlock 4 – Denial of Intervention) – Court of Appeals. Appellee Briefs have been filed in this appeal by EKPC, the PSC, and the Attorney General. Enviropower will have the opportunity to file a reply brief by May 9. The Court has not yet determined if oral arguments will be held.
7. Kevin Speaks v. EKPC, et al – Pulaski Circuit Court. Plaintiff is seeking judicial review of an Unemployment Commission Order affirming his discharge from employment with EKPC. EKPC has moved to dismiss the Complaint, and the motion was granted and the case dismissed. (CASE CLOSED)

**Pending Litigation for EKPC**

1. Substation Vandalism (EKPC v. Caudill, Middleton & McElroy) – Garrard Circuit Court. Judgment was entered in favor of EKPC against these three individuals for damages in the amount of \$126,000 representing the replacement cost associated with the step-down transformer vandalized by the defendants on July 15, 1997. In addition, McElroy was assessed an additional \$50,000 for punitive damages since he was the shooter. Judgment has been entered against all three defendants. To date, \$76,561.72 on the Judgment has been collected from the defendants.

2. *EKPC v. Greenwich Insurance Company* – U.S. District Court for the Eastern District of Kentucky. EKPC has filed this action (originally in Clark Circuit Court but was removed to federal court) to recover proceeds of a performance bond against the surety of this land. Lexington Coal Company is claiming entitlement to the proceeds also but EKPC does not believe that claim is meritorious and intends to vigorously prosecute the claim. Lexington Coal has attempted to transfer this action to Bankruptcy Court but the U.S. District Court, in an order entered on January 24, 2006, denied the motion to transfer the case. The case has been remanded back to Clark Circuit Court.

#### Claim and Topics

1. *KU and LG&E v. EKPC (FERC Proceeding)* – On September 18, 2002, KU and LG&E filed with the FERC a proposed restructuring of two agreement with EKPC. The first is an Interconnection Agreement dated 5/11/1995, and the second is a Transmission Agreement dated 2/9/1995 for transmission service to the Gallatin Steel Company. The modifications sought by KU and LG&E are intended to incorporate all, or substantially all, of the rates and charges under the Midwest ISO ("MISO") tariff. EKPC objects and contends that the two agreements may not be modified since earlier amendments to the agreements, in conjunction with the KU/LG&E merger, and companion rate case, were intended to foreclose subsequent modifications for the remaining life of both agreements.

On April 1, 2004, the administrative law judge entered preliminary findings for EKPC. On March 31, 2004, a preliminary order was entered in the case favorable to EKPC's position. On December 22, 2004, FERC issued its order, which affirmed most of the judge's findings. The order remanded the case for further proceedings. On balance, the FERC decision was more favorable to EKPC than to LG&E/KU. A final decision is expected shortly.

2. *PSC Case No. 2004-00401* – Proposed FAC Cap – The PSC held an informal conference on May 26, 2005, to consider possible alternatives in dealing with fuel adjustment clause fluctuations. Several EKPC member system managers and staff representatives attended and discussed the impacts of the fluctuations and billing lag. An analysis will be made of possible changes in FAC billing procedures to reduce the billing lag. A proposal will be submitted to the PSC in the next few weeks.
3. *PSC Case No. 2004-00423* – (Spurlock Unit 4 Certificate Application) – The Commission granted construction certificates for the Spurlock 4 unit in an order dated September 13. The order also includes a report on the Commission's investigation of allegations of improprieties in EKPC's 2004 RFP which were made by Enviropower LLC. The order addresses every factual allegation made by Enviropower and completely validates EKPC's position on every issue. The Commission found that Enviropower was not the lowest and best bidder in the RFP and commends EKPC for conducting a process "truly designed and carried out to determine the best and lowest-cost bid." Construction of the Spurlock 4 unit can proceed as soon as the construction permit from the Division of Air Quality is issued.

## LEGAL

4. PSC Case No. 2005-00053- (Smith Generation Certificates) – The Commission has issued a supplemental data request in this case. Responses are due on February 6.
5. FERC Case No. TX05-1 – On October 1, 2004, EKPC filed an application with the Federal Energy Regulatory Commission (“FERC”) seeking an order compelling the Tennessee Valley Authority (“TVA”) to physically interconnect with EKPC’s transmission system at three new locations for purposes of serving Warren RECC when it becomes a member on April 1, 2008. The filing was necessary because TVA refused to allow the proposed interconnections. On April 14, 2005, FERC ruled for EKPC that it was entitled to the interconnection. Since EKPC and TVA were unable to work through details necessary to implement the interconnections, the task of doing so now falls to the FERC.
6. Commonwealth of Kentucky Sales and Use Tax Audit – On June 6, 2005, EKPC filed its response to a sales and use tax audit totaling roughly Two Million Dollars for the period February 1, 2001 through November 30, 2004. EKPC acknowledged owing \$257,459.46 and PROTESTED the balance of the assessments. After review, the Revenue Cabinet will issue a final ruling on whether it accepts all or any portion of the PROTEST.
7. USEPA Notice of Violation – On January 17, 2006, the United States Environmental Protection Agency (“USEPA”) issued a Notice of Violation (“NOV”) under Section 113 of the Clean Air Act (“CAA”) charging operation of Dale Station Units 1 and 2 with technical violation of the CAA’s acid rain program, and provisions of the NOx State Implementation Plan or Nox SIP Call. The issue for both units involves whether these units were subject to regulations as generators having a “nameplate” capacity greater than 25 megawatts and/or were generators used to generate 25 megawatts or more of electricity. A conference with the USEPA was held on February 13, 2006, at the Region IV offices in Atlanta. The Company’s representatives had earlier met with state regulators on January 27, 2006. A second meeting in Washington was held on March 23, 2006, to work through the issues.
  - Kentucky followed suit by issuing its own Notice of Violation (“NOV”) for Dale Station Units 1 and 2 also alleging technical non-compliance respecting those programs over which it has jurisdiction.

EKPC is working diligently on several fronts to resolve the issues and has taken steps to bring the units into compliance with the Acid Rain Program.

8. PSC Case No. 2005-00417 – Spurlock 2 Scrubber – The PSC granted a Certificate of Convenience and Necessity for the construction of the Spurlock 2 Scrubber on April 18, 2006. (CASE CLOSED).
9. PSC Case No. 2005-00495 – FAC – The PSC has approved EKPC’s application of the fuel adjustment clause for the six-month period ending October 31, 2005.

## LEGAL

10. PSC Case No. 2006-00017 – Integrated Resource Plan – The PSC granted EKPC’s motion for a six-month extension of its 2006 IRP filing deadline, by an order dated February 17. EKPC’s IRP will now be due on October 21, 2006.
11. PSC Case No. 2006-00033 – Pendleton County LFGTE Facility – The PSC granted EKPC’s request for a declaratory order approving the Pendleton County Landfill Gas Project on March 10, 2006.
12. PSC Case No. 2006-00132 – Spurlock Unit 1 Scrubber – EKPC filed an Application with the Commission on March 27, 2006 for a Certificate of Public Convenience and Necessity to add a Flue Gas Desulfurization system to Spurlock Station Unit 1.
13. PSC Case No. 2006-00048 – Direct Load Control. The Commission approved EKPC’s proposed direct load control pilot program on April 18.

Dale W. Henley  
General Counsel

c: Dave Eames (for distribution)  
(H:legal\MR-aprr06)



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**Economic Development Process**

- Completed the Economic Development module of the EKPC website and are preparing to release it to the member cooperatives for incorporation into their websites if they choose to do so.
- Attended Carroll County Community Development Board Meeting and Carroll County Training Consortium meetings.
- Met with Northern Kentucky University's staff in the Economic Initiatives Department on two collaborative efforts for nine counties in the north central part of the state.
- Sent information to six commercial leads for potential expansion or relocation. Shared those contacts with member cooperatives and local economic development offices for additional follow-up.
- Renewed subscription to FastFacility.com commercial and industrial site listing service and listed sixteen new properties (one from each member cooperative service area.).
- Met with Kentucky Economic Development Cabinet, Department for Existing Business Development, to discuss EKPC economic development initiatives.
- Participated in the Kentucky Association for Economic Development (KAED) Spring Meeting.
- Met with the Bluegrass Alliance regarding economic development efforts in central Kentucky.
- Coordinated meeting with Bluegrass Energy and Tom Preston, the new economic development consultant for Cynthiana-Harrison County.
- Participated in a Steering Committee meeting for Bluegrass Tomorrow's regional economic analysis study for 17 counties in the Bluegrass Region.
- Met with Dr. Allyson Handley of the Council on Postsecondary Education regarding proposed education initiatives in Kentucky's higher education arena.

## Member Services

### Non-Traditional Power Production Process

- Met with Rumpke to finalize the gas collection system design for the Pendleton Co. LFGTE project.
- Awarded the following equipment contracts for the Pendleton Co. LFGTE Project: Engine/Gensets – Wayne Supply Co., Switchgear & Controls – Enercon Engineering, Motor Control Center – Meade Electric Company, Aux. Transformer – Utility Sales & Engineering Service, Fuel Gas Compressor – Lectrodryer.
- Finalizing the Pendleton Co. LFGTE Bid documents.
- Presented a Landfill Gas Purchase Proposal to Allied Waste for the Benson Valley Landfill, near Frankfort, Kentucky.
- Ribbon Cutting Ceremony at the Hardin County LFGTE project.
- Laurel Ridge Unit # 3 returned to service.
- Staff made a Renewable Energy Presentation at Indianapolis, Indiana.
- Solar panels installed at four schools during the month.

### Marketing & Natural Resources Process

- Attended the KEEC Board Meeting at Berry Hill in Frankfort.
- Met with all Energy Advisors for training at Blue Grass Energy concerning heat loss calculations and Energy Star.
- Conducted a nature hike for the Elizabethtown Greenspace Program and Nolin.
- Manned a booth at the Louisville Zoo for Earth Day 2006. Over 6000 attended that event.
- Performed the “Reptiles and Amphibian of Kentucky” program for Earth Day and Owen Electric at Bavarian Landfill.
- Met with the staff of Farmers, South Ky, Grayson, Shelby and Cumberland Valley RECC concerning PartnersPlus and Touchstone Living programs.

## Member Services

- Attended the tri-state member services meeting in Gatlinburg. The meeting was well attended by our members.
- Attended the Pearl Hollow Landfill Gas Open House with Nolin RECC.

Listed below are the Environmental activities for this month:

School Programs:

Grayson RECC, West Carter Middle, Isonville Elementary, Olive Hill Elementary, South KY RECC, Pine Knot Intermediate, Turner Intermediate (2 days), Monticello Elementary, union Chapel Elementary; Jackson Energy, East Bernstadt, Laurel County Alternative School, Cold Hill Elementary, Blue Grass Energy, Landsdowne Elementary, Northside Elementary; Taylor County RECC, Green County Elementary; Shelby Energy, New Castle Elementary; Clark Energy, Pilot View Elementary, McNabb Middle, Trapp Elementary; Nolin RECC, Buffalo Elementary;

- Construction Projects Involving Environmental Activities for February: Smith-Sideview 345/69 kV Substation and Transmission Project, Cranston-Rowan 138 kV Transmission Line, Gap of the Ridge Sub and Tap, Wilson-Aberdeen, Memphis Junction- Aberdeen, GM-Memphis Junction, Barren County-Oakland-Magna, Beam-Tichenor, Inez Sub and Tap, Oxford Sub and Tap, Snow Hill Sub and Tap, Pendleton County LFGTE, Cedar Grove Industrial Park Sub and Tap, Bluegrass Parkway Sub and Tap, South Point Sub and Tap, Bullitt-Beam-Tichenor Transmission Line
- Met with Cultural Resource Analysts concerning the archaeological and cultural surveys on the Wilson-Aberdeen, Memphis-Junction – Aberdeen, GM-Memphis Junction, and Barren County-Oakland-Magna projects.
- Met with RUS officials concerning projects currently under environmental review.
- Gave a presentation to the West Virginia Vegetation Management Conference on venomous snake safety.
- Hosted booth for the John Michael Montgomery Wildlife Expo on behalf of Salt River Electric.

### Member and Corporate Communications Process

- Coordinated meeting agenda and support material for the April 24 meeting of the Trapp Community Advisory Group, a committee of citizens working with EKPC on community relations for Smith Power Station.
- Finalized work and started production on the 2005 EKPC annual report.

## Member Services

- Continued work to photograph all EKPC employees.
- Attended meeting of energy advisors at Blue Grass Energy and started work on a handout sheet to explain tax incentives contained in the 2005 Energy Law for energy conservation and home improvements.
- Worked on development of support materials for upcoming meeting with the Board of the Tennessee Valley Authority.
- Continued to print additional copies of the Safety Power Points for member systems to use with local schools and civic groups (four presentations geared to various student ages have been developed).
- Coordinated internal meeting of managers and staff to begin work on adding additional information about unit outages to SUMVIEW.
- Revised draft communications plan with message points to various audiences to explain the all-in-cost reduction plan of \$20-\$30 million by year-end 2007.
- Assisted Human Resources in initial planning for May 11 webcast from NRECA about rising energy costs nationwide.
- Distributed the next estimate from Pricing on the upcoming Environmental Surcharge factor.
- Distributed the March Fuel Adjustment Clause report.
- Answered media calls regarding funding for road improvements to Ky. 89 and other issues.
- Continued working with media in Barren and Warren counties to explain the Warren RECC transmission projects.

### Touchstone Energy Brand Management

- Completed Cost Containment Team assignment.
- Wrote & produced radio spots for 2<sup>nd</sup> flight of advertising.
- Wrote & delivered print ads for 2<sup>nd</sup> flight of advertising.

## **Member Services**

- Met with Inter-County & Perryville Battlefield personnel regarding Perryville battle video.
- Worked on booth for Co-op Annual meeting tour.
- Worked with KY NEED on judging school energy projects.
- Produced short video to promote Touchstone Energy Motorcycle Poker Run.

# Power Delivery Unit

APRIL 2006

## POWER DELIVERY-OPERATIONS – GEORGE CARRUBA, MANAGER

The following information is related to system transmission outages and the Average Service Unavailability Index (ASUI) and how they reflect Power Delivery Unit's efforts towards the key measures used in the corporate scorecard for reliable energy, competitive energy and providing service to our member services.

**System Peak** – EKPC's coincident peak in March 2006 was 2115 MWh, occurring at hour 2000 on the 21st. Member system requirements for the month of March 2006 were 1,065,102 MWh, a decrease of -3.8 % below March of last year. Heating degree-days for March were 121 fewer heating-degree-days than last year. The average temperature was 44.9 degrees or 9.5% warmer than normal

**Outage Reports for March 2006** - EKPC Power Supply outages have accounted for .04 consumer hours out year-to-date. Of these, none were scheduled and .04 were emergency outages. None of these were due to major storms. For the month of March, we experienced three emergency outages affecting three substations and three member systems. Three scheduled outages occurred and 12 line requests were also completed. Emergency outage reports for the complete system are attached.

**Average Service Unavailability Index (ASUI)** – Through March 2006, our reliability measure, ASUI is 4.86 minutes with no major storms.

**EAST KENTUCKY POWER COOPERATIVE  
EMERGENCY OUTAGES - THIS MONTH  
March 2006**

Page 1 of 1

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
BLUE GRASS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CLARK	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CUMBERLAND VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FARMERS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FLEMING-MASON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
GRAYSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
INTER-COUNTY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
JACKSON	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
NOLIN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SALT RIVER	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SHELBY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
SOUTH KENTUCKY	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
TAYLOR COUNTY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SYSTEM TOTAL	0-0%	0-0%	1-33%	1-33%	0-0%	1-33%	0-0%	0-0%	0-0%	0-0%	0-0%	3-100%

TLIN=Transmission Line Equipment Failure  
 TSUB=Transmission Sub Equipment Failure  
 DSUB=Distribution Sub Equipment Failure  
 WTHR=Storm/Weather Related  
 ROW=Right-Of-Way  
 ABO=Accident By Outsiders  
 PERR=Personnel Error  
 MOPS=Mis-operation of Protection Scheme  
 VAND=Vandalism  
 WILD=Wildlife  
 SIMP=System Improvements

**EAST KENTUCKY POWER COOPERATIVE  
EMERGENCY OUTAGES - YEAR TODATE  
March 2006**

	<u>TLIN</u>	<u>TSUB</u>	<u>DSUB</u>	<u>WTHR</u>	<u>ROW</u>	<u>ABO</u>	<u>PERR</u>	<u>MOPS</u>	<u>VAND</u>	<u>WILD</u>	<u>SIMP</u>	<u>TOTAL</u>
BIG SANDY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
BLUE GRASS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
CLARK	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	2-100%
CUMBERLAND VALLEY	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
FARMERS	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
FLEMING-MASON	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
GRAYSON	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
INTER-COUNTY	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
JACKSON	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
LICKING VALLEY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	1-100%
NOLIN	0-0%	0-0%	0-0%	2-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
OWEN	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SALT RIVER	1-50%	0-0%	0-0%	1-50%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
SHELBY	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SOUTH KENTUCKY	1-50%	0-0%	1-50%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	2-100%
TAYLOR COUNTY	0-0%	0-0%	0-0%	1-100%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	1-100%
EKPC	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-0%	0-100%
SYSTEM TOTAL	4-24%	2-12%	1-6%	6-35%	0-0%	1-6%	0-0%	0-0%	3-18%	0-0%	0-0%	17-100%

TLIN=Transmission Line Equipment Failure	ROW=Right-Of-Way	VAND=Vandalism
TSUB=Transmission Sub Equipment Failure	ABO=Accident By Outsiders	WILD=Wildlife
DSUB=Distribution Sub Equipment Failure	PERR=Personnel Error	SIMP=System Improvements
WTHR=Storm/Weather Related	MOPS=Mis-operation of Protection Scheme	



# EAST KENTUCKY POWER COOPERATIVE SUBSTATION OUTAGE SUMMARY REPORT MARCH 2006 for Entire System

Date/Time	Time Off	Consumer Hours Out	KWH Unserved	Substation Company	Type / Cause
03/08/06 5:12	1 h 20 m	1	2,025	N56 Inland Container #1	<b>System Improvements : Other</b> A scheduled outage was required in order to replace all substation primary lightning arrestors at Inland Substation.
Scheduled	1			Fleming-Mason	
03/08/06 5:12	1 h 20 m	1	1,900	N56 Inland Container #2	<b>System Improvements : Other</b> A scheduled outage was required in order to replace all substation primary lightning arrestors at Inland substation.
Scheduled	1			Fleming-Mason	
03/09/06 22:44 Emergency	1 h 35 m 1,541	2,440	5,475	W6 Blue Lick 3 Salt River	<b>Storm / Weather Related :</b> Received breaker alarms across data link indicating that LGE ML-6676 to LGE SP-6676 line had relayed out.
03/12/06 10:02 Scheduled	4 h 28 m 0	0	0	E94 Cranston Fleming-Mason	<b>Transmission Line Equip. Failure : Switch</b> Fleming - Mason (Kurt Vaughn) called to say a consumer saw a fire in substation there at Goddard. Fire was due to "hot" falling switch parts. F-M personnel report switch E5-855 is arcing heavily, one phase is burned into. Contacts are damaged on all phases and may need to be replaced.
03/20/06 8:59 Emergency	1 h 21 m 1,976	2,668	6,000	S84 Three Links Jackson	<b>Accident by Outsiders : Other</b> Jackson Energy personnel (T. Boggs) reported that a balloon had lodged between regulators Co # 541 & 542 initiating an arc, damaging two regulators, one set of regulator jumpers. Three primary fuses operated.
03/27/06 14:18 Emergency	0 h 34 m 1,092	619	234	S54 Oak Hill South Kentucky	<b>Distribution Sub. Equip. Failure : Lightning Arrestor (&gt;=69kv)</b> A lightning arrestor on transformer primary failed, at the Oakhill distribution substation. One primary fuse operated.
<b>TOTAL</b>	<b>4,611</b>	<b>5,729</b>	<b>15,634</b>	<b>Average Hours Outage Per</b>	<b>0.01</b>
<b>YEAR TO DATE</b>	<b>29,453</b>	<b>17,538</b>	<b>120,500</b>	<b>YTD Avg Hrs Outage Per</b>	<b>0.04</b>

**TOTAL CONSUMERS SERVED = 489,213**

**EAST KENTUCKY POWER COOPERATIVE  
POWER SUPPLIER OUTAGE REPORT  
March 2006**

**Average Hours Outage Per Consumer**

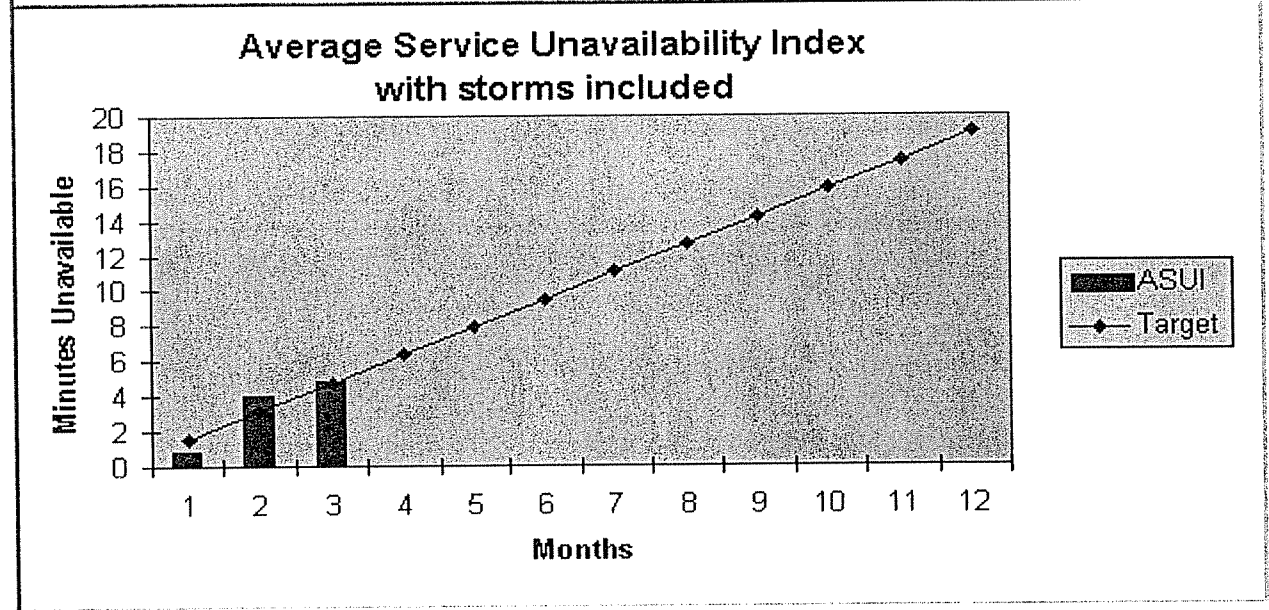
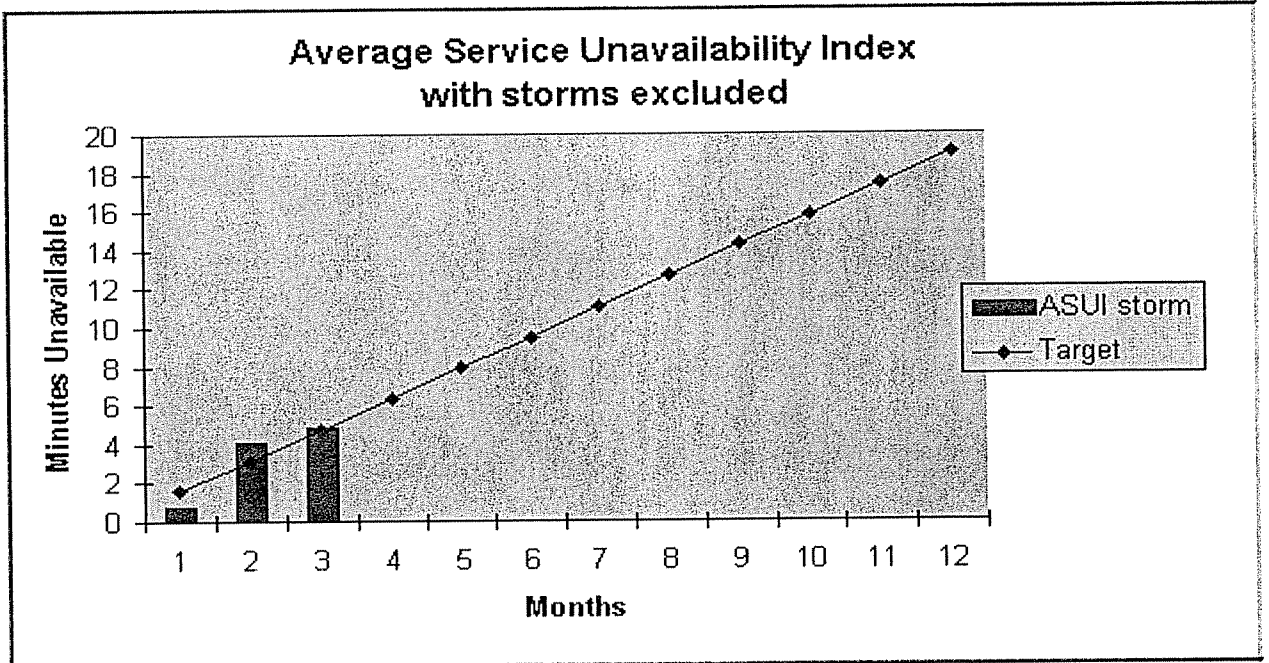
	<b>THIS MONTH</b>			<b>YEAR-TO-DATE</b>		
	<b><u>EMERGENCY</u></b>	<b><u>SCHEDULE</u></b>	<b><u>TOTAL</u></b>	<b><u>EMERGENCY</u></b>	<b><u>SCHEDULE</u></b>	<b><u>TOTAL</u></b>
BIG SANDY	0.00	0.00	0.00	0.00	0.00	0.00
BLUE GRASS	0.00	0.00	0.00	0.00	0.00	0.00
CLARK	0.00	0.00	0.00	0.01	0.00	0.01
CUMBERLAND VALLEY	0.00	0.00	0.00	0.05	0.00	0.05
FARMERS	0.00	0.00	0.00	0.00	0.00	0.00
FLEMING-MASON	0.00	0.00	0.00	0.00	0.00	0.00
GRAYSON	0.00	0.00	0.00	0.00	0.00	0.00
INTER-COUNTY	0.00	0.00	0.00	0.04	0.00	0.04
JACKSON	0.05	0.00	0.05	0.05	0.00	0.05
LICKING VALLEY	0.00	0.00	0.00	0.01	0.00	0.01
NOLIN	0.00	0.00	0.00	0.14	0.00	0.14
OWEN	0.00	0.00	0.00	0.00	0.00	0.00
SALT RIVER	0.06	0.00	0.06	0.09	0.00	0.09
SHELBY	0.00	0.00	0.00	0.00	0.00	0.00
SOUTH KENTUCKY	0.01	0.00	0.01	0.04	0.00	0.04
TAYLOR COUNTY	0.00	0.00	0.00	0.07	0.00	0.07
EKPC	0.00	0.00	0.00	0.00	0.00	0.00
SYSTEM AVERAGE	0.01	0.00	0.01	0.04	0.00	0.04

EKPC POWER SUPPLIER OUTAGES have accounted for .04 consumer hours out year to date. Of these .00 were scheduled, .00 were due to major storms, and .04 were other emergency outages.

**Average Service Unavailability**  
**Index Report**

**(ASUI)**

<b><u>Month</u></b>	<b><u>Year</u></b>	<b><u>Without Major Storms (Min.)</u></b>	<b><u>With Major Storms (Min.)</u></b>	<b><u>Threshold</u></b>	<b><u>Target</u></b>	<b><u>Stretch</u></b>
1	2006	0.7914	0.7914	2.08	1.58	1.08
2	2006	4.0745	4.0745	4.17	3.17	2.17
3	2006	4.8597	4.8597	6.25	4.75	3.25
4	2006	0.0000	0.0000	8.33	6.33	4.33
5	2006	0.0000	0.0000	10.42	7.92	5.42
6	2006	0.0000	0.0000	12.50	9.50	6.50
7	2006	0.0000	0.0000	14.58	11.08	7.58
8	2006	0.0000	0.0000	16.67	12.67	8.67
9	2006	0.0000	0.0000	18.75	14.25	9.75
10	2006	0.0000	0.0000	20.83	15.83	10.83
11	2006	0.0000	0.0000	22.92	17.42	11.92
12	2006	0.0000	0.0000	25.00	19.00	13.00



## **POWER DELIVERY-MAINTENANCE – RICK DRURY, MANAGER**

The main purpose of Power Delivery maintenance is to support the EKPC mission by “meeting or exceeding our Member’s electric service expectations by providing safe and cost effective maintenance of EKPC’s Power Delivery System.” The ongoing maintenance activities in this process are designed and carried out with this mission in mind. Below is a scorecard with measures that reflect our progress in meeting this mission.

<b>Mission</b>	<b>Key Measures</b>	<b><sup>1</sup>Year-To-Date Results</b>	<b><sup>1</sup>Year-To-Date Goal</b>	<b>Yearly Goal</b>
<b>Safety</b>				
Accidents	Lost Time Accident Rate	0.00	0.84	3.3
Inspections	Avg. Inspection Rating	100%	98%	98%
<b>Electric Service</b>				
Duration	ASUI (without major storms)	4.9	4.75	19 min.
<b>Cost Effective</b>				
Cost	Operating Cost	\$1,473,025	\$2,192,845	\$8,619,073
	Capital Project Cost	\$247,279	\$1,491,021	\$3,498,836
<b>Member’s Expectations</b>				
Member System Satisfaction	Member System Survey	N/A	88%	88%

### **Notes:**

1. Year to date results and goals through March 31, 2006.

## **POWER DELIVERY – EXPANSION – MARY JANE WARNER, MANAGER**

Status reports for the progress of projects “under construction” in Power Delivery-Expansion are included in the board book materials.

(h:April06rpt.doc)



**Power Delivery Expansion  
APRIL PROJECT SUMMARY  
2006**

Projects	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\R/W Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>SUBS &amp; TAPS</b>												
Aberdeen Jct. 161 kV Trans Sub (2 Breakers)	S	●		❖	❖					12/31/07		
Alex Creek 5.6/6.44 MVA Substation	S	●		❖						12/01/07		
Alex Creek Tap 69 kV, 1.4 mi.	L	●		❖						12/01/07		
Barren Co. 161 kV Trans Sub (2 Breakers)	S	●			❖					12/31/07		
Barren County - Magna 24 mi.	L	●	❖	❖	□	□				12/31/07		
Joe Tichenor W.Bardstown 69 kV w/556 Recond.	L	●	❖							12/15/06		
Beattyville #2, 69-12.5 kV, 11.2/14 MVA	S	●								05/01/07		
Beattyville Distr-Beattyville SW. Sta 69kV Trans Line 2 mi	L	●								12/01/07		
Beattyville Switching Station 1-69kV Breaker Addition	S	●								12/01/07		
Big Creek 69-12.5 kV, 11.2 MVA Substation	S	●	❖		○	❖				12/01/06		
Tap, 10 mi.	L	●	○	○		□				12/01/06		
BlueGrass Parkway 69-12.5 kV, 11.2/14 MVA Sub	S	●		□		❖				05/01/06		
Tap 0.04 mi.	L	●		□						05/01/06		
Bristow # 2 Sub. 69-12.5 kV, 11.2/14MVA Sub Add	S	●		N/A	N/A	●	N/A	●	●	05/01/06	01/16/06	
Bullitt Co. 69 kV BKR Addition	S	●	●	●	●	□	N/A			05/05/06		
Bullitt County - JTichenor/W Bardstown 69kV line	L	●		❖	□	□				06/01/06		
Burlington 11.2/14 MVA 69-12.5 Distr.Sub	S	●								05/01/07		
Tap .19 mile	L	●								05/01/07		
Campbellsville #2 69-12.5 kV, 11.2/14 MVA	S	●								05/01/07		
Cedar Grove 161-12.47kV 12 MVA Dist Sub	S	●		□	●	●				05/01/06		
Conway 69-12.5 kV, 11.2 MVA Dist. Sub.	S	●		❖		○				05/05/06		
Conway Tap 0.2 mi.	L	●								05/01/06		
Cranston-Rowan Co. 138 kV, 7.50 mi.	L	●	○	□	●	●				05/01/07		
Cynthiana Normally Open 69 kV Tap and Switch	L	●								05/01/06		
Deatsville 11.2/14 MVA, 69-12.5 kV Distr. Sub	S	●								05/01/07		
Tap, 0.2 mi	L	●								05/01/07		
Downing # 2 Sub 69-12.5 kV, 11.2/14MVA Sub Add	S	●	N/A	●	●	●	●	●	●	05/01/06	02/28/06	
E. Bowling Green 161 kV Trans Sub (1 Breaker)	S	●		N/A	❖	○				12/31/07		
Edmonton Ind'l Park 69-12.5 kV, 11.2 MVA	S	●	●	□	●	●				06/01/06		
Tap 4.0 mile	S	●	○		□					06/01/06		
Fall Rock 69 kV Sub.-Install 3-69 kV Breakers	S	●								12/01/07		
Garlin 11.2/14, 69-12.5 kV MVA Sub	S	●								05/01/07		
Tap, 0.5 mi	L	●		❖						05/01/07		
Gap of the Ridge 69-12.5 kV, 11.2 MVA Dist. Sub	S	●	●	●	●	□				12/01/06		
Tap	L	●		○	□	●				12/01/06		

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- S Substation Team
- L Line Team



**Power Delivery Expansion  
APRIL PROJECT SUMMARY  
2006**

<u>Projects</u>	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\R/W Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>SUBS &amp; TAPS CONT'D</b>												
Garrard Co. Breaker Addition	S	●	N/A			○				12/01/06		
Garrard Co.-KU Lancaster Trans Line, 69kV, .10 mi	L	●		❖						12/01/06		
Girdler 11.2/14 MVA, 69-13.2 kV Sub	S	●		❖						05/01/07		
<i>Tap, 3.5 mi</i>	L	●		❖						05/01/07		
GM 161 kV Trans Sub ( 4 Breakers)	S	●	●	●	●	●	N/A	●	●	10/15/05		
GM-Memphis Jct. - 161 kV 14.5 miles	L	●	○	□	□	□				12/31/07		
Hardin Co. Landfill Facilities and Tap	L	●								12/01/05		
Hardwicks Creek 69-12.5 kV, 5.6/6.44 MVA Sub	S	●	●	●	●	●	●	●	●	12/01/05		03/09/06
<i>Tap, 69 kV, 3 mi.</i>	L	●	●	●	●	●	●	●	●	02/23/06		02/23/06
Headquarters 69-12.47 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	□		05/05/06		
<i>Tap, 69 kV, .02 mi.</i>	L	●	●	●	□	□	N/A			05/05/06		
Headquarters Tap (Assoc w/Transmission Stat. Portion)	L	●	●	●	□	□	N/A			05/05/06		
Inez Sub (Site Acquisition Only)	S	●	❖	●	○	N/A	N/A	N/A	N/A	12/01/06		
<i>Tap 69 kV - 6.0 mi.</i>	L	●		❖						12/01/06		
J.K. Smith-N.Clark 345kV Trans line 19 mi	L	●	❖	□	□	□				06/01/07		
J. K. Smith 138 kV/345 DC Tie Line	L	●								06/01/07		
J. K. Smith CT Substation 345 kV	S	●	N/A	N/A						06/01/07		
J.K. Smith 138 kV - 345 kV Tie Modifications	S	●	N/A	N/A	N/A	□	N/A			12/29/06		
Keavy #2 69-12.5 kV, 11.2 MVA	S	●	●	N/A	●	●	N/A	❖		06/01/06		
Keavy-Laurel Co. (Circuit #2), 69 kV, .40 mi.	L	●	❖	●	○	○				06/01/06		
KU Bedford Tap	L	●	N/A	●	●	●	●	●	●	06/15/05	06/24/05	
Laurel Co. Ind'l Park #2 Sub 11.2 MVA	S	●	●	N/A	●	●	N/A	●		05/05/06		
Liberty Church 11.2/14 MVA, 69-13.2 kV Sub	S	●								05/01/07		
<i>Tap, 1.8 mi</i>	L	●		❖						05/01/07		
Little Mount 161-12.5 kV Distr. Substation	S	●	●	●	●	●	●	●	□	12/01/05		
<i>Tap, 6 mi.</i>	L	●	●	●	●	●	●	□	□	12/01/05		
Memphis Jct. 161 kV Trans Sub ( 2 Breakers)	S	●	❖	N/A	●	□				12/31/07		
Memphis Jct. - Aberdeen 161kV 27 mi	L	●	○	○	□	□				12/31/07		
North Clark (Sideview) 345 kV Transmission Station	S	●		□		❖				06/01/07		
Oak Ridge 69-2.5 kV, 11.2 MVA Sub	S	●	●	●	●	●	●	●	●	05/05/06		03/13/06
Oak Ridge Tap	L	●	●	●	●	●	N/A	●	●	05/01/06		03/10/06
Pine Grove #2 69-12.5kV, 11.2/14MVA Sub Add.	S	●								11/01/07		
<i>Pine Grove # 2 Tap 69 kV, 0.1 mi.</i>	L	●								11/01/07		
Powell - Taylor 69-12.5 kV, 11.2 MVA Sub	S	●	●	●	●	●	○			06/02/06		
Powell - Taylor 69 kV Tap 4.75 mi.	L	●	❖	□	□	□				06/01/06		

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- S Substation Team
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## Power Delivery Expansion APRIL PROJECT SUMMARY 2006

<b>Projects</b>	PDE Team in Charge of Project	Project Justification\WP Amendment	Permits\Environmental\Soil Testing	Siting\R/W Acquisition	Survey	Design\Drafting	Initial R/W Clearing	Construction	Inspection\Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>SUBS &amp; TAPS CONT'D</b>												
Rowan Co. 138 kV Breaker Addition	S	●	N/A	N/A	N/A	●	N/A	□		01/02/07		
Salmons Substation 161-69 kV (Warren RECC)	S	●								12/31/07		
Snow Hill 69-25 kV, 11.21/14 MVA Sub	S	●	❖	●	❖	○				06/01/07		
Tap .20 mi	L	●		□	□	□				05/01/06		
South Point 69-12.47kV, 11.2 Sub	S	●	❖	❖	❖	❖				06/01/06		
Tap	L	●		❖						06/01/06		
Spurlock #4	S	●	❖	N/A		❖				02/15/08		
Upchurch Sub 11.2/14 MVA Sub 69-12.5 kV	S	●	●	●	●	●	●	□		05/02/06		
Tap	L	●	●	●	●	●	□	❖		05/02/06		
W. Bardstown Jct. 69 kV BKR Station	S	●			❖	❖				12/01/06		
W. Nicholasville #2 69-12.5kV, 11.2/14MVA Sub Addit.	S	●								05/01/07		
W. Nicholasville Tap 69 kV, .04 mi	L	●								05/01/07		
Web's Cross Roads 69-12.5 11.2/14 MVA Sub	S	●								11/01/06		
Web's Cross Roads Tap .30 mi.	L	●		❖	❖					11/01/06		
Wilson-Aberdeen 161/69 kV, 26mi.	L	●		❖	○	○				12/31/07		
Woodstock 11.2/14 MVA Substation	S	●								12/01/07		
Woodstock 69 kV Tap, 4.4 mi.	L	●		❖						12/01/07		
<b>STATION UPGRADES</b>												
Avon 138 kV Line Trap (Dale Line)	S	●	N/A	N/A	N/A	●	●	●	●	Complete		
Boone Dist Sub Upgrade 15/20/25 MVA Complete	S	●	●	N/A	●	●	N/A	○		05/01/06		
Boone Co. Station Service Relocation	S	●	N/A	N/A	N/A	●	●	□	●	05/01/06		
Boone Sub Tap Reconf 69kV, 0.1 m	L	●								05/01/06		
Cooper Aux. Transformer Addition	S	●	N/A	N/A	●	●	N/A	●	●	09/01/03	02/01/04	
Cooper Dist Sub Rebuild	S	●	N/A	N/A	●	●	●	●	●	12/01/05		03/14/06
Kargle #1 Addition	S	●	●	N/A	●	●	N/A	●	●	12/30/05		
McKinney Corner Substation Upgrade	S	●								05/01/06		
<b>CAPACITOR BANKS</b>												
Bedford 6.12 MVAR Cap Bank & Tap	S&L	●	●	●	●	●	N/A	●		06/01/05	09/11/05	02/09/06
Blevins Valley 10.1 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●		05/01/06		
Clay Village 12.25 MVAR Cap bank	S	●	N/A	N/A	N/A	●				05/01/06		
Griffin 9.18 MVAR Cap Bank	S	●		N/A	N/A	○				05/01/06		

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**Power Delivery Expansion  
APRIL PROJECT SUMMARY  
2006**

Projects	PDE Team in Charge of Project	Project Justification/WP Amendment	Permits/Environmental/Soil Testing	Siting/R/W Acquisition	Survey	Design/Drafting	Initial RW Clearing	Construction	Inspection/Checkout	Target Energization Date	Ready for Energization (Actual)	Energization (Actual)
<b>CAPACITOR BANKS CONT'D</b>												
Hickory Plains 25.52 MVAR Cap Bank	S	●	N/A	N/A	❖	□				05/01/06		
Lees Lick 10.715 MVAR Cap Bank	S	●	N/A	●	N/A	●	N/A	●	●	01/31/02	06/21/02	
Loretto 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	●	12/01/04	07/31/04	
Martin County 12.25 MVAR Cap Bank	S	●	N/A	N/A	N/A	●				05/01/06		
Maytown 10.2 MVAR Cap Bank	S									12/01/06		
Nelson Valley (Norwood) 18.0 MVAR Cap Bank & Tap	S&L	●			N/A	○	N/A			12/01/06		
Shelby County 25.51 MVAR Cap Bank & Tap	S&L	●	●	N/A	●	●	N/A	●	□	12/01/03	12/01/03	
Sideview 7.14 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	●	●	○	05/01/06		
Sinai 13.78 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	N/A	●	N/A	●	●	12/01/05	07/16/05	
Tyner Increase to 26.53 MVAR Capacitor	S&L	●	N/A	N/A	●	❖				12/01/05		
W. R. Smoot 30.61 MVAR Cap Bank & Tap	S&L	●	N/A	N/A	●	●	N/A	●	○	05/01/06		
<b>RECONDUCTORS</b>												
Bonnieville-Munfordville, 69kV, 8.18 mi.	L	●	N/A	N/A	●	●	N/A	○		06/01/06		
Burkesville-Snow Jct. 69kV Recond, 556.6, 10.07	L	●								12/01/07		
Dale - Three Forks Jct. 138 kV Rebuild 4.75 mi	L	●			❖	❖				11/30/07		
Davis Jct.- Nicholasville 69 kV(556.6 MCM ACSS) 4 Miles	L	●								05/02/07		
Fort Knox Jct. - Smithersville Jct. 69 kV, 3.11 mi.	L	●								05/01/07		
Grants Lick-Stanley Parker Jct., 69kV, 9.94 mi.	L	●	N/A	N/A	●	●	N/A			09/01/06		
Headquartaers - Millersburg Reconductor .09		●	N/A	N/A	□	●	N/A			05/01/06		
Hickory Plains - PPG 69kV Recond 556.5 2.5 mi	L	●								12/02/07		
Hillsboro- Peastick 69kV Recond, 556.6, 10.51 mi	L	●								12/01/07		
LGEE's Fawkes Tap-Fawkes KU 138kV Line Recon	L	●								04/01/07		
Three Forks Jct.-Fawkes 138kV Line Rebuild 2.58mi	L	●			❖	❖				11/30/07		
Tyner-North London ReblD.954MCM 69kV, 16.71mi	L	●								05/01/07		
Tyner - McKee Trans. Line Rebuild 954 MCM 9.3 mi	L	●								05/01/07		
Union City - Lake Reba Tap 138 kV Rebuild 1.3 mi	L	●			❖	❖				11/30/07		
W. Bardstown Jct - W Bardstown 69 kV, 4.5 miles	L	●	N/A	N/A			N/A			12/15/06		
W. Berea - Three Links Reconductor .09 miles	L	●								05/01/06		
Davis Jct.-Fayette 3.5 Miles	L	●								12/01/06		
J. K. Smith - Fawkes Rebuild	L									11/30/2007		

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- S Substation Team
- L Line Team

# Power Production

APRIL 2006

## Engineering

Engineering is supporting the Smith Unit No. 1 and Spurlock Unit No. 4.

Engineering is also supporting the scrubbers at Spurlock Power Station.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

## Environmental

A meeting was held with EKPC, Division for Air Quality, and Federal officials at Mammoth Cave to discuss proper procedures for submittal for the Smith Power Station air permit application. Revised modeling protocol is being prepared.

Discussion has been held concerning the status of EPA's question on Dale Units No. 1 and No. 2. Information is being reviewed and supplied to EPA on the issue.

The comments received on Unit No. 4 at Spurlock Power Station have been reviewed from the Division for Air Quality, and responses were supplied to the issues raised. The Division is considering all comments and responses and is preparing their final permit for release.

CEED held a conference call to discuss steps being planned at a national level to address "clean coal" generation.

Comments were received on the Smith's application with the PSC. Additional input is needed on the Environmental Report. Information was submitted as a part of the application and is being reviewed and reidentified to the PSC.

Quarterly reports were filed for air quality emissions and water discharge from the power plants.

The Division for Air Quality is reviewing their requirements for start-up and shutdown at generating facilities. The UIE group is addressing this issue.

These activities support all three of our corporate key measures—reliable energy, competitive energy, and services.

# Power Production

## Production Monthly Report

Page 2

April 2006

### Fuel

EKPC's coal inventory at the end of April 2006 will be approximately 42 days. The inventory is projected to be slightly higher than this level at the end of May and begin to decrease through the summer months.

Deliveries to Gilbert, where possible, have been delayed due to the high inventory.

A solicitation has been sent out for coal contract supply proposals for the Dale and Cooper Power Stations.

A solicitation has been sent out for limestone contract supply proposals for requirements at Gilbert and Spurlock Units No. 1 and No. 2.

Fuel personnel continue to provide assistance to Production personnel in regards to future fuel sources for Gilbert Unit 3, Spurlock Unit No. 4, Smith Unit No. 1, and future combustion turbines.

A month-long test burn of Tire Derived Fuel in the Gilbert unit was completed by the first of April. Evaluations will be made over the coming months to determine the economics on a long-term basis.

Fuel personnel will procure alternate coal basin fuel for test burns to be conducted in the upcoming months on Spurlock Unit No. 1 and Gilbert Unit 3.

Approximately 7,500 gallons of No. 2 fuel oil were purchased for Dale Power Station; 7,500 gallons for Cooper Power Station; and 75,000 gallons for Spurlock Power Station.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

# Power Production

## MONTHLY REPORT

### Production Monthly Report

Page 3  
April 2006

#### Production

##### Dale Power Station

Dale Power Station has generated a total of 298,074 net MWh through March 31, 2006. Unit No. 1 was on-line and fully available until April 20<sup>th</sup>. The unit was derated 10 net MW due to replacing the inboard bearing on 1-A mill. The unit was fully available and back on-line April 21<sup>st</sup>. On April 21<sup>st</sup> the unit had a forced outage due to a water wall tube leak. This was repaired and back on-line April 22<sup>nd</sup> and fully available the remainder of the month. Unit No. 2 was on-line and fully available the entire month. Unit No. 3 was on-line until April 3<sup>rd</sup> when a generating tube leak forced the unit off-line. The unit was repaired and put on a schedule outage. The unit was back on-line April 12 and fully available the remainder of the month. Unit No. 4 was on-line and fully available until April 14<sup>th</sup>. The unit was taken off-line due to a scheduled turbine/generator overhaul.

General Electric is on-site for Unit No. 4 turbine/generator overhaul.

Performance Contracting was on-site to vacuum flyash from Units No. 3 and No. 4 boilers and reinsulate Unit No. 3 ID fans and Unit No. 4 main steam line. RTW Industrial was on-site to install refractory in Units No. 3 and No. 4 boilers. B&W boiler inspector was on-site to inspect Units No. 3 and No. 4 boilers. They also had personnel doing non-destructive testing and assessment on Unit No. 4 boiler and main steam line. Steve Hays of Factory Mutual was on-site to inspect Units No. 3 and No. 4 boilers.

Other routine preventive maintenance was also performed plant-wide by Dale Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

##### J.K. Smith Power Station

The combustion turbines have generated a total of 16,187 net MWh through March 31, 2006. Units No. 2, 3, 4, 5, 6, and 7 were available for the entire month. Unit No. 1 was fully available until April 10<sup>th</sup> due to a major overhaul on the unit.

Preparation and planning is ongoing for Smith Unit No. 1 CFB and combustion turbines eight through twelve.

## Production Monthly Report

Page 4

April 2006

### J.K. Smith Power Station (Continues)

Work is ongoing for the Technician Training Program at J.K. Smith Power Station. Internal preventive maintenance is ongoing at J.K. Smith.

Work started on the major overhaul for CT Unit No. 1. The outage is expected to last approximately six weeks. EKPC and Alstom personnel are doing this work.

Other routine preventive maintenance was performed plant-wide by J.K. Smith Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

### Cooper Power Station

Cooper Power Station has generated 521,113 net MWh through March 31, 2006. Unit No. 1 was on-line and fully available for the month. Unit No. 2 was on-line and fully available until April 29<sup>th</sup> due to the scheduled spring maintenance outage.

Cooper Power Station's maintenance personnel performed normal preventive maintenance tasks during the month. Some of the tasks that were completed were checking Unit No. 1 and Unit No. 2 generator brushes, checked all coal feeders, checked condition of batteries in the battery room, serviced all conveyor main bearings, inspected auger sample building equipment, performed ball checks on Unit No. 1 pulverizers, changed oil filters on instrument air compressors, and serviced Komatsu wheel loader. Also, the preparation for the Unit No. 2 spring maintenance outage is in progress.

Other routine preventive maintenance was performed plant-wide by Cooper Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

## Production Monthly Report

Page 5

April 2006

### Spurlock Power Station

Spurlock Power Station has generated a net equivalent of 2,019,448 MWh through March 31, 2006. Unit No. 1 was on-line and fully available until April 1<sup>st</sup> when the unit derated to 225 MW. This happened while bypassing No. 6 feedwater heater due to a tube leak. The unit was back on-line the same day. The unit was on-line until April 10<sup>th</sup> when the unit derated to 280MW to overhaul 1A pulverizer. The unit was back on-line April 11<sup>th</sup> and remained on-line the remainder of the month. Unit No. 2 was on-line and fully available for the month of April. Unit No. 3 was on a forced outage when the month began due to an economizer tube leak in the FBAC. The leak was repaired, and the status was changed on April 6<sup>th</sup> for the scheduled annual outage for the boiler and flue gas path inspection and repairs.

Other routine preventive maintenance was performed plant-wide by Spurlock Power Station's personnel.

These activities support two of our three corporate key measures—reliable energy and competitive energy.

**JUNE 2006**

# COORDINATED PLANNING

MAY 2006

## Transmission Planning

### Summary of Future Transmission Projects Identified as of June 2006

Transmission planning has presently identified the following transmission expansion requirements for the ten-year planning horizon (2006 through 2015):

- 300 miles of new transmission line construction, including 55 miles of new 345 kV line required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 16 new transmission switching substations, including three new 345 kV switching substations required to relieve existing transmission constraints and to deliver future EKPC generation to native load
- 137 miles of re-conductor or rebuild of existing transmission line
- 29 new breaker additions at existing transmission substations
- Replacement of one existing transmission transformer
- 29 new 69 kV capacitor banks totaling 428 Mvars
- 180 miles of transmission line requiring high-temperature upgrades
- 29 new distribution substations
- 3 upgrades of existing distribution transformers
- 1 spare generating-step up (GSU) transformer purchase for the E.A. Gilbert Unit

All of the above numbers include the new 161 kV lines and substations required for Warren RECC's membership in EKPC.

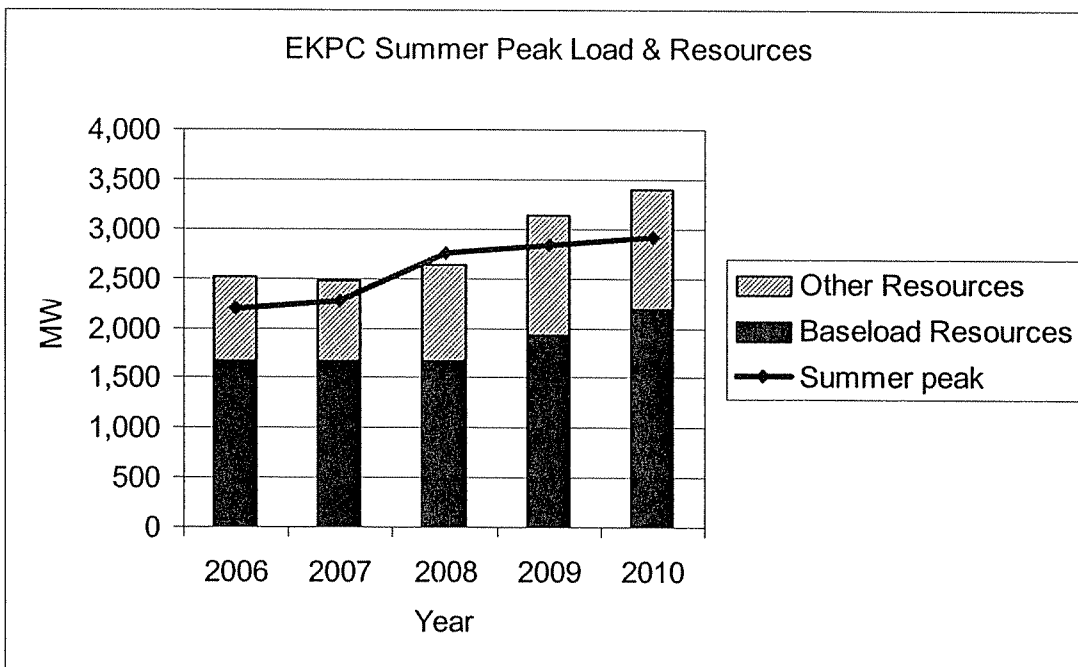
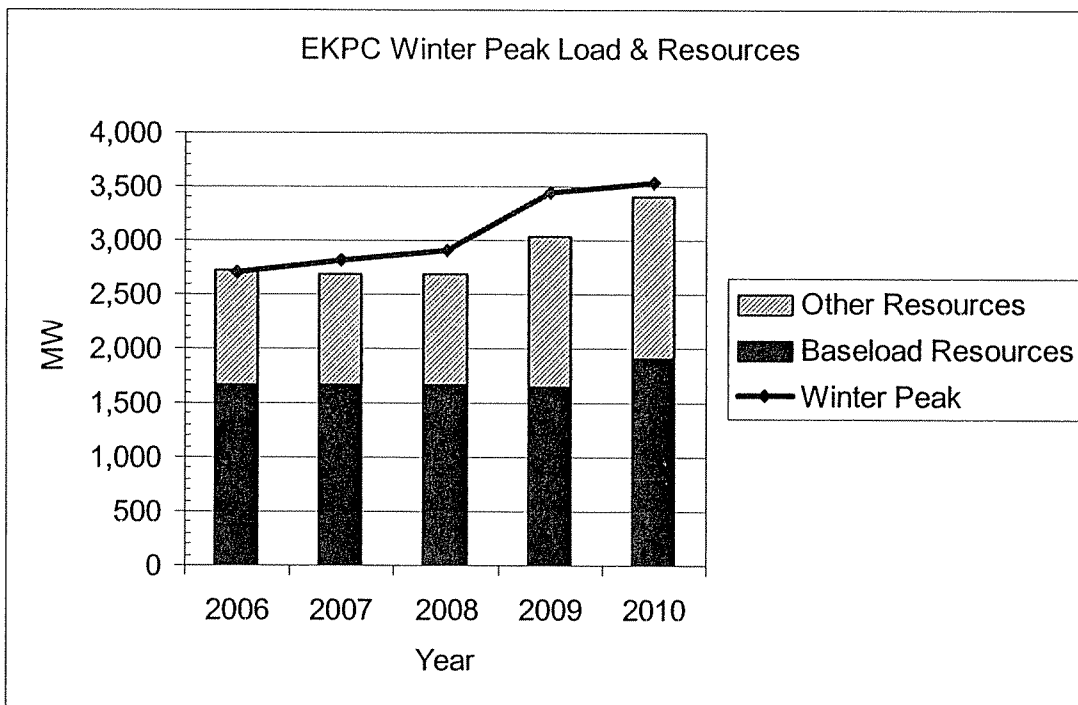
The primary changes from the report provided in May 2006 are the addition of a purchase of a spare GSU transformer for the E.A. Gilbert Unit, the addition of 34 miles of new line construction, and the elimination of about 60 miles of line re-conductors/rebuilds.

## Resource Planning

The following graphs show the projected winter peak load and capacity resources broken down by baseload and other resources. Capacity resources include existing and committed resources as noted following the graphs. The peak loads shown do not include reserves. The winter graph shows the impact of delays in adding new capacity, especially in 2009. EKPC will need to make seasonal purchases of transmission and/or power to cover the peak load and reserves. Summer seasonal purchases should not be necessary except in 2008, although it may be economical to purchase transmission to bring in economy power.



COORDINATED PLANNING



NOTES:

Gallatin Steel interruptible load is excluded, along with small interruptible loads.  
 Includes Greenup Hydro generation purchase through Dec 2006.  
 Pendleton Co. LFGTE assumed to be on-line January 2007.  
 Smith CTs 8-12:

# COORDINATED PLANNING

## MONTHLY REPORT

2 units assumed to be on-line by Summer 2008.  
2 units assumed to be on-line by Winter 2008-09.  
1 unit assumed to be on-line by Summer 2009.  
Warren RECC load data included April 2008.  
Spurlock 4 unit assumed to be on-line by Spring 2009.  
Smith CFB 1 assumed to be on-line by Spring 2010.

MAY 2006

**Finance & Risk Management Process – Frank Oliva, Manager**Treasury Management

- Cash Management

EKPC continues to investigate the best possible options of investing excess funds to enhance yield and project daily corporate cash needs. On May 31, EKPC had \$42,387,000 of temporary, short-term investments in general funds. Interest rates on investments ranged from 4.63% to 5.01%. \$22,299,891 (book value) is invested in long-term treasury and government agency securities, primarily pledged as security for insurance and post-retirement liabilities. This action supports EKPC's Mission to provide competitive energy to the member systems.

- Construction Funds

In early May, EKPC received advances totaling \$25,000,000 on the Z-8 FFB Guaranteed Loan. The funds were transferred to the General Funds.

The interest rates on our floating/fixed rate pollution bonds through May 31 were:

Cooper – 6 Month fixed rate – 3.42%

Smith – 6 Month fixed rate – 3.68%

Spurlock – weekly floating rate ranged from 3.38% to 3.97%

The EKPC Residential Marketing Loan Program has been utilized by seven member systems for the purpose of making loans to member-consumers. EKPC will make loan funds available to each of its member systems that desire such funds. As of May 31, 6 of the 71 loans remain outstanding with balances totaling \$74,679.

To intensify marketplace opportunities in the area of propane, EKPC has entered into Revolving Line of Credit Agreements with four member systems. As of May 31, EKPC has purchased \$1,566,000 in capital stock and has loaned \$0 on the line of credit. In addition, EKPC had loaned \$3,798,498 to the four subsidiary corporations for the purchase of Thermogas' 50% interest in the retail propane joint ventures. The outstanding balance as of May 31 was \$3,580,166.

As of May 31, \$660,296 plus interest remains outstanding to promote industrial development in the certified territory of four member systems through an Industrial Development Pilot Project. These actions support EKPC's Mission to provide competitive energy to the member systems.

Finance Monthly Report

Page 2

May 2006

- Finance

The Finance Process continues to monitor and maintain current financial information. In May, the CFC interest rate for lines of credit was 6.75% and the CFC variable, long-term rate was 6.90%. FFB interest rates on May 31 were 5.00% and 5.24% for two-year loans and thirty-year loans, respectively. The prime commercial rate increased .25% to 8.00%. The interest rate on May 31 for the CFC thirty-year long-term fixed rate loan was 7.65%. As of May 31, the interest rates on EKPC's Revolving Credit Facility ranged from 5.94% to 6.16%. This action supports EKPC's Mission to provide competitive energy to the member systems.

Budget & Financial Planning

- Budget

Prepared actual-to-budget comparison reports for April 2006 for all departments and business units.

Continued monthly analysis of fuel, purchased power, emission allowances and environmental surcharge revenue used in the evaluation of the 2006 projected margin.

Provided historical, current, and projected volume and cost of coal, oil, gas, methane gas, emission allowances, and purchased power for the Business Management Plan. This information will be used in comparison of historical and projected trends of these large expenses for the cooperative.

Continued to provide information to management for their use in cost containment efforts.

Began annual preparation of reports and files for 2007-2009 budget cycle. These actions support EKPC's mission to provide competitive energy to member systems.

- Financial Planning

Provided workpapers, assumptions, and calculations to the Public Service Commission used in the economic analysis of the construction of a scrubber on the Spurlock Power Station Unit #1. This was the first data request from the Commission staff for PSC Case No. 2006-00132.

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Participated in the decision team's study of emissions compliance options for Cooper Station. Preliminary economic analysis continued on these various options. This action supports EKPC's mission to provide competitive energy to the member systems.

#### Risk Management

- Insurance – A current insurance schedule is included with this report.

#### Property Insurance –

Builder's Risk Coverage – Work continues on obtaining Builder's Risk insurance coverage for the additional CTs and Smith #1.

Employment Practices – Personnel continue to work with Legal staff on specific employment practice suits.

- Member Systems Claims for Transmission System Disturbance – No open claims.
- Energy Risk Management

Energy Risk Management Policy – The final drafts of the Energy Risk Management policy and procedures are being reviewed and will soon go to the Audit Committee, serving as the Risk Oversight Committee, for review. The policy is to document EKPC's policies on managing the risk inherent in its wholesale energy business.

EKPC Power Purchase Agreements and Credit Management – EKPC's credit is being reviewed and negotiated for purchases of power, transmission, Financial Trading Rights (FTR's) emission allowances and coal. Risk Management personnel continue to obtain, monitor and manage the credit support provided by trading counterparties, in the form of parental guarantees and payment netting provisions. Agreements are being negotiated with several counterparties.

MISO and PJM – Risk personnel continue to keep abreast of the evolving market.

Emergency Restoration Plan (ERP) – Distribution in process.

East Kentucky Power 2005-2006 Business Insurance as of May 31, 2006					
Type	Carrier	Coverage Limit	Self-Insured Retention	Annual Premium*	
Property	FM Global	\$2,869,666,209	\$50,000 Headquarters \$1,000,000 -All other	\$2,136,752	
Excess Liability (Commercial Umbrella) inc. Employment Practices Liability	AEGIS	\$35,000,000	\$1,000,000	\$525,866	
Excess Workers' Compensation	AEGIS	\$35,000,000	\$250,000	\$163,178	
Marine (Landing Dock Liability)	CNA/MOAC	\$1,000,000	\$100,000	\$6,784	
Excess Marine (Landing Dock Liability)	CNA/MOAC	\$5,000,000	n/a	\$8,374	
Crime (coverage limits from \$1 to \$10 million)	Chubb (Federal Insur Co)	\$1,000,000/10,000,000	\$25,000/\$100,000	\$28,928	
Directors & Officers Liability	AEGIS	\$10,000,000	\$75,000	\$60,010	
Fiduciary Liability	St. Paul/Travelers	\$10,000,000	\$0	\$10,900	
Builder's Risk - Spurlock #4 <i>3 year policy term- pd annually, coverage limit increases each year</i>	FM Global	\$250,000,000	\$500,000	\$235,631	
<b>ENVISION, LLC</b>					
Professional Liability	Tudor Insurance Co	\$1,000,000	\$2,500	\$3,382	

\*Premium includes state surcharge and all taxes unless otherwise noted.