

# Goss ■ Samford PLLC



Attorneys at Law

November 9, 2012

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NOV 09 2012

PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Re: PSC Case No. 2012-00169

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of East Kentucky Power Cooperative, Inc.'s ("EKPC") responses to Commission's Information Request from the Hearing held on November 7, 2012 in the above-captioned case.

Very truly yours,

*Mark David Goss by apw*

Mark David Goss  
Counsel

Cc: Parties of Record

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PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF EAST KENTUCKY POWER )  
COOPERATIVE, INC. TO TRANSFER ) CASE NO.  
FUNCTIONAL CONTROL OF CERTAIN ) 2012-00169  
TRANSMISSION FACILITIES TO PJM )  
INTERCONNECTION, L.L.C. )**

**RESPONSE OF EAST KENTUCKY POWER COOPERATIVE, INC.  
TO COMMISSION'S INFORMATION REQUEST AT  
HEARING HELD ON NOVEMBER 7, 2012**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER	)
COOPERATIVE, INC. TO TRANSFER	) CASE NO.
FUNCTIONAL CONTROL OF CERTAIN	) 2012-00169
TRANSMISSION FACILITIES TO PJM	)
INTERCONNECTION, L.L.C.	)

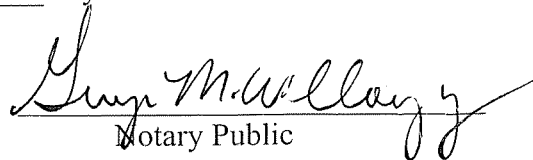
CERTIFICATE

STATE OF KENTUCKY    )  
                                   )  
 COUNTY OF CLARK     )

Don Mosier, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission's Information Request at hearing held on November 7, 2012 in the above referenced case, 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 9th day of November 2012.

  
 \_\_\_\_\_  
 Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013  
 NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER	)
COOPERATIVE, INC. TO TRANSFER	) CASE NO.
FUNCTIONAL CONTROL OF CERTAIN	) 2012-00169
TRANSMISSION FACILITIES TO PJM	)
INTERCONNECTION, L.L.C.	)

CERTIFICATE

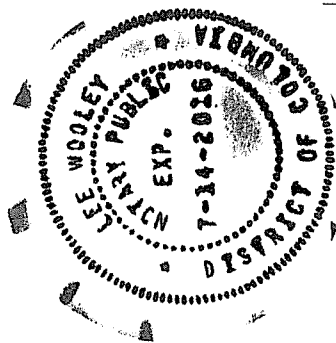
DISTRICT OF COLUMBIA )  
 )  
 CITY OF WASHINGTON )

Ralph L Luciani, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission's Information Request at hearing held on November 7, 2012 in the above referenced case, 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.

Ralph L Luciani

Subscribed and sworn before me on this 8<sup>th</sup> day of November 2012.

Lee Wooley  
 Notary Public



LEE WOOLEY  
 NOTARY PUBLIC DISTRICT OF COLUMBIA  
 My Commission Expires July 14, 2016

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2012-00169**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION'S INFORMATION REQUEST AT HEARING HELD ON 11/07/12**

**REQUEST 1**

**RESPONSIBLE PARTY:           Ralph L. Luciani**

**Request 1.** Refer to Exhibit RLL-2, page 26 of 49, of Mr. Luciani's testimony filed with EKPC's Application on May 3, 2012. Table 12 outlines EKPC's capacity market benefits. Using the results of CRA's supplemental report, filed with the Commission on September 10, 2012, provide an updated Table 12.

**Response 1.** An updated Table 12, based on CRA's supplemental analysis, is provided on page 2 of this response.

## Exhibit RLL-2 Table 12: EKPC Capacity Market Benefits

(Updated with Supplemental Report Data)

EKPC Planning Reserve Margin – Status Quo		12.0% Winter and Summer,									
EKPC 5CP Summer Peak Diversity Factor in PJM		0.912 Four-year average, 2008-11									
Seasonal Share of Annual Capacity Value (per MISO VCM 2010-11 PY)		Summer: 74%									
		Winter: 13%									
For Planning Year beginning June of:		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Peak Load (net of DSM)	W	2,925	2,955	2,991	3,039	3,080	3,116	3,139	3,171	3,202	3,241
	S	2,278	2,311	2,343	2,378	2,414	2,445	2,474	2,495	2,522	2,548
Existing Resources	W	3,037	3,037	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
	S	2,831	2,831	2,831	2,770	2,770	2,770	2,770	2,770	2,770	2,770
Reserve Margin	W	4%	3%	0%	-1%	-3%	-4%	-4%	-5%	-6%	-7%
	S	24%	23%	21%	16%	15%	13%	12%	11%	10%	9%
<b>Capacity Prices</b>											
Annual Installed Capacity Price (\$/kW-yr)		1.9	34.1	34.2	43.3	43.3	43.3	60.0	76.7	93.4	110.1
Summer price - 3 mo. avg (\$/kW-mo)		0.5	8.4	8.4	10.6	10.6	10.6	14.7	18.8	22.9	27.0
Winter price - 3 mo. avg (\$/kW-mo)		0.1	1.5	1.5	1.9	1.9	1.9	2.6	3.3	4.1	4.8
Implied 1 to 1 swap price (\$/kW-mo)		0.4	6.9	6.9	8.7	8.7	8.7	12.1	15.5	18.9	22.2
<b>Status Quo Case</b>											
Reserves Needed (MW)	W	239	273	350	404	449	490	516	552	587	629
	S	-280	-243	-207	-106	-67	-31	1	24	54	84
Swap (MW)	W<->S	0	0	0	0	0	0	0	0	0	0
Addtl Purchase (MW)	W	239	273	350	404	449	490	516	552	587	629
Addtl Purchase (MW)	S	0	0	0	0	0	0	1	24	54	84
Swap Transmission Cost (\$/kW-mo)		1.96	1.96	1.96	2.01	2.06	2.11	2.16	2.22	2.27	2.33
+ Swap Cost/(Revenue) to EKPC (M\$)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase Transmission Cost (\$/kW-mo)		1.96	1.96	1.96	2.01	2.06	2.11	2.16	2.22	2.27	2.33
+ Purchase Cost to EKPC (M\$)		1.5	2.8	3.6	4.7	5.3	5.9	7.4	10.7	15.3	20.8
= Total Cost/(Revenue) to EKPC (M\$)		1.5	2.8	3.6	4.7	5.3	5.9	7.4	10.7	15.3	20.8
<b>Join PJM Case</b>											
Summer Peak Load @ 5CPs with PJM		2,078	2,108	2,137	2,169	2,202	2,231	2,257	2,276	2,300	2,324
PJM Forecast Pool Requirement (UCAP)		1.0804	1.0809	1.0859	1.0859	1.0859	1.0859	1.0859	1.0859	1.0859	1.0859
Summer Unforced Capacity Required		2,245	2,278	2,321	2,356	2,391	2,422	2,450	2,471	2,498	2,524
Existing Summer Unforced Capacity		2,716	2,716	2,716	2,654	2,654	2,654	2,654	2,654	2,654	2,654
Addtl Unforced Capacity Needed		-471	-438	-395	-298	-264	-232	-204	-183	-156	-130
Unforced Capacity Price (\$/kW-year)		2.1	36.3	36.3	46.0	46.0	46.0	63.7	81.5	99.3	117.0
<b>Out of Time FRR Period</b>											
Addtl Unforced Capacity Needed if in FRR		67	68	70	71	72	73	74	74	75	76
+ Total Cost/(Revenue) to EKPC (M\$)		(0.8)	(13.4)	(11.8)							
<b>In RPM</b>											
+ Total Cost/(Revenue) to EKPC					(13.7)	(12.1)	(10.7)	(13.0)	(14.9)	(15.5)	(15.2)
= Total Cost/(Revenue) to EKPC		(0.8)	(13.4)	(11.8)	(13.7)	(12.1)	(10.7)	(13.0)	(14.9)	(15.5)	(15.2)
<b>Benefits (Lower Costs) in Join PJM Case</b>		2.3	16.2	15.5	18.4	17.4	16.5	20.4	25.6	30.8	36.1
<b>Additional Cost FRR vs. RPM</b>		0.1	2.5	2.5	3.3	3.3	3.3	4.7	6.0	7.4	8.9

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2012-00169**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION'S INFORMATION REQUEST AT HEARING HELD ON 11/07/12**

**REQUEST 2**

**RESPONSIBLE PARTY: Don Mosier**

**Request 2.** Which EKPC generating units have blackstart capabilities?

**Response 2.** EKPC's Smith Combustion Turbine Units 4 and 5 have blackstart capabilities. Also, based on an agreement between EKPC and the United States Army Corps of Engineers, the Wolf Creek Hydro is a primary blackstart source for EKPC and Laurel Dam Hydro is an alternate blackstart source for EKPC.

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2012-00169**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION'S INFORMATION REQUEST AT HEARING HELD ON 11/07/12**

**REQUEST 3**

**RESPONSIBLE PARTY: Don Mosier**

**Request 3.** How many customers participate in EKPC's direct load control program?

**Response 3.** As of November 1, 2012, approximately 10,185 customers participate in the direct load control program.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2012-00169**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION'S INFORMATION REQUEST AT HEARING HELD ON 11/07/12**

**REQUEST 4**

**RESPONSIBLE PARTY: Don Mosier**

**Request 4.** Refer to page 47 of EKPC's Integrated Resource Plan ("IRP") filed with the Commission on April 20, 2012. Specifically, refer to the table entitled "Historical and Projected Seasonal System Peak Demands." The winter season weather normalized demand for 2013-14 reflects 3,016 MW. Now refer to the update to the Attorney General's Request 31, page 9 of 12, filed with the Commission on September 10, 2012. Table A-1 shows the 2013-14 winter peak from the March 2012 CRA Study as 3,070 MW. Reconcile the 3,070 MW winter peak from the March CRA Study to the 3,016 MW winter peak from the IRP.

**Response 4.** Both the original CRA study, filed with the Commission on May 3, 2012, and EKPC's IRP, filed with the Commission on April 20, 2012, were based on EKPC's revised 2010 load forecast. The difference between the two 2013/14 winter peaks referenced is 54 MW [3,070 MW (CRA) – 3,016 MW (IRP)]. The CRA study assumed an expected amount of DSM of 244 MW for the 2013/14 winter season. As reported on page 15 of the IRP, the amount of DSM assumed in the 2013/14 winter season was 297.5 MW. The difference between the two DSM assumptions is 53.5 MW. The IRP assumed a theoretical potential for DSM, as discussed in the last paragraph on page 4 of the IRP. The CRA study assumed a more reasonable level of DSM.