

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER	)	
COOPERATIVE, INC. FOR A CERTIFICATE OF PUBLIC	)	CASE NO.
CONVENIENCE AND NECESSITY FOR THE	)	2005-00417
CONSTRUCTION OF A FLUE GAS DESULFURIZATION	)	
SYSTEM ON SPURLOCK POWER STATION UNIT 2	)	

FIRST DATA REQUEST OF COMMISSION STAFF  
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("EKPC") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due on or before January 5, 2006. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Application, Exhibit 1, pages 2 and 3 and Exhibit 5. Reconcile the following amounts related to the proposed limestone scrubber with a wet precipitator and explain in detail the differences between the amounts:

- a. The Alstom Power, Inc. ("Alstom") winning bid of \$135,882,910.
- b. The Fuel and Power Supply Committee and EKPC's management recommendation of a contract with Alstom at a cost of \$139,706,060.
- c. The EKPC Board of Directors' approval of the scrubber at a cost of \$162,806,060.
- d. The estimated project cost shown in Exhibit 5 as \$158,985,060.

2. Refer to the Application, Exhibit 3.

a. Has EKPC estimated the revenue that could be generated from the sale of the disposable grade gypsum? If yes, provide the estimate and explain how the estimate was determined.

b. Does EKPC have contracts in place for the sale of the gypsum? Explain the response.

3. Refer to the Application, Exhibit 6, the Testimony of Frank J. Olivia ("Olivia Testimony"), page 2 of 5. EKPC states that interim financing for the scrubber will be provided from a credit facility it has syndicated through the National Rural Utilities Cooperative Finance Corporation and the Bank of Tokyo-Mitsubishi. The Commission authorized the credit facility in Case No. 2005-00267.<sup>1</sup> The August 24, 2005 Order in Case No. 2005-00267 limited the use of the proceeds from the credit facility to the projects described in that application. The proposed scrubber was not identified as one of the projects to be financed by the credit facility. Explain why the scrubber project was not identified as one of the capital projects in Case No. 2005-00267.

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<sup>1</sup> Case No. 2005-00267, Application of East Kentucky Power Cooperative, Inc. for Approval of an Unsecured Revolving Credit Facility in an Amount Up to \$700 Million for a Term of Up to Five Years, final Order dated August 24, 2005.

4. Refer to the Application, Exhibit 6, the Olivia Testimony, page 4 of 5 and Exhibit A. Provide all workpapers, assumptions, and calculations supporting the determination of the net present value savings of operating a scrubber using Northern Appalachian high-sulfur coal.

5. Refer to the Application, Exhibit 7, the Testimony of Robert E. Hughes, Jr. What is the current status of new permits or permit revisions required in conjunction with the proposed scrubber? Explain the response.

6. Provide the following information concerning EKPC's sulfur dioxide emission allowances ("SO<sub>2</sub> allowances"):

a. For each generating station in the EKPC system, prepare a schedule showing the number of SO<sub>2</sub> allowances allocated by the Environmental Protection Agency ("EPA") by vintage year, for the period 1995 through and including 2023.

b. For each generating station in the EKPC system, indicate as of December 31, 2005 the balance of SO<sub>2</sub> allowances, by vintage year, remaining and available to be used by EKPC. The available SO<sub>2</sub> allowance balances should cover the period 1995 through and including 2023.

c. For each generating station in the EKPC system, based on current information, indicate the expected annual consumption of SO<sub>2</sub> allowances for the years 2006 through 2023. If the projection does not go out to 2023, provide the estimated consumption for the years available.

d. For any vintage year subsequent to 2005 where the available balance of SO<sub>2</sub> allowances is lower than the amount awarded by the EPA, explain the reason(s) why the available balance is lower.

e. Indicate the estimated annual impact the proposed scrubber will have on the consumption of SO<sub>2</sub> allowances.

7. Given the changes in the EPA SO<sub>2</sub> allowance program due to become effective in 2010 and 2015, has EKPC considered or evaluated the possibility of adding scrubbers on any of its other generating stations? Explain the response.

8. When does EKPC anticipate amending its current environmental compliance plan to include the proposed scrubber? Explain the response.

9. Please refer to Tab #5 of the Application received by the Commission on October 7, 2005. What expenditures does the \$5,000,000 in Owner Costs include?

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

DATED December 22, 2005

cc: Parties of Record