

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

Mark David Goss
(859) 244-3232
MGOSS@FBTLAW.COM

December 13, 2010

RECEIVED

DEC 13 2010

**PUBLIC SERVICE
COMMISSION**

Via Hand-Delivery

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 2010-00167

Dear Mr. Derouen:

Please find enclosed for filing in the above-referenced case an original and ten (10) copies of the responses of East Kentucky Power Cooperative, Inc., to the Commission Staff's, Gallatin Steel Company's, and the Attorney General's data requests made during the hearing in this case, held on December 9, 2010.

Very truly yours,

Mark David Goss *g dg*

Mark David Goss
Counsel

CC: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION


IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

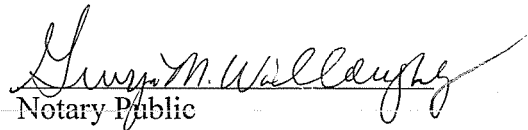
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Post-Hearing Data Requests in the above-referenced case from the hearing held on December 9, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 13th day of December, 2010.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Post-Hearing Data Requests in the above-referenced case from the hearing held on December 9, 2010, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 13th day of December, 2010.

George M. Willoughby
Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

RESPONSES OF EAST KENTUCKY POWER COOPERATIVE, INC.
TO POST-HEARING DATA REQUESTS FROM
HEARING HELD ON DECEMBER 9, 2010

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

DATA REQUEST RESPONSE

**ATTORNEY GENERAL'S DATA REQUEST FROM HEARING HELD ON
DECEMBER 9, 2010**

REQUEST 1

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Provide all presentations provided to EKPC's Board of Directors relating to their approval of this rate filing.

Response 1. The presentation made at the April 2010 Board meeting is included on pages 2 through 7 of this response. Please note that, at the time of the April 2010 board meeting, EKPC had not arrived at a final revenue requirements amount. Therefore, the Board approved an "up to" \$50 million rate increase.

4/7/2010 3:59 PM

**EAST KENTUCKY POWER COOPERATIVE
COMPARISON**

2010 Budgeted Income Statement Chronology

	12/31/10	REVISED 12/31/2010	FINAL 12/31/2010	Revised Final 12/31/2010
STATEMENT OF OPERATIONS				
Electric Energy Revenues				
Power Sales-Member Coops - Basic Rate	\$856,585,294	\$856,585,294	\$856,585,294	\$825,028,393
Power Sales-Member Coops - Fuel Clause	(80,099,684)	(80,099,684)	(80,099,684)	(79,878,758)
Power Sales-Member Coops - Environmental Surcharge	87,270,729	87,270,729	87,270,729	87,270,729
Power Sales-Member Coops - Steam	11,855,763	11,855,763	11,855,763	11,788,278
Power Sales - Off System	3,136,142	3,136,142	3,136,142	3,136,142
Wheeling Revenue	2,466,284	2,466,284	2,466,284	2,466,284
Other Operating Revenue - Income	2,207,169	2,207,169	2,207,169	2,207,169
Total Operating Revenue & Patronage Capital	\$883,421,697	\$883,421,697	\$883,421,697	\$852,018,237
Operation Expenses				
Production Costs Excluding Fuel - Dale	\$6,306,979	\$6,164,025	\$6,171,823	\$6,138,746
Production Costs Excluding Fuel - Cooper	7,450,398	7,252,883	7,294,614	7,243,332
Production Costs Excluding Fuel - Spurlock	28,250,196	27,545,238	26,384,482	26,198,527
Production Costs Excluding Fuel - Gilbert/Unit #4	14,519,830	14,525,693	16,180,903	16,150,882
Production Costs Excluding Fuel - Smith	4,938,462	4,940,163	4,241,135	4,238,621
Production Costs Excluding Fuel - Dist. Generation	1,715	1,715	1,939	1,939
Production Costs Excluding Fuel - Landfill Gases	767,046	767,826	795,844	794,587
Production Costs Excluding Fuel - Allowances	6,201,995	6,201,995	6,201,995	6,201,995
Fuel-Dale	28,806,118	28,806,118	28,806,118	27,861,293
Fuel-Cooper	51,547,984	51,547,984	51,547,984	49,571,975
Fuel-Spurlock	154,031,931	154,031,931	154,031,931	147,818,318
Fuel - Gilbert/Unit #4	97,348,433	97,348,433	97,348,433	93,336,609
Fuel-Smith	39,349,617	39,349,617	39,349,617	36,194,308
Fuel-Distributive Generation	6,400	6,400	6,400	6,400
Fuel-Landfill Gas	508,724	508,724	508,724	508,724
Fuel Handling	16,354,626	16,305,401	12,797,349	12,763,617
Other Power Supply	67,556,205	65,233,597	65,081,414	59,409,674
Other Power Supply-ACES Fees	2,484,000	1,900,000	1,900,000	1,900,000
Transmission Wheeling	18,397,626	18,397,626	16,272,017	16,272,017
Transmission Expense	14,567,168	13,594,034	14,325,067	14,308,567
Distribution Expense	1,164,486	1,165,738	1,475,436	1,475,436
Customer Accounts	0	0	0	0
Customer Service and Information	6,221,909	4,297,262	2,769,293	2,720,383
Sales	19,955	19,951	19,951	19,951
Administrative and General	32,150,378	31,030,598	30,073,435	30,033,435
Total Operation Expenses	\$598,952,181	\$590,942,952	\$583,585,904	\$561,169,336

EAST KENTUCKY POWER COOPERATIVE				
COMPARISON				
2010 Budgeted Income Statement Chronology				
	12/31/10	REVISED 12/31/2010	FINAL 12/31/2010	Revised Final 12/31/2010
STATEMENT OF OPERATIONS				
Maintenance Expenses				
Production - Dale	\$6,497,460	\$5,936,853	\$5,937,121	\$5,937,121
Production - Cooper	11,317,279	9,280,844	9,281,101	9,281,101
Production - Spurlock	22,359,296	20,420,845	20,421,339	20,421,339
Production - Gilbert/Unit #4	9,106,515	8,890,941	8,890,941	8,890,941
Production - Smith	1,939,863	1,589,884	1,590,189	1,590,189
Production - Dist. Generation	48,618	48,856	48,856	48,856
Production - Landfill Gases	2,172,190	2,172,696	2,172,696	2,172,696
Transmission Expense	7,062,966	6,480,637	6,480,877	6,480,877
Distribution Expense	2,144,509	2,145,496	2,145,496	2,145,496
General Plant	2,204,413	1,930,918	1,830,918	1,830,918
Total Maintenance Expenses	\$64,853,109	\$58,897,970	\$58,799,534	\$58,799,534
Fixed Costs				
Depreciation/Amortization	\$75,044,143	\$75,044,143	\$75,044,143	\$75,044,143
Taxes	800	800	800	800
Interest on Long-Term Debt	129,630,650	129,630,650	129,630,650	129,630,650
Interest During Construction	0	0	0	0
Other Interest Expense	39,999	39,999	39,999	39,999
Other Deductions	2,552,692	2,451,685	1,965,745	1,965,745
Total Fixed Costs	\$207,268,284	\$207,167,277	\$206,681,337	\$206,681,337
Total Cost of Electric Service	\$871,073,574	\$857,008,199	\$849,066,775	\$826,650,207
Operating Margins	\$12,348,123	\$26,413,498	\$34,354,922	\$25,368,030
Non-Operating Items				
Interest Income	\$3,277,440	\$3,277,440	\$3,277,440	\$3,277,440
Allowance for Funds used for Construction	0	0	0	0
Other Non-Operating Income	(65,984)	(66,010)	(66,010)	(61,762)
Other Capital Credits/Patronage Dividends	150,000	150,000	150,000	150,000
Total Non-Operating Items	\$3,361,456	\$3,361,430	\$3,361,430	\$3,365,678
Net Patronage Capital & Margins (Deficits)	\$15,709,579	\$29,774,928	\$37,716,352	\$28,733,708
Projected TIER =	1.12	1.23	1.29	1.22
Projected DSCR =	1.04	1.10	1.14	1.10

4/7/2010

EAST KENTUCKY POWER COOPERATIVE



		Budgeted Income Statement	
		REVISED-Final 2010	REVISED 2011
STATEMENT OF OPERATIONS			
Electric Energy Revenues			
Power Sales-Member Coops - Basic Rate	\$825,028,393	\$924,566,273	Includes \$75 MM Rate Increase
Power Sales-Member Coops - Fuel Clause	(79,878,756)	(50,582,838)	\$12.6 MM Increase
Power Sales-Member Coops - Environmental Surcharge	87,270,729	99,851,758	
Power Sales-Member Coops - Steam	11,788,278	12,431,509	
Power Sales - Off System	3,136,142	3,248,655	
Wheeling Revenue	2,466,284	2,538,793	
Other Operating Revenue - Income	2,207,169	2,207,169	
Total Operating Revenue & Patronage Capital	\$852,018,237	\$994,261,319	
Operation Expenses			
Production Costs Excluding Fuel - Dale	\$6,138,746	\$6,620,545	
Production Costs Excluding Fuel - Cooper	7,243,332	7,342,327	\$4.1 MM Increase - includes Spurlock chemicals & ammonia \$1.2 MM;
Production Costs Excluding Fuel - Spurlock	26,168,527	28,470,609	Spurlock lime, limestone, &
Production Costs Excluding Fuel - Gilbert/Unit #4	16,150,882	17,090,036	magnesium \$0.9 MM; Spurlock ash
Production Costs Excluding Fuel - Smith	4,238,621	4,531,827	storage \$0.4 MM
Production Costs Excluding Fuel - Dist. Generation	1,939	1,997	
Production Costs Excluding Fuel - Landfill Gases	794,587	869,757	
Production Costs Excluding Fuel - Allowances	6,201,995	4,894,362	\$1.3 MM Decrease
Fuel-Dale	27,861,293	29,246,789	
Fuel-Cooper	49,571,975	61,011,764	
Fuel-Spurlock	147,818,318	183,091,653	\$59.2 MM Increase in Fuel ---
Fuel - Gilbert/Unit: #4	93,336,609	91,908,904	Cooper Fuel price increase of \$0.27/MMBtu
Fuel-Smith	36,194,308	48,732,797	Spurlock #1 & #2 Scrubber Fuel price of \$0.40/MMBtu
Fuel-Distributive Generation	6,400	6,400	
Fuel-Landfill Gas	508,724	543,299	
Fuel Handling	12,763,617	13,682,817	
Other Power Supply	59,409,674	47,817,334	\$14.3 MM Decrease in Purch. Power
Other Power Supply-ACES Fees	1,900,000	1,900,000	
Transmission Wheeling	16,272,017	19,351,829	\$3.1 MM Increase in Wheeling for TVA,
Transmission Expense	14,308,567	15,091,268	MISO, & PJM
Distribution Expense	1,475,436	1,530,963	
Customer Accounts	0	0	
Customer Service and Information	2,720,383	6,277,496	\$3.4 MM Increase in DSM
Sales	19,951	20,736	
Administrative and General	30,033,435	30,733,870	
Total Operation Expenses	\$561,169,336	\$620,769,379	

4/7/2010

EAST KENTUCKY POWER COOPERATIVE

		Budgeted Income Statement	
		REVISED-Final 2010	REVISED 2011
STATEMENT OF OPERATIONS			
Maintenance Expenses			
Production - Dale		\$5,937,121	\$5,630,975
Production - Cooper		9,281,101	8,221,163
Production - Spurlock		20,421,339	22,443,507
			\$2.3 MM Increase---Spurlock #1 Boiler & Turbine Maint. \$1.4 MM; CT #4 Inspection \$0.7 MM and Refurbish CT #2 \$0.7 MM
Production - Gilbert/Unit #4		8,890,941	9,395,979
Production - Smith		1,590,189	2,370,325
Production - Dist. Generation		48,856	48,911
Production - Landfill Gases		2,172,696	2,512,167
Transmission Expense		6,480,877	5,391,708
			\$1.1 MM Decrease--Oil Spill Containment complete in 2010 - EPA Requirement
Distribution Expense		2,145,496	1,055,123
General Plant		1,830,918	1,686,948
Total Maintenance Expenses		\$58,799,534	\$58,756,806
Fixed Costs			
Depreciation/Amortization		\$75,044,143	\$79,879,074
Taxes		800	800
			\$4.8 MM Increase---Transmission \$0.9 MM; General including PSFT \$2.6 MM
Interest on Long-Term Debt		129,630,650	162,395,010
Interest During Construction		0	0
Other Interest Expense		39,999	39,999
Other Deductions		1,965,745	2,531,731
Total Fixed Costs		\$206,681,337	\$244,846,614
			\$32.8 MM Increase due to debt related to CT's #9 & #10, Scrubbers, Smith, and Cooper Retrofit
Total Cost of Electric Service		\$826,650,207	\$924,372,799
Operating Margins		\$25,368,030	\$69,888,520
Non-Operating Items			
Interest Income		\$3,277,440	\$3,417,679
Allowance for Furids used for Construction		0	0
Other Non-Operating Income		(61,762)	(67,773)
Other Capital Credits/Patronage Dividends		150,000	150,000
Total Non-Operating Items		\$3,365,678	\$3,500,106
Net Patronage Capital & Margins(Deficits)		\$28,733,708	\$73,388,626
Projected TIER =		1.22	1.45
Projected DSCR =		1.10	1.21
% Rate Increase =			8.2%



EAST KENTUCKY POWER COOPERATIVE

4/9/2010 11:58 AM

Comparison of 2011 Test Year Budget

	Board - Approved 2011 Budget	2011 Test Year Budget	Revised 2011 Test Year Budget	Adjustments For Rate Case	See Notes	2011 Test Year As Submitted To KPSC
STATEMENT OF OPERATIONS						
Electric Energy Revenues						
Power Sales-Total	\$ 914,515,357	\$ 941,594,896	\$ 941,594,896	\$ (553,687,747)	a	\$ 387,907,148
Power Sales-Rate Increase	75,000,000	90,000,000	55,000,000	(9,792,238)	b	45,207,762
Wheeling Revenue	2,538,793	2,538,793	2,538,793			2,538,793
Other Operating Revenue - Income	2,207,169	2,207,169	2,207,169			2,207,169
Total Operating Revenue & Patronage Capital	\$ 994,261,319	\$ 1,036,340,858	\$ 1,001,340,857	\$ (563,479,965)		\$ 437,860,872
Operation Expenses						
Production Costs: Excluding Fuel	\$ 69,821,460	\$ 71,156,074	\$ 70,782,434	\$ (25,633,886)	c	\$ 45,148,548
Fuel and Fuel Handling	428,224,423	446,077,831	445,953,276	(425,790,626)	d	20,162,650
Other Power Supply	47,554,535	55,399,991	55,399,991	(31,670,567)	d	23,729,430
Other Power Supply-ACES Fees	1,900,000	1,900,000	1,900,000			1,900,000
Transmission Wheeling and Other	34,705,896	34,588,197	34,588,197			34,588,197
Distribution Expense	1,530,963	1,467,869	1,467,869			1,467,869
Customer Accounts	0	0	0			-
Customer Service and Information	6,277,496	6,367,131	3,360,190			3,360,190
Sales	20,736	21,002	21,002			21,002
Administrative and General	30,733,870	31,429,193	31,429,193	(2,425,984)	e	29,003,209
Total Operation Expenses	\$ 620,769,379	\$ 648,407,288	\$ 644,902,152	\$ (485,521,057)		\$ 159,381,095
Maintenance Expenses						
Production	\$ 50,623,027	\$ 56,916,009	\$ 56,916,009	\$ (8,858,908)	c	\$ 48,057,101
Transmission Expense	5,391,708	5,686,816	5,686,816			5,686,816
Distribution Expense	1,055,123	1,014,342	1,014,342			1,014,342
General Plant	1,686,948	2,049,142	2,049,142			2,049,142
Total Maintenance Expenses	\$ 58,756,806	\$ 65,666,309	\$ 65,666,309	\$ (8,858,908)		\$ 56,807,401
Fixed Costs						
Total Fixed Costs	\$ 244,846,614	\$ 250,511,920	\$ 228,039,003	\$ (53,351,716)	c, f	\$ 174,687,287
Total Cost of Electric Service	\$ 924,372,799	\$ 964,585,517	\$ 938,607,464	\$ (547,731,681)		\$ 390,875,783
Operating Margins	\$ 69,888,520	\$ 71,755,341	\$ 62,733,393	\$ (15,748,304)		\$ 46,985,089
Non-Operating Items						
Total Non-Operating Items	\$ 3,500,106	\$ 3,498,391	\$ 3,498,391	\$ 69,488	g	\$ 3,567,879
Net Patronage Capital & Margins (Deficits)	\$ 73,388,626	\$ 75,253,732	\$ 66,231,784	\$ (15,678,816)		\$ 50,552,968
TIER Earned For Financial Purposes	1.45	1.45	1.45			1.34
TIER Earned For Base Rate Purposes						1.45

Updated 4/6/2010

East Kentucky Power Cooperative, Inc.
Actual TIER & DSC Calculations for years 2006 through 2009
Projected TIER & DSC Calculations for years 2010 and 2011

Year	Category	Value	Average of Best 2 of 3	
2006	For 2006: Mortgage Agreement and Credit Agreement			
	TIER	(a) Net Margins (b) Interest on Long Term Debt TIER = (a) + (b) / (b) =	1.132	
	DSC	(a) Depreciation (b) Interest on L-T Debt (c) Margins (d) Interest + Principal DSC = (a) + (b) + (c) / (d) =	1.035	
		NOV penalties of Allowances surrendered of	\$ 23,111,906 / \$ 10,016,420	
2007	For 2007: Mortgage Agreement			
	TIER	(a) Net Margins (b) Interest on Long Term Debt TIER = (a) + (b) / (b) =	1.432	
	DSC	(a) Depreciation (b) Interest on L-T Debt (c) Margins (d) Interest + Principal DSC = (a) + (b) + (c) / (d) =	1.074	
		NOV penalties of Allowances surrendered of	\$ 23,111,906 / \$ 10,016,420	
2008	For 2008: Mortgage Agreement and Credit Agreement			
	TIER	(a) Net Margins (b) Interest on Long Term Debt TIER = (a) + (b) / (b) =	1.110	
	DSC	(a) Depreciation (b) Interest on L-T Debt (c) Margins (d) Interest + Principal DSC = (a) + (b) + (c) / (d) =	1.035	
		NOV penalties of Allowances surrendered of	\$ 23,111,906 / \$ 10,016,420	
2009	For 2009: Mortgage Agreement and Credit Agreement			
	TIER	(a) Net Margins (b) Interest on Long Term Debt TIER = (a) + (b) / (b) =	1.270	
	DSC	(a) Depreciation (b) Interest on L-T Debt (c) Margins (d) Interest + Principal DSC = (a) + (b) + (c) / (d) =	1.138	
		NOV penalties of Allowances surrendered of	\$ 23,111,906 / \$ 10,016,420	
2010	For 2010: Mortgage Agreement and Credit Agreement (Projected)			
	TIER	(a) Net Margins (b) Interest on Long Term Debt TIER = (a) + (b) / (b) =	1.222	
	DSC	(a) Depreciation (b) Interest on L-T Debt (c) Margins (d) Interest + Principal DSC = (a) + (b) + (c) / (d) =	1.103	
		NOV penalties of Allowances surrendered of	\$ 23,111,906 / \$ 10,016,420	
2011	For 2011: Mortgage Agreement and Credit Agreement (Without Requested Rate Increase)			
	TIER	(a) Net Margins (b) Interest on Long Term Debt TIER = (a) + (b) / (b) =	1.343	
	DSC	(a) Depreciation (b) Interest on L-T Debt (c) Margins (d) Interest + Principal DSC = (a) + (b) + (c) / (d) =	1.120	
		NOV penalties of Allowances surrendered of	\$ 23,111,906 / \$ 10,016,420	
2011	For 2011: Mortgage Agreement and Credit Agreement (Without Requested Rate Increase)			
	TIER	(a) Net Margins (b) Interest on Long Term Debt TIER = (a) + (b) / (b) =	1.030	
	DSC	(a) Depreciation (b) Interest on L-T Debt (c) Margins (d) Interest + Principal DSC = (a) + (b) + (c) / (d) =	1.103	
		NOV penalties of Allowances surrendered of	\$ 23,111,906 / \$ 10,016,420	

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

DATA REQUEST RESPONSE

ATTORNEY GENERAL'S DATA REQUEST FROM HEARING HELD ON

DECEMBER 9, 2010

REQUEST 2

RESPONSIBLE PERSON: Frank J. Oliva/Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Provide a declaration sheet from EKPC's forced outage insurance provider.

Response 2. Please see pages 2 through 4 of this response.

Arrow Syndicate 1910
133 Fleet Street
London EC4A 2BB, United Kingdom

DECLARATIONS

Policy No.: 401/01/2010/0020

- ITEM 1. INSURED: East Kentucky Power Cooperative, Inc.
PRINCIPAL ADDRESS: 4775 Lexington Road 40391
P.O. Box 707
Winchester, KY 40392-0707
WIRE TRANSFER: PNC Bank, N.A.
Pittsburgh, PA 15222
ABA No. 043000096
For Credit to East Kentucky Power Cooperative, Inc.
Account No. 1009562485
- ITEM 2. INSURER: Underwriters at Lloyd's, London
100% to Arrow Syndicate 1910
133 Fleet Street
London EC4A 2BB, United Kingdom
- ITEM 3. WIRE TRANSFER: JPMorgan Chase N.A.
ABA 021 000 021
SWBC Escrow for Arrow Syndicate 1910
Acct# 790 266 076
- ITEM 4. CONTACT: Southwest Business Corporation
c/o Joseph A. Leto
7300 College Blvd, Suite 300
Overland Park, KS 66210
Tel.: 913-981-9940
Fax: 913-981-9939
Cell: 913-485-0627
Email: jleto@swbc.com
- ITEM 5. PERIL(S) INSURED AGAINST: Losses incurred to replace the power that otherwise would have been generated by Covered Unit(s) experiencing an Unplanned Event
- ITEM 6. CURRENCY: United States Dollars ("USD")
- ITEM 7. INCEPTION DATE: July 1, 2010
- ITEM 8. EXPIRATION DATE: June 30, 2011
- ITEM 9. POLICY TERM: July 1, 2010 through June 30, 2011
- ITEM 10. CLAIMS DEADLINE: August 1, 2011

Arrow Syndicate 1910
133 Fleet Street
London EC4A 2BB, United Kingdom

ITEM 11. POLICY LIMIT:	\$20,000,000
ITEM 12. PREMIUM:	\$1,800,000.00
SURPLUS LINES TAX 3%:	\$54,000.00
ITEM 13. PREMIUM DUE DATE:	July 1, 2010
ITEM 14. INSURED PRICE:	\$30/MWh
ITEM 15. SETTLEMENT TYPE:	Daily
ITEM 16. POWER PRICE INDEX:	For each Delivery Hour of each Delivery Day, the weighted average of the Day-Ahead Prices for all Delivery Hours in such Delivery Day, each such Day-Ahead Price weighted by the Covered Capacity during the Delivery Hour; where Day-Ahead Price means the hourly price given by the Midwest ISO (MISO) under "Day-Ahead LMPs" for the Cinergy Hub, as posted by the MISO at http://www.midwestmarket.org/home/Market%20Reports?type=da_imp&list=month under the appropriate month and date. If the Power Price Index for any Delivery Day exceeds \$100/MWh, it shall be deemed to be equal to \$100/MWh.
ITEM 17. AGGREGATE CAPACITY DEDUCTIBLE:	100 MW
ITEM 18. CAPACITY LIMIT:	1,587 MW
ITEM 19. EVENT DURATION LIMIT:	2,160 consecutive hours
ITEM 20. COINSURANCE:	0
ITEM 21. TERM DEDUCTIBLE:	\$1,000,000.00
ITEM 22. ENDORSEMENTS:	N/A
ITEM 23. UNPLANNED EVENT:	Unplanned Outage
ITEM 24. DELIVERY HOUR:	On-Peak Hours
ITEM 25. DELIVERY DAY:	Any day during the Policy Term
ITEM 26. RELEVANT TIME ZONE:	Eastern
ITEM 27. OFF-PEAK HOURS:	Any hour other than an On-Peak Hour
ITEM 28. ON-PEAK HOURS:	On each Delivery Day, the hours ending 0800 through 2300 PT

Arrow Syndicate 1910
133 Fleet Street
London EC4A 2BB, United Kingdom

THESE DECLARATIONS, TOGETHER WITH THE INSURANCE APPLICATION AND THE POLICY (INCLUDING THE SCHEDULES, EXHIBITS AND ANY ENDORSEMENTS ATTACHED), CONSTITUTE THE INSURANCE POLICY (the "Policy").

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

DATA REQUEST RESPONSE

**ATTORNEY GENERAL'S DATA REQUEST FROM HEARING HELD ON
DECEMBER 9, 2010
REQUEST 3**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Provide the amount of 2009 interest expense and the interest expense included in the 2011 forecasted test year, along with the dollar and percentage increase.

Response 3. Please see the table below.

	2011 Forecasted Test Year	2009 Total	\$ Increase	% Increase
Interest Expense on Long-Term Debt	\$147,316,797	\$113,319,764	\$33,997,033	30%

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

DATA REQUEST RESPONSE

**ATTORNEY GENERAL'S DATA REQUEST FROM HEARING HELD ON
DECEMBER 9, 2010**

REQUEST 4

RESPONSIBLE PERSON: Frank J. Oliva/Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Provide the amount of interest expense on private placement debt that was included in EKPC's previous rate case filing (2008-00409.).

Response 4. There was no private placement interest expense included in Case No. 2008-00409.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

DATA REQUEST RESPONSE

**ATTORNEY GENERAL'S DATA REQUEST FROM HEARING HELD ON
DECEMBER 9, 2010
REQUEST 5**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. EKPC has recently submitted a filing (2010-00238) requesting the relinquishment of its Certificate of Public Convenience and Necessity on Smith Unit 1. How many new employees for Smith Unit 1 are included in EKPC's forecasted test year?

Response 5. As reflected in the responses to Request 26e of Commission Staff's Second Data Request and Request 8c of Commission Staff's Third Data Request, there were two employees planned to be hired for the Smith Project in 2010 and four more employees planned in 2011. Please note that these wages, salaries, and benefits are included in account 10720, Construction Work in Process and do not impact O&M expenses.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

DATA REQUEST RESPONSE

**COMMISSION STAFF'S DATA REQUEST FROM HEARING HELD ON
DECEMBER 9, 2010
REQUEST 6**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Refer to the responses to Request 29a of Commission Staff's Second Data Request and to Requests 9a and 9b, including the monthly updates to Request 9b, of Commission Staff's Third Data Request. In its monthly update of the response to Request 9b, EKPC reported that, as of October 31, 2010, its year-to-date pension expense was \$8,192,064. Is the year-to-date 2010 pension expense based upon the rate of 25.5% of base wages as previously stated in the above-referenced responses?

Response 6. Yes. The year-to-date 2010 pension expense is based on 25.5% of base wages.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

DATA REQUEST RESPONSE

**GALLATIN'S DATA REQUEST FROM HEARING HELD ON DECEMBER 9,
2010**

REQUEST 7

RESPONSIBLE PERSON: Frank J. Oliva/Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. How would EKPC's requested revenue requirements have changed if the results of its 2010 load forecast were known at the time EKPC filed its Application in this proceeding? Provide the supporting detail.

Response 7. EKPC has determined the effects the 2010 load forecast would have on revenues and expenses included in the forecasted test year. Page 3 of this response contains an income statement in the same format as Oliva Exhibit 1 (Application Volume 2, Tab 23, Direct Testimony of Frank J. Oliva.) The highlighted line items reflect revenues and expenses that vary based on load; all other revenues and expenses have remained unchanged from the original Application. Page 4 of this response contains a revenue requirements calculation in the same format as Wood Exhibit 1 (Application Volume 2, Tab 23, Direct Testimony of Ann F. Wood.) The highlighted line items reflect adjustments that vary based on load; all other adjustments have remained unchanged from the original Application. Pages 5 through 12 of this response are provided as support for the highlighted adjustments.

Page 3, Line 1, of this response shows base rate revenues of \$799.5 million; this is a sharp decline from Oliva Exhibit 1, Line 1 (per the Application) of \$870.6 million. Most

of the adjustments impacted by load pertain to the removal of fuel adjustment clause and environmental surcharge related items. However, the significant decline in revenue, coupled with the static level of other non-load related expenses, leads to a larger revenue deficiency.

If the results of the 2010 load forecast were known at the time EKPC filed its Application in this proceeding, EKPC estimates that it would have requested a \$75.5 million rate increase versus a \$49.4 million rate increase (Page 3 of this response, Lines 61-63.)

EAST KENTUCKY POWER COOPERATIVE
Budgeted Statement of Operations

Forecasted Test Year January - December 2011

Table with columns for months (Jan-Dec) and Totals. Rows include Electric Energy Revenues, Operation Expenses (Production, Fuel, Distribution, etc.), and Fixed Costs. Totals for 2011 are: Revenues \$799,543,015; Expenses \$799,543,015; Net Income \$0.

Line	Description	Reference	Amount
			Wood Exhibit 1 Page 1 of 1 (Updated)
EAST KENTUCKY POWER COOPERATIVE, INC.			
Calculation of Revenue Requirement			
Based on Forecasted Revenues and Expenses			
For the 12 Month Period Ended December 31, 2011			
1	Total Operating Revenue & Patronage Capital Per Budget	Oliva Exhibit 1, Pag	\$ 808,977,545
2			
3	Adjustments to Revenue:		
4	To Remove Fuel In Base Rates	Schedule 1.01	(457,103,835)
5	To Remove Fuel Adjustment Clause Revenue	Schedule 1.01	113,610,770
6	To Remove Environmental Surcharge Revenue	Oliva Exhibit 1, Pag	(97,461,025)
7	To Adjust Off-System Sales Environmental Surcharge Revenue	Schedule 1.03	(1,120,688)
8			
9	Adjusted Revenue	Lines 1 through 7	\$ 366,902,767
10			
11			
12	Total Cost of Service	Oliva Exhibit 1, Pag	\$ 833,556,595
13			
14	Adjustments to Cost of Service:		
15	To Remove Fuel Expense Recoverable through the FAC	Schedule 1.01	\$ (337,399,383)
16	To Remove Purchased Power Expense Recoverable through the FAC	Schedule 1.02	(12,873,089)
17	To Remove O&M Expenses Recoverable through the Environmental Surcharge	Schedule 1.04	(28,366,672)
18	To Remove Emissions Allowance Expense Recoverable through the Environmental Surcharge	Schedule 1.05	(4,308,839)
19	To Remove Property Taxes and Property Insurance Recoverable through the Environmental Surcharge	Schedule 1.06	(1,780,968)
20	To Remove Depreciation Expenses Recoverable through the Environmental Surcharge	Schedule 1.07	(19,209,168)
21	To Remove Interest Expenses Recoverable through the Environmental Surcharge	Schedule 1.08	(36,769,593)
22	To Remove Promotional Advertising Expense pursuant to Commission Rule KAR 5:016	Schedule 1.09	(444,104)
23	To Remove Directors' Severance Expenses	Schedule 1.10	(16,000)
24	To Remove Donations	Schedule 1.11	(74,165)
25	To Remove Lobbying Expenses	Schedule 1.13	(25,628)
26	To Remove Touchstone Energy Dues	Schedule 1.14	(414,000)
27	To Remove Other Miscellaneous Expenses	Schedule 1.15	(3,664,000)
28	To Allow for Outage Insurance	Schedule 1.16	900,000
29	Amortize 2004 Spur 1 Forced Outage Balance	Schedule 1.17	2,374,346
30	Amortize Regulatory Asset - Non-FAC-Recovable Replacement Power	Schedule 1.18	1,708,333
31	To Remove Regulatory Asset Expense Included in Test Year	Schedule 1.19	(3,185,760)
32	Amortize Management Audit Expenses	Schedule 1.20	333,333
33	To Normalize Rate Case Expenses	Schedule 1.21	208,333
34	To Adjust for Change in PSC Assessment	Schedule 1.22	65,817
35			
36			
37	Adjusted Cost of Service	Lines 15 through 34	\$ 390,615,389
38			
39	Adjusted Operating Margins	Line 9 less Line 37	\$ (23,712,621)
40			
41	Non-Operating Items		
42	Interest Income	Oliva Exhibit 1, Pag	\$ 3,417,879
43	Other Non-Operating Income	Oliva Exhibit 1, Pag	(69,488)
44	To Remove Affiliate Transactions	Schedule 1.12	11,756
45	Other Capital Credits/Patronage Dividends	Oliva Exhibit 1, Pag	150,000
46			
47	Total Non-Operating Items	Lines 42 through 45	\$ 3,510,147
48			
49	Adjusted Net Margin (Deficit)	Line 39 plus Line 47	\$ (20,202,474)
50			
51			
52			
53	Calculation of Revenue Deficiency		
54			
55	Adjusted Net Margin (Deficit)	Line 49	\$ (20,202,474)
56			
57	Interest on Long-Term Debt (Oliva Exhibit 1, Page 2, Line 19 less Line 21 above)	110,905,508	
58			
59	Net Margin Requirement at 1.50 TIER (0.50 x Line 57)		\$ 55,452,754
60			
61	Revenue Deficiency (Line 59 - Line 55)		\$ 75,655,228
62		Original Request	49,375,429
63		Difference	\$ 26,279,799

Note: The shaded portions represent pro forma adjustments that are impacted by a reduction in load.

EAST KENTUCKY POWER COOPERATIVE, INC.

Wood Exhibit 1
Schedule 1.01
(Updated)

Adjustment to Remove FAC Base Rate Revenue

		MWh Sales Subject to FAC	Fuel Cost in Base Rates*	FAC Base Rate Revenue	Member FAC Billings**	Member FAC Billings - Steam	Total
January	2011	1,285,035	\$ 36.53	\$ 46,942,329	\$ (10,341,275)	(\$201,276)	\$ (10,542,551)
February	2011	1,098,848	36.53	40,140,917	(9,046,132)	(\$188,418)	(9,234,550)
March	2011	1,071,562	36.53	39,144,160	(8,318,770)	(\$182,969)	(8,501,739)
April	2011	885,300	36.53	32,340,009	(8,235,128)	(\$205,139)	(8,440,267)
May	2011	887,639	36.53	32,425,453	(8,922,263)	(\$222,954)	(9,145,217)
June	2011	989,230	36.53	36,136,572	(9,617,076)	(\$199,921)	(9,816,997)
July	2011	1,108,798	36.53	40,504,391	(9,781,632)	(\$180,735)	(9,962,367)
August	2011	1,096,622	36.53	40,059,602	(9,724,473)	(\$183,078)	(9,907,551)
September	2011	927,136	36.53	33,868,278	(8,720,925)	(\$192,448)	(8,913,373)
October	2011	904,624	36.53	33,045,915	(7,870,018)	(\$202,916)	(8,072,934)
November	2011	1,009,808	36.53	36,888,286	(9,864,685)	(\$216,214)	(10,080,899)
December	2011	1,248,506	36.53	45,607,924	(10,774,304)	(\$218,021)	(10,992,325)
Total		12,513,108		\$ 457,103,835	\$ (111,216,681)	\$ (2,394,089)	\$ (113,610,770)

* As approved in Case No. 2008-00519, dated July 24, 2009
** Oliva Exhibit 1, Page 1, Line 2

Adjustment to Remove Fuel Costs Recoverable Through the FAC

Total Fuel Costs Excluding Handling -- Oliva Exhibit 1, Page 1, Line 3	\$ 344,218,259
Less: Fuel Costs Assigned to Off-System Sales	6,818,876
Fuel Costs Recoverable Through FAC	<u>\$ 337,399,383</u>

Wood Exhibit 1
 Schedule 1.02
 (Updated)

EAST KENTUCKY POWER COOPERATIVE, INC.

Adjustment to Remove Purchased Power Expense Recoverable Through the Fuel Adjustment Clause

		Total Purchased Power	Purchased Power Assigned to Forced Outages	Purchased Power Recoverable Through the FAC
January	2011	\$ 3,086,942	\$ 833,300	\$ 2,253,642
February	2011	2,506,459	833,300	1,673,159
March	2011	2,894,285	833,300	2,060,985
April	2011	1,265,950	833,300	432,650
May	2011	1,257,069	833,300	423,769
June	2011	1,532,844	833,300	699,544
July	2011	1,481,769	833,300	648,469
August	2011	1,266,768	833,300	433,468
September	2011	1,388,878	833,300	555,578
October	2011	1,571,056	833,300	737,756
November	2011	1,262,685	833,300	429,385
December	2011	3,358,384	833,700	2,524,684
Total		\$ 22,873,089	\$ 10,000,000	\$ 12,873,089

Wood Exhibit 1
 Schedule 1.03
 (Updated)

EAST KENTUCKY POWER COOPERATIVE, INC.

Adjustment to Remove Off-System Sales Environmental Surcharge Revenue

		Off-System Sales Revenue	Monthly Environmental Surcharge Factor	Off-System Sales Environmental Cost
January	2011	\$ 357,366	11.53%	\$ 41,204
February	2011	640,971	8.88%	56,918
March	2011	234,909	10.91%	25,629
April	2011	705,531	12.75%	89,955
May	2011	658,086	13.19%	86,802
June	2011	463,244	15.96%	73,934
July	2011	677,201	17.05%	115,463
August	2011	1,525,430	16.24%	247,730
September	2011	361,607	14.60%	52,795
October	2011	570,013	15.01%	85,559
November	2011	1,150,547	17.75%	204,222
December	2011	218,091	18.56%	40,478
		<hr/>		<hr/>
Total		\$ 7,562,996		\$ 1,120,688

EAST KENTUCKY POWER COOPERATIVE, INC.
Adjustment to Remove O&M Expenses Recoverable Through the Environmental Surcharge

Descr	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Ash Storage	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 226,716	\$ 2,720,592
Ammonia	219,358	207,163	216,710	168,215	169,986	221,959	229,358	229,358	216,193	186,038	221,959	229,364	2,515,661
Limestone	1,104,243	997,381	970,630	783,425	1,018,581	1,068,623	1,104,243	1,104,243	1,006,771	776,572	1,068,623	1,104,243	12,107,578
Magnesium	23,000	20,770	23,010	18,650	15,870	22,300	22,700	22,700	22,300	20,300	22,900	23,500	258,000
Units 3 and 4 Boiler Controls Maint	93,636	176,968	176,968	176,968	176,968	589,468	589,468	251,968	251,968	514,468	1,000,468	260,315	4,259,631
Unit 1 Precipitator Maint	3,164	3,789	3,789	3,789	178,789	3,789	3,789	3,789	3,789	3,789	3,789	4,417	220,471
Baghouse, SNCR (Units 3 and 4)	24,129	32,045	32,045	47,601	87,601	147,601	47,601	247,601	47,601	92,601	72,601	55,521	934,548
Unit 1 SCR Maint	3,060	5,144	5,144	5,144	5,144	65,144	5,144	5,144	5,144	5,144	5,144	7,215	121,715
Unit 2 SCR Maint	3,060	5,144	5,144	5,144	5,144	5,144	5,144	5,144	5,144	5,144	77,144	7,215	133,715
Unit 1 Scrubber Maint	49,423	91,619	91,619	91,619	91,619	91,619	294,619	91,619	91,619	91,619	91,619	133,814	1,302,427
Unit 2 Scrubber Maint	73,354	138,992	138,992	138,992	138,992	138,992	138,992	138,992	138,992	138,992	357,492	204,627	1,886,401
Air Permit Fees	-	-	-	-	-	-	-	-	-	-	-	1,034,000	1,034,000
Stack Monitoring Supplies	10,673	21,345	21,345	21,345	21,345	21,345	21,345	21,345	21,345	21,345	21,345	32,010	256,133
Stack Monitoring Consulting	23,199	46,401	46,401	46,401	46,401	46,401	46,401	46,401	46,401	46,401	46,401	69,591	556,800
Stack Monitoring Maintenance	2,458	4,916	4,916	4,916	4,916	4,916	4,916	4,916	4,916	4,916	4,916	7,382	59,000
Totals by Month	\$ 1,859,473	\$ 1,978,393	\$ 1,963,429	\$ 1,738,925	\$ 2,188,072	\$ 2,654,017	\$ 2,740,436	\$ 2,399,936	\$ 2,088,899	\$ 2,134,045	\$ 3,221,117	\$ 3,399,930	\$ 28,366,672

Wood Exhibit 1
Schedule 1.05
(Updated)**EAST KENTUCKY POWER COOPERATIVE, INC.**

Adjustment to Remove Emissions Allowance Expense Recoverable Through the Environmental Surcharge

		<u>Amount</u>
January	2011	\$ 469,680
February	2011	380,822
March	2011	389,449
April	2011	291,208
May	2011	249,277
June	2011	292,634
July	2011	389,922
August	2011	411,392
September	2011	334,603
October	2011	343,513
November	2011	312,292
December	2011	444,047
Total		<u><u>\$ 4,308,839</u></u>

Wood Exhibit 1
Schedule 1.06
(Updated)**EAST KENTUCKY POWER COOPERATIVE, INC.**

Adjustment to Remove Property Taxes and Insurance Expenses Recoverable Through the Environmental Surcharge

		<u>Amount</u>
January	2011	\$ 148,414
February	2011	148,414
March	2011	148,414
April	2011	148,414
May	2011	148,414
June	2011	148,414
July	2011	148,414
August	2011	148,414
September	2011	148,414
October	2011	148,414
November	2011	148,414
December	2011	148,414
Total		<u>\$ 1,780,968</u>

Wood Exhibit 1
Schedule 1.07
(Updated)

EAST KENTUCKY POWER COOPERATIVE, INC.

Adjustment to Remove Depreciation Expense Recoverable Through the Environmental Surcharge

		<u>Amount</u>
January	2011	\$ 1,600,764
February	2011	\$ 1,600,764
March	2011	\$ 1,600,764
April	2011	\$ 1,600,764
May	2011	\$ 1,600,764
June	2011	\$ 1,600,764
July	2011	\$ 1,600,764
August	2011	\$ 1,600,764
September	2011	\$ 1,600,764
October	2011	\$ 1,600,764
November	2011	\$ 1,600,764
December	2011	\$ 1,600,764
		<u>\$ 19,209,168</u>

Wood Exhibit 1
Schedule 1.08
(Updated)

EAST KENTUCKY POWER COOPERATIVE, INC.

Adjustment to Remove Interest Expense Recoverable Through the Environmental Surcharge

		<u>Amount</u>
January	2011	\$ 2,837,246
February	2011	2,849,198
March	2011	2,903,201
April	2011	2,955,003
May	2011	3,001,116
June	2011	3,068,072
July	2011	3,117,731
August	2011	3,173,822
September	2011	3,192,229
October	2011	3,209,741
November	2011	3,227,456
December	2011	3,234,778
		\$ 36,769,593