

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2015

Rate Formula Template  
Utilizing EKPC 2015 Form FF1 Data (ver.FINAL AUDITED)

East Kentucky Power Cooperative, Inc.

Line No.			Total	Allocator	Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 29)				\$ 72,070,265
	REVENUE CREDITS	Note A			
2	Account No. 454	(page 4, line 34)	\$ 152,462	TP 1.00000	\$ 152,462
3	Account No. 456.1 (Net of Revenues from Grandfathered Transactions)	(page 4, line 35)	219,256	TP 0.97750	214,322
4	Revenues from Grandfathered Transactions	Note B	142,622	TP 0.97750	139,412
5	Revenues from service provided by the ISO at a discount		0	TP 0.97750	0
5a	Transmission Enhancement Credit		0	TP 0.97750	0
6	TOTAL REVENUE CREDITS (sum lines 2-5b)				\$ 506,196
6a	True-up Adjustment	Note C			\$ -
7	NET REVENUE REQUIREMENT	(line 1 minus line 6 plus line 6a)			<u>71,564,069</u>
	DIVISOR				
8	1 CP	Note D			3,513,415
9	12 CP	Note E			2,318,566
10	Reserved				
11	Reserved				
12	Reserved				
13	Reserved				
14	Reserved				
15	Annual Cost (\$/kW/Yr) - 1 CP	(line 7 / line 8)	\$20.369		
16	Annual Cost (\$/kW/Yr) - 12 CP	(line 7 / line 9)	\$30.866		
17	Network Rate (\$/kW/Mo)	(line 15 / 12)	\$1.697		
17a	Point-To-Point Rate (\$/kW/Mo)	(line 16 / 12)	\$2.572		
			<u>On-Peak Rate</u>		<u>Off-Peak Rate</u>
18	Point-To-Point Rate (\$/kW/Wk)	(line 16 / 52; line 16 / 52)	\$0.594		
19	Point-To-Point Rate (\$/kW/Day)	(line 16 / 260; line 16 / 365)	\$0.119	Capped at weekly rate	\$0.085
20	Point-To-Point Rate (\$/MWh)	(line 16 / 4,160; line 16 / 8,760 * 1000)	\$7.420	Capped at weekly and daily rate	\$3.524

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Line No.	(1) RATE BASE	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col. 3 times Col. 4)
GROSS PLANT IN SERVICE					
1	Production	204.46.g	\$ 3,085,989,155	NA	
2	Transmission	206.58.g	593,688,833	TP 0.97750	\$ 580,328,466
3	Distribution	206.75.g	214,360,252	NA	
4	General & Intangible	204.5.g & 206.90.g	120,029,639	W/S 0.16165	19,402,490
5	Common		0	CE 0.00000	0
6	TOTAL GROSS PLANT (sum lines 1-5)		\$ 4,014,067,879	GP= 14.941%	\$ 599,730,956
ACCUMULATED DEPRECIATION					
7	Production	219.20-24.c	\$ 962,204,445	NA	
8	Transmission	219.25.c	176,464,455	TP 0.97750	\$ 172,493,301
9	Distribution	219.26.c	63,504,636	NA	
10	General & Intangible	219.28.c	85,518,997	W/S 0.16165	13,823,931
11	Common		0	CE 0.00000	0
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		\$ 1,287,692,533		\$ 186,317,232
NET PLANT IN SERVICE					
13	Production	(line 1 - line 7)	\$ 2,123,784,710		
14	Transmission	(line 2 - line 8)	417,224,378		\$ 407,835,165
15	Distribution	(line 3 - line 9)	150,855,616		
16	General & Intangible	(line 4 - line 10)	34,510,642		5,578,559
17	Common	(line 5 - line 11)	0		0
18	TOTAL NET PLANT (sum lines 13-17)		\$ 2,726,375,346	NP= 15.163%	\$ 413,413,724
ADJUSTMENTS TO RATE BASE					
19	Account No. 281 (enter negative)	272.Total 281.k	\$ -	NA zero	\$ -
20	Account No. 282 (enter negative)	274.Total 282.k	0	NP 0.15163	0
21	Account No. 283 (enter negative)	276.Total 283.k	0	NP 0.15163	0
22	Account No. 190	234.Total 190.c	0	NP 0.15163	0
23	Account No. 255 (enter negative)	266.Total.h	0	NP 0.15163	0
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		\$ -		\$ -
25	LAND HELD FOR FUTURE USE	214.Total.d, Note F	\$ -	1.00000	\$ -
WORKING CAPITAL					
26	CWC	calculated, Note G	\$ 8,315,666		4,145,981
27	Materials & Supplies	227.8.c	20,640,035	TE 0.92041	18,997,311
28	Prepayments (Account 165)	110.46.c, Note G	6,088,402	GP 0.14941	909,652
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		\$ 35,044,103		\$ 24,052,944
30	RATE BASE (sum lines 18, 24, 25, & 29)		\$ 2,761,419,449		\$ 437,466,668

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Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col. 3 times Col. 4)
<b>O&amp;M</b>					
1	Transmission	321.100	\$ 49,191,151	TE 0.92041	\$ 45,276,065
2	Less Account 565	321.Acct 565	21,248,878	TE 0.92041	19,557,696
3	A&G	321.168	39,406,756	W/S 0.16165	6,370,003
4	Less FERC Annual Fees	N/A	0	W/S 0.16165	0
5	Less Non-safety Advertising	Note H	228,772	W/S 0.16165	36,980
5a	Less KPSC Regulatory Expenses	Note H	1,734,261		
5b	Plus Transmission Related Regulatory Exp	Note H	287,439	TE 0.92041	264,562
5c	Plus Prorated PJM Transition Expense	Note H	851,894		851,894
6	Common		0	CE 0.00000	0
7	Transmission Lease Payments		0	1.00000	0
8	TOTAL O&M (sum lines 1, 2a, 3, 5a, 6, 7 less lines 1a, 2, 4, 5)		<u>\$ 66,525,329</u>		<u>\$ 33,167,848</u>
<b>DEPRECIATION EXPENSE</b>					
9	Transmission	336.7.f	\$ 8,655,337	TP 0.97750	\$ 8,460,557
10	General and Intangible	336.9.f	6,671,321	W/S 0.16165	1,078,402
11	Common	336.10.f	0	CE 0.00000	0
12	TOTAL DEPRECIATION (Sum lines 9 - 11)		<u>\$ 15,326,658</u>		<u>\$ 9,538,959</u>
<b>TAXES OTHER THAN INCOME TAXES</b>					
<b>LABOR RELATED</b>					
13	Payroll	Note I	\$ -	W/S 0.16165	\$ -
14	Highway and vehicle	Note I	0	W/S 0.16165	0
<b>PLANT RELATED</b>					
16	Property	Note I	0	GP 0.14941	0
17	Gross Receipts		0	NA NA	0
18	Other		0	GP 0.14941	0
19	Payments in lieu of taxes		0	GP 0.14941	0
20	TOTAL OTHER TAXES (sum lines 13 - 19)		<u>\$ -</u>		<u>\$ -</u>
<b>INCOME TAXES</b>					
21	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	Note J	0.000000%		
22	$CIT=(T/1-T) * (1-(WCLTD/R)) =$		0.000000%		
23	$1 / (1 - T) =$ (from line 21)		0.0000		
24	Amortized Investment Tax Credit	266.8.f (enter negative)	0		
25	Income Tax Calculation (line 22 * line 28)		\$ -	NA	\$ -
26	ITC adjustment (line 23 * line 24)		0	NP 0.15163	0
27	Total Income Taxes	(line 25 plus line 26)	<u>\$ -</u>		<u>\$ -</u>
28	RETURN [ Rate Base (page 2, line 30) * Rate of Return (page 4, line 29)]		\$ 185,350,860	NA	\$ 29,363,458
29	REVENUE REQUIREMENT (sum lines 8, 12, 20, 27, 28)		<u>\$ 267,202,846</u>		<u>\$ 72,070,265</u>

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East Kentucky Power Cooperative, Inc.  
**SUPPORTING CALCULATIONS AND NOTES**

Line No.	<b>TRANSMISSION PLANT INCLUDED IN ISO RATES</b>				
1	Total transmission plant (page 2, line 2, column 3)				593,688,833
2	Less transmission plant excluded from ISO rates				0
3	Less transmission plant included in OATT Ancillary Services	See Supporting Exhibit, Page 5 of 8, Line 4, (Note K)			13,360,367
4	Transmission plant included in ISO Rates (line 1 less lines 2 & 3)				<u>580,328,466</u>
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)			TP=	0.97750
	<b>TRANSMISSION EXPENSES</b>				
6	Total transmission expenses (page 3, line 1, column 3)				49,191,151
7	Less transmission expenses included in OATT Ancillary Services	Note L			<u>2,872,736</u>
8	Included transmission expenses (line 6 less line 7)				46,318,415
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)				0.94160
10	Percentage of transmission plant included in ISO Rates (line 5)			TP	0.97750
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)			TE=	0.92041
	<b>WAGES &amp; SALARY ALLOCATOR (W&amp;S)</b>				
		Form 1 Reference	\$	TP	Allocation
12	Production	354.18.b	33,334,801	0.00	0
13	Transmission	354.19.b	9,168,077	0.98	8,961,759
14	Distribution	354.20.b	828,986	0.00	0
15	Other	354.21,22,23,24.b	<u>12,108,271</u>	0.00	0
16	Total (sum lines 12-15)		55,440,135		8,961,759 = 0.16165
	<b>COMMON PLANT ALLOCATOR (CE)</b>				
			%		% Electric (line 17 / line 20)
17	Electric	200.3.c	1.00		1.00000 *
18	Gas	201.3.d	0.00		
19	Water	201.3.e	0.00		
20	Total (sum lines 17 - 19)		1.00		W&S Allocator (line 16) 0.16165
	<b>RETURN (R)</b>				
21		Long Term Interest (117, sum of 58.c through 65.c)			<u>\$ 113,258,537</u>
22		Preferred Dividends (118.29c) (positive number)			0
	<b>Development of Cost of Capital:</b>				
23	Long Term Debt	(112.23c) See Supporting Exhibit, Page 7 of 8			\$2,531,045,666
24	Proprietary Capital	(112.15.c)			511,947,050
25	Less Account 216.1	(112.12.c) (enter negative)			<u>0</u>
26	Total Capital	(sum lines 23-25)			\$ 3,042,992,716
			\$	%	Cost
27	Long Term Debt (112.23c)	Note M	2,531,045,666	83.18%	4.475%
28	Proprietary Capital (112.15.c)	Note N	<u>511,947,050</u>	16.82%	17.774%
29	Total (sum lines 27-28)		3,042,992,716		R = 6.712%
30	Effective TIER	Note O			TIER = 1.50
	<b>REVENUE CREDITS</b>				
	ACCOUNT 447 (BUNDLED SALES FOR RESALE)	(310-311)			
31	a. Bundled Non-RQ Sales for Resale (311.x.k)				\$ -
32	b. Bundled Sales for Resale included in Divisor on page 1				<u>0</u>
33	Total of (a)-(b)				\$0
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)	See Supporting Exhibit, Page 6 of 8, Line 3 (Note P)			\$ 152,462
35	ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)	See Supporting Exhibit, Page 6 of 8, Line 17 (Note Q)			\$ 219,256

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**General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)**

**References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)**

Note

Letter

- A The revenues credited on page 1 lines 2-5c shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Formulary Rate Template.
- B Revenue from AEP Grandfathered Agreement. See Rev Cred Support, Attachment H-24A, Supporting Exhibit, page 6 of 8, line 16
- C Calculated in accordance with the EKPC Formulary Rate Protocols in Attachment H-24B of this Tariff. See Appendix C
- D EKPC 1 CP is EKPC's highest Monthly Firm Transmission System Peak Load based on the source data as described in Note 1 of Attachment H-24A, Page 8 of 8, plus transmission service provided for others over the EKPC transmission system, plus wheel-out to EKPC load connected to AEP/KP, Duke Ky, and LGE/KU See Attachment H-24A, Supporting Exhibit, Page 8 of 8
- E EKPC 12 CP is EKPC's Monthly Firm Transmission System Peak Load based on the source data as described in Note 1 of Attachment H-24A, Page 8 of 8, plus transmission service provided for others over the EKPC transmission system, plus wheel-out to EKPC load connected to AEP/KP, Duke Ky, and LGE/KU See Attachment H-24A, Supporting Exhibit, Page 8 of 8
- F Identified in EKPC Form FF1 as being non-transmission related. See Attachment H-24A, Supporting Exhibit, Pg 2 of 8
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3 of 5, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on EKPC Form FF1, Ref Pg 110, line 46.
- H Line 5 - Remove non-safety related advertising included in Account 930.1. See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 3  
Line 5a - Remove Total Regulatory Commission Expenses - See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 4  
  
Line 5b - Add Back Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting - See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 6  
Line 5c - Add EKPC costs relating to PJM transition. See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 14
- I In accordance with RUS accounting standards, EKPC allocates all payroll and property taxes to the functional account. Labor- and plant-related taxes are already included in the appropriate transmission account.
- J As a member-owned non-profit RUS generation and transmission cooperative, EKPC is exempt from state and from federal income taxes under 501(c)(12) of Internal Revenue Code
- K Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, included in Account 561. See Attachment H-24A, Supporting Exhibit, Page 4 of 8.
- M Debt cost rate = long-term interest (line 21) / long term debt (line 27).
- N Proprietary Capital Cost calculated to achieve TIER of 1.50
- O TIER value approved by KPSC in Case No. 2010-000167
- P Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- Q Net of revenue from retained legacy transactions. See Attachment H-24A, Supporting Exhibit, page 6 of 8.