

**EAST KENTUCKY UTILITIES, INC.
P. O. BOX 408
PRESTONSBURG, KY. 41653**

**Phone -606-886-2431
Fax -606-889-9196**

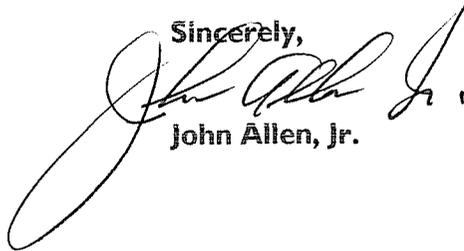
**Ms. Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602**

RE: Case No. 2004-00276

Dear Ms. O'Donnell:

Attached is the response of East Kentucky Utilities, Inc. to the request for information made by the Commission Staff in this case. If there are any other questions, please contact me via phone or e-mail. Members of your staff have the phone number as well as e-mail address.

Sincerely,



John Allen, Jr.

Attachment

OCT 11 2004

PUBLIC SERVICE
COMMISSION

RECEIVED

OCT 11 2004

PUBLIC SERVICE
COMMISSION

ATTACHMENT

Responses to Staff's Information Request

Item 1 (a) sheet 3

Re: Cost of fuel for vehicles -- During the summer months the receipts are so low that East Kentucky Utilities, Inc. has been unable to pay it's fuel cost in full each month. Due to mandatory fixed costs such as payroll, 941 payments, Group medical insurance, Kentucky Retirement system and the payments on vehicles we have been paying the minimum due per the credit card. This has resulted in an unusual balance due for the first time in Companie's history.

Item 2 (a) sheet 3

Re: Balance owed on vehicles: This item has been included on the calculation that if we are approved for the loan and the monthly payment is \$3,000.00, by including the balance owed on vehicles of \$ 20,932.00 in loan it would decrease total monthly payments by 1,395.00 which is amount of monthly payments on vehicles. Just a method to stretch the 20,932.00 with 1,395.00 monthly payment over the life of the loan, if approved.

Item: 3 (a) sheet 3

Re: Amount 20,000.00 advanced by Floyd County Fiscal Court. On March 3rd, 2004 East Kentucky Utilities, Inc. had Revenue Bond due with principal and interest in amount of \$ 48, 898.00. In order to pay Equitable the gas bill due for January we were unable to meet both obligations. Therefor we only paid Floyd County Fiscal Court \$20,898.00 on our portion of Floyd County Bonds due at that time. Therefor Floyd County Fiscal Court has to pay our unpaid portion of 20,000.00 in order to not default on bond issue requirements. They have requested that we repay them the 20,000.00 which they paid on our behalf.

Item 4 (a) sheet 3

Re: Tax Consulting, Inc. - \$ 54,000.00. This amount is for past wages. John Allen, Jr. worked 40-45 hours per week for a monthly salary of \$ 3,000.00. Instead of being added to payroll he let them pay a 1120-S corporation that he owns which has no other function or activity. This was done in order to save East Kentucky Utilities, Inc. payroll taxes, retirement costs, unemployment taxes, etc.. During period from january 2003 to June 2004. He let his salary go unpaid in attempt to pay other operating costs of Company. Therefor he has not been paid any amount for his work for this Eighteen months. John Allen , Jr. has had to borrow funds personally from Bank in order to pay his personal living expenses during this period.

East Kentucky Utilities
P. O. Box 408
Prestonsburg, KY 41653



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Ms. Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

