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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

April 14, 2011

## PARTIES OF RECORD

Re: Case No. 2011-00032  
East Kentucky Power Cooperative, Inc.

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Rick Bertelson, Staff Attorney, at 502/564-3940, Extension 260.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff DeFouen".

Jeff DeFouen  
Executive Director

RB/kar  
Attachment

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2011-00032

FROM: Rick Bertelson, Staff Attorney

DATE: April 13, 2011

SUBJECT: East Kentucky Power Cooperative, Inc.  
Informal Conference

Pursuant to the procedural schedule appended to the Commission's February 28, 2011 Order, an informal conference ("IC") was held on April 12, 2011 at the Commission's Frankfort, Kentucky offices. In attendance were Commission Staff and representatives of East Kentucky Power Cooperative, Inc. ("EKPC"). A sign-in sheet with the names of the attendees is attached hereto.

The purpose of the informal conference was for Commission Staff to ask clarifying questions regarding EKPC's March 24, 2011 responses to Commission Staff's First Data Request. EKPC agreed to file its responses to Staff's questions in writing within seven days of the IC.

In its response to Item 1 of Commission Staff's First Data Request, EKPC did not include the expense information for May 2010. Staff asked EKPC to re-file that exhibit with the information for May 2010 included, and EKPC agreed to do so.

In its response to Item 2 of Commission Staff's First Data Request, page 7 of 17, regarding Fleming-Mason, the column labeled "Mo/Yr" contains data in monetary format. EKPC will re-file that page of the response with the data in column Mo/Yr properly formatted.

Staff asked EKPC to discuss the functioning of the pass-through mechanism related to the over- and under-recovery amounts with their members to see whether they can improve some of the volatility in the billing factors. EKPC said that they are continuing to look at that issue and will discuss it with their member systems.

In response to Staff's question, EKPC said that there is no change to their SO<sub>2</sub> or NO<sub>x</sub> emissions allowances inventories.

Commission Staff asked EKPC why the expenses for ash handling in its response to Item 4 of Commission Staff's First Data Request, page 2 of 8, is the same in both tables ("Fuel Coal Spurlock 4" and "Fuel Coal Gilbert"). EKPC explained that the

two tables are the same, because they received only one invoice from their contractor, as opposed to a separate invoice for each unit. So, they simply divided the total amount by two. EKPC indicated that it has recently changed its methodology for allocation of this expense and in its written response, EKPC will provide an explanation of how they are allocating this expense on a going forward basis.

Finally, on page 4 of 8 of EKPC's response to Item 4 of Commission Staff's First Data Request, Staff asked EKPC to clarify what the expenses for Project 03206 are and to verify that the November expenses are correct for that account. EKPC agreed to do so.

There being no further questions, the meeting was adjourned.

Attachment: Sign-in sheet

cc: Parties of Record

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST )  
KENTUCKY POWER COOPERATIVE, INC. ) CASE NO.  
FOR THE SIX-MONTH BILLING PERIOD ) 2011-00032  
ENDING DECEMBER 31, 2010; AND THE )  
PASS-THROUGH MECHANISM FOR ITS )  
SIXTEEN MEMBER DISTRIBUTION )  
COOPERATIVES )

April 12, 2011

Please sign in:

NAME	REPRESENTING
<u>Rick Bertelson</u>	<u>PSC - Legal</u>
<u>MARK D. GOSS</u>	<u>EKPC</u>
<u>ISAAC S. SCOTT</u>	<u>EKPC</u>
<u>Ann Wood</u>	<u>EKPC</u>
<u>Ron Nanczycki</u>	<u>PSC - FA</u>
<u>Vicky Townes</u>	<u>PSC - FA</u>
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